Soft-Balancing the United States, Forum-Shopping or Prestige Diplomacy?

Explaining the Rise and Expansion of EU-China Trade Relations

Camille Marie Brugier

Thesis submitted for assessment with a view to
obtaining the degree of Doctor of Political and Social Sciences
of the European University Institute

Florence, 07 June 2017

European University Institute
Department of Political and Social Sciences

Soft-Balancing the United States, Forum-Shopping or Prestige
Diplomacy?

Explaining the Rise and Expansion of EU-China Trade Relations

Camille Marie Brugier

Thesis submitted for assessment with a view to
obtaining the degree of Doctor of Political and Social Sciences
of the European University Institute

Examining Board

Professor Ulrich Krotz, European University Institute (Supervisor)
Professor Sabine Saurugger, Institut d'Etudes Politiques de Grenoble
Professor May-Britt Stumbaum, Freie Universität Berlin
Professor Jennifer Welsh, European University Institute

© Camille Marie Brugier, 2017

No part of this thesis may be copied, reproduced or transmitted without prior
permission of the author

Researcher declaration to accompany the submission of written work
Department of Political and Social Sciences - Doctoral Programme

I Camille Marie Brugier certify that I am the author of the work Soft-Balancing the United States, Forum- Shopping or Prestige Diplomacy? Explaining the Growth and Expansion of EU-China Trade Relations I have presented for examination for the Ph.D. at the European University Institute. I also certify that this is solely my own original work, other than where I have clearly indicated, in this declaration and in the thesis, that it is the work of others.

I warrant that I have obtained all the permissions required for using any material from other copyrighted publications.

I certify that this work complies with the Code of Ethics in Academic Research issued by the European University Institute (IUE 332/2/10 (CA 297).

The copyright of this work rests with its author. Quotation from it is permitted, provided that full acknowledgement is made. This work may not be reproduced without my prior written consent. This authorisation does not, to the best of my knowledge, infringe the rights of any third party.

I declare that this work consists of 71,805 words.

Statement of inclusion of previous work:

I confirm that part of chapter 6 and parts of the Introduction draw upon an earlier article I published: Camille M. Brugier (2017), "The EU's Trade Strategy Towards China: Lessons for an Effective Turn", Asia Europe Journal, Vol. 15(2), pp. 199-212.

Statement of language correction:

This thesis has been corrected for linguistic and stylistic errors. I certify that I have checked and approved all language corrections, and that these have not affected the content of this work.

Signature and date:

Florence, 23 May 2017

To Michel and Marie, my Beloved Grandparents

“Joss avait compris depuis longtemps que les choses étaient douées
d’une vie secrète et perniciose. Hormis peut-être certaines pièces
d’accastillage qui ne l’avaient jamais agressé, de mémoire de marin
breton, le monde des choses était à l’évidence chargé d’une énergie
toute entière concentrée pour emmerder l’Homme. »

Fred Vargas, *Pars Vite et Reviens Tard*, p. 10

ABSTRACT

Since 2003, China and the EU have engaged in a Strategic Partnership with trade as its main pillar. As the Partnership develops, it deals increasingly with subjects that overlap with World Trade Organization negotiations. Furthermore, the two entities address a growing number of trade disputes at the bilateral level, diminishing the use of the WTO dispute settlement mechanism. The development of this strategic partnership as a competing negotiation and dispute settlement forum to the WTO is particularly puzzling because of the two entities' opposing regime types, geographical and cultural distance, and lack of reciprocal strategic interest in each other's regions. This research investigates two questions: What are the rationales behind the EU's and China's bilateral and multilateral spheres of negotiation? The empirical findings with regard to this question allow us to infer answers to a wider question: Why do such "unnatural" partners as the EU and China develop and consolidate such a strong trade relationship? This dissertation applies three theories stemming from major schools of international relations – soft-balancing, forum-shopping and prestige diplomacy – to four cases in order to explain the rationale behind the EU and China's choice of forum in both regular negotiations (food safety and geographical indications) and in times of disputes (textile and solar panels). It then infers the motives behind the widening and deepening of the EU-China relationship from the reasons guiding the two actors' preference for the bilateral channel. The empirical research finds that efficiency factors (forum-shopping) combined with the two entities' prestige maximization strategies explain their choice of forums. In other words, the dramatic widening and deepening of the relationship in this short timeframe is due to a wish to maximize their absolute gains, as well as a desire to limit the potential loss of prestige they might suffer in the WTO (for example, by losing a case). This thesis employs original and exceptional data from interviews carried out in Beijing and Brussels in Chinese, French and English with policy makers currently overseeing the cases under scrutiny. The data is then triangulated, when applicable, with European strategic papers.

ACKNOWLEDGEMENTS

First and foremost, I would like to thank all four members of my jury who agreed to spend some time reading about food safety, textile, GIs and solar panel issues arising between the EU and China. I would like to thank my supervisor Ulrich Krotz who provided useful insights into the academic world and helped me set up a creative theoretical framework. Thanks for agreeing to come to see my band although we do not break instruments. Finally, I am grateful for your willingness to have a beer with me on the terrace of Villa la Fonte when I told you I got a job in the South of France. A very warm thank you to Professor Sabine Saurugger for telling me about the EUI and getting out of her way five years ago to help me fight my way in despite my weird unfounded neo-realist convictions. Thanks for the laughs on the phone and in person, thanks for the warm e-mails and for telling me about your very own “erreurs de jeunesse”. I would also like to thank Professor Jennifer Welsh for the discussions as well as the testimonies about being a woman in academia. On another level, I thank Jennifer for being a fan at our concerts and Olivier Roy for helping me out on the “strategic” aspect of face as well as giving my handbag the most unexpected compliment it has received. Finally, a big thank you to Professor May-Britt Stumbaum, first for providing a very detailed account of the EU-China textile issue through her book on the subject and second for having a laugh and a coffee with me at an EU-China conference.

I would like to send a special thank you all the way across the Eurasian continent to Renmin University Professor Fang Lexian, without whom the Chinese fieldwork would have proved impossible to carry out. Thanks for not taking into account my cultural mistakes and for believing in my capacity to carry out interviews in Chinese. Thanks for opening every door and thanks again for making this research possible.

I would like to thank Maureen and Martina, without whom I would certainly have lost hope in ever defending this thesis. Thanks for always believing in me and making me feel like a normal human being when I felt like a walking unfinished draft. Martina, this thesis would never have been defended if you hadn’t been one of the most forward-looking and efficient person the world has known. Thanks for being there and making life much easier than it seemed. Thanks also for the movies, the laughs and the food.

Next comes the friends. First a big thank you to Katharina, my material girl, for always agreeing with me and nodding throughout in confessional hardship and asking only questions which you knew I was able to answer and keeping those hard ones for our private

encounters. On another level, thanks for coming with me to find a dress for one of the defining moments of my life. Thanks to Alexandra, without whom the first year would have been no fun at all, thanks for making me laugh throughout with your famous “93” and for being the blond part of Les Brigittes. Thanks to François for the bad jokes and the dancing, thanks for repairing my bike, thanks for making me food, thanks for being my friend. Thanks also to Katharina W. for your unconditional support and your expertise in pumping bicycles. A big thank you to Agnes, my South Korean roommate in Renmin, who helped me find my way through on campus, tried to cheer me up when I felt far far away from home by buying grape juice as a replacement for red wine, and laughed with me throughout about the Marxist contents of her history class. Thanks to Emma, Elie, Guillaume, the two Thibaults, Camille, Chloé, Lorenzo, Maria, Pierre, Elena, Martjin, Magnus, Jan, Kathia, Daniel, Francesca, Marcin, Janto and Patricia, and all the others that contributed to making those four years unforgettable. A special thank you to my dearest colleague Mary in Toulouse 1, who agreed to take 10 of my 120 masters’ theses so that I would have some time to spend on the corrections before the defence of this thesis.

Thanks to the members of the very theoretically-driven band “Bourdieu Never Did This”. Thanks to John-Erik for having supported the song “Toxic” by my side. Thanks to Davide for the very characteristic headmove. Thanks to Hubert for being a brilliant guitarist and for answering the panicked glances I send you when things go wrong on stage. Thanks now to the French Squad. Charline thanks for sticking through the best and the worst, thanks for your none-interest in my work and for sending me Lala land’s soundtrack to help me through the final stages of this dissertation, it was salvatory. Thanks to Alexis for always being there on those big occasions and for trying to save my French identity (sorry for writing this in English). Thanks to Raphaëlle for watching football games in your little room in Paris and having drinks in Lyon, right next to the Ponte Vecchio, in the heat of Rome, or in Biarritz’ evening sun. We did not study “European affairs” for nothing.

A very special thank you to my two sisters Julie and Laura. Julie, thank you for always keeping your feet firmly on the ground and mine by the same occasion, thanks for having fought insanity in Paris by my side on “La coulee verte”. Laura, thanks for your funny dog and cat pictures when I am down, for your positive attitude and for making little movies about sisterhood that go straight to the heart. Thanks to my parents for always being there when I need them and for providing love and affection despite being in China, Egypt or Iraq. A special thank you to my grandpa for his strong sense of collectivity and for always having

silently supported my endeavours in his heart. Thanks to my grandmother for making me laugh so much, thanks for your 94-year-old honesty about life, ambition and love, as well as your precious passed on knowledge about how to make soap or “liqueur de cassis”. Thanks to my uncles and aunts who are always there for a chat and who provide support as well as my cousins Louise, Anna and Simon – the more or less willing guinea-pigs for trying out my home-made shampoos.

A little thank you to the little ball of fur called Marcel, who provided a much needed purring therapy when this thesis was coming to an end.

Finally, the biggest big-up to Martin Lestra, who even after eight years of having to deal with me, decided to administratively unite his life to mine and move back to France. Thanks for being my number one supporter in good and bad times, thanks for living up with my theoretical, physical, and musical life-paths doubts, my impatience when you forget about the laundry as well as my numerous failed attempts at quitting smoking. Thanks for being the person you are.

TABLE OF CONTENTS

ABSTRACT	ii
ACKNOWLEDGEMENTS	iii
TABLE OF ACRONYMS	xii
LIST OF ILLUSTRATIONS	xiv
I. INTRODUCTION	1
1. The “Consequential” and the “Deep”	2
1.1 Trade	3
1.2 Degree of Institutionalization	5
1.3 Approach to Human Rights and Issue Linkage	6
2. Two Unlikely Partners: Distance, Differing Models and Lack of Reciprocal Interest	8
3. Theoretical Framework	10
3.1 Soft-Balancing	11
3.2 Forum-Shopping	12
3.3 Face Diplomacy	13
4. Cases and Empirical Fieldwork	14
4.1 Criteria for Case Selection	15
4.1.1 Keeping the Issue Realm Constant: Trade as the Best Option	15
4.1.2 Keeping Negotiation Venues Constant Across Cases	16
4.1.3 Cases Should Be Negotiable in Bilateral and Multilateral Venues	17
4.2 Data	17
5. Results	19
6. Theoretical and empirical contributions	20
7. Layout of the Dissertation	24
II. THE EU, CHINA AND THEIR COMMON HISTORY	26
1. The EU’s and China’s Power Resources, Regional and International Integration, Stated Goals and Foreign Policy Constraints	26

1.1	Power Resources	27
1.1.1	China: A Material Power Champion Lacking Institutional Power	27
1.1.2	The European Union: “Economic Giant and Military Worm” with Institutional Power	30
1.2	International and Regional Integration	34
1.2.1	China in the Regional and International Arena	34
1.2.2	EU in the Regional and International Arena	36
1.3	Put Forward Goals	38
1.3.1	China	39
1.3.2	The European Union	41
1.4	Interest Formation	43
1.4.1	China	44
1.4.2	The European Union	47
2.	The EU’s and China’s Path Toward a Strategic Partnership	52
2.1	The “Century of Humiliation”	52
2.2	The Cold War: An Isolated China in Need of Europe	54
2.2	Paving The Way to a Strategic Partnership	56
2.2.1	A sweet and sour start (1978-1994)	56
2.2.2	The building blocks of a stable relationship (1994-2003)	57
2.2.3	2003-2012: The Intensification of the EU-China Partnership	59
	Conclusion:	65
III.	THEORETICAL FRAMEWORK: SOFT BALANCING, FORUM SHOPPING OR PRESTIGE DIPLOMACY?	67
1.1	Assumptions	69
1.1.1	Units With Personalities in an Anarchic World	69
1.1.2	Non-State Entities as Units	70
1.1.3	Relative Gains Allowing for the Investigation of Economic Matters	70

1.2	Relevance of the Soft-Balancing Theory.....	71
1.2.1	China: an American Rival	71
1.3	Definition of Soft-balancing.....	74
1.3.1	Theoretical Background	74
1.4	Hypotheses.....	76
1.4.1	The Goal of the Deepening of the Relationship	76
1.4.2	Interaction Level.....	76
1.4.3	Unit Level	77
2.	Forum-Shopping.....	79
2.1	Assumptions.....	80
2.1.1	An instrumentalist take	80
2.2	Relevance of the Instrumentalist Theory	81
2.3	Hypotheses.....	82
2.3.1	Deepening the Relationship	82
2.3.2	Interaction Level	83
2.3.3	Unit Level.....	84
3.	Prestige Diplomacy.....	85
3.1	Assumptions	87
3.1.1	Reversed Importance of Bilateral and Multilateral Forums for China and the EU	87
3.1.2	“Culturalist” but not Deterministic.....	88
3.2	Hypotheses.....	92
3.2.1	Goal of the Deepening of the Relationship	92
3.3.1	Interaction Level	93
3.3.2	Unit Level.....	99
4.	Case Description	102
4.1	Regular Negotiations: Food Safety and Geographical Indications	103

4.1.1	Food Safety	104
4.1.2	Geographical Indications	105
4.2	The Disputes: Textile and Solar Panels	107
4.2.1	The Solar Panel Case	109
4.2.2	The Textile or “Bra-Wars” Dispute	110
5.	Conclusion	112
IV.	SOFT BALANCING	115
1.	Introduction	115
2.	Geographical Indications and Food Safety as Crucial Cases	116
2.1	Food Safety and Geographical Indications as Crucial Cases	117
2.1.1	Condition 1: Zero-sum Cases	117
2.1.2	Condition 2: Neutral or Opposition of Chinese interest to that of the EU 119	
3.	Food Safety and Geographical Indications invalidate the Soft-Balancing theory	120
3.1	A Closer Look at Motives: Chinese Domestic Politics Over-ride Concerns About the U.S.	122
4.	Trust Necessary for Long-Term Soft-Balancing Coalition	126
4.1	The Lack of Interpersonal Trust between the EU and China: Structural Factors 128	
4.2	The Basic Distrust of the EU: The “Tian Xia” Mentality	130
4.3	The Basic Distrust of China: The EU’s Dependence on the U.S.	133
5.	Conclusion	136
V.	FORUM-SHOPPING	139
1.	Introduction	139
1.1	Common Interests Versus Divergent Interests	140
1.2	General Findings	140
2.	A Common Interest to Defend	141

Efficiency Indicators: Coordination, Bridging Adversary Positions and Efficiency of the Forum in Fulfilling Chinese and European Interests	141
2.1 Lack of Prior Bilateral Coordination	142
2.2 China Incapacity to be a Vector of EU-China Positions	143
2.3 Multilateralism does not fit European and Chinese Practical Negotiation Needs	146
3. Relationship lows	149
Efficiency Indicators: Time, Material Costs	151
4. Conclusion	154
VI. PRESTIGE DIPLOMACY	155
1. Introduction	155
1.1. Public and Private Spheres of Interaction.....	155
1.2. General Findings	156
2. Practicing ‘Face Work’ Without Losing it	157
2.1 The EU’s ‘face awareness’	157
2.1.1 Practicing ‘Face Work’ at the Micro-Interaction Level: Keeping Good Relations With the Chinese	158
2.1.2 Abiding by the Standards of a Mixed Relationship: A Necessary Condition for Reciprocal Face Work.....	159
2.2 Institutional Efforts to Increase Cultural Awareness Among Diplomats.....	161
2.2.1 The EU-China Strategic Partnership: an Institution that Brings Europeans and Chinese Together.....	162
2.2.2 Institutional Efforts to Increase “Face” Awareness	162
2.3 The Chinese Response: Face exists because China rewards it	163
3. Prestige Gains: Strategies in the Public Sphere.....	166
4.1 The Privatization of Disputes and Conflicts	168
4.1.1 Keeping Disputes Within the Realm of the Bilateral Relationship.....	169

4.1.2 Face-Keeping Measures During Negotiations – How the EU Accommodates China	169
4.2 The Main Reasons Invoked for Privatization	170
4.2.1 China: Avoiding Being Categorized as a “Bad” State.....	171
4.2.1 The EU: Never Losing a Case in the WTO or Keeping its International Law-Abiding Reputation.....	171
4.2.3 Avoiding a Loss of Face of the Relationship	172
4. Conclusion	173
VII. CONCLUSION.....	175
1. Findings	176
1.1 Soft-Balancing.....	176
1.2 Forum-Shopping.....	177
1.3 Prestige Diplomacy	177
2. Contributions.....	178
2.1 Original empirical findings on EU-China relations	178
2.2 Theoretical Contribution	179
3. Implications: Common Action against Climate Change, Trump, and 21st Century Politics.....	181
3.1 Increasing Prestige by Enhancing Environmental Cooperation	181
3.2 Keeping Disputes at the Bilateral Level and the Market Economy Status Issue	183
BIBLIOGRAPHY	186
ANNEXE 1	187

TABLE OF ACRONYMS

ASEAN:	Association of Southeast Asian Nations
ATC:	Agreement on Textile and Clothing
ATEC:	Agreement on Trade and Economic Cooperation
BSE:	Bovine Spongiform Encephalopathy (Mad Cow Disease)
CCP:	Chinese Communist Party
CFSP:	Common Foreign and Security Policy
CNBS:	Chinese National Bureau of Statistics
DG:	Directorate General (European Commission)
EC:	European Commission/ European Communities
ECC:	European Economic Community
EEAS:	European External Action Service
ENP:	European Neighborhood Policy
ESDP:	European Security and Defense Policy
ESM:	European Single Market
ESS:	European Security Strategy
EU:	European Union
GATT:	General Agreement on Tariffs and Trade
GDP:	Gross Domestic Product
GI:	Geographical Indications
GMO:	Genetically Modified Organisms
GSP:	Generalized System of Preferences

IMF: International Monetary Fund

IPR: Intellectual Property Rights

MERCOSUD: Southern Common Market

MES: Market Economy Status

MFA: Multi-Fiber Agreement

MFN: Most Favored Nation

MOFCOM: Ministry of Commerce (PRC)

MS: Member State

NATO: North Atlantic Treaty Organization

PCA: Partnership and Cooperation Agreement

PRC: People's Republic of China

SCO: Shanghai Cooperation Organization

SED: Strategic Economic Dialogue (US-China Relation)

SOE: State Owned Enterprise

SPS: Sanitary and Phytosanitary Measures

TRIPS: Trade Related aspects of Intellectual Property Rights (WTO)

UN: United Nations

UNCHR: United Nations Commission for Human Rights

UNSC: United Nations Security Council

USSR: Union of Soviet Socialist Republics

WHO: World Health Organization

WTO: World Trade Organization

WTO DSM: World Trade Organization Dispute Settlement Mechanism

LIST OF ILLUSTRATIONS

Figure 1: Evolution of the EU and the U.S. Trade Deficits with China (2010-2015).....	3
Figure 2: Selected Cases Divided According to Regular or Problematic Nature	17
Figure 3: Power Resources.....	27
Figure 4: Major Powers' Military Expenditures in Millions Constant US Dollars 2014 (1989-2015).....	28
Figure 5: U.S. and Chinese Growth in Percentage of GDP	29
Figure 6: U.S. and Chinese Wealth Accumulation in Constant U.S. Dollars (1989-2015)	30
Figure 7: Evolution of EU Exports to Main non-EU States in Million Euros (2001-2015)	31
Figure 8: Evolution of EU Imports From Main non-EU States in Million Euros (2001-2015)	32
Figure 9: China-EU Specificities in Terms of Power Resources, Regional and International Integration, Goals, and Foreign Policy Constraints	50
Figure 10: Logic of Framework of Hypotheses in Explaining the Two Questions	67
Figure 11: Soft-Balancing Hypotheses	79
Figure 12: Forum-Shopping Hypotheses	85
Figure 13: The States of Face and their Sources	95
Figure 14: Face-Gaining Attitudes in International Relations	97
Figure 15: Face-Losing Attitudes in International Relations	99
Figure 16: Prestige Diplomacy Hypotheses	101
Figure 17: Trade Dispute Tools at the Disposal of States and the EU	108
Figure 18: Hypotheses Explaining the Deepening of the EU-China Relationship	113
Figure 19: Share of Agriculture and Food in Chinese Imports (2000-2014).....	120
Figure 20: Evolution of EU Exports of Agricultural and Food Products to China in Million Euros (2011-2015).....	125

I. INTRODUCTION

The relationship between the European Union (EU) and China is a rather discreet phenomenon in contemporary international relations. More often than not, observers have their eyes set on the U.S.-China relation and its numerous ups-and-downs. Scholars, think tanks, journalists, and politicians alike, enter into fierce competition to determine whether or not Mearsheimer's prophecy – China and the U.S. making war to one another – (Mearsheimer, 2001) is likely to become reality. They go to great length in comparing each actor's capabilities, mutual perception, foreign policy traditions, or internal events to explain the pair's behaviour towards each other. International affairs, in turn, are often interpreted in light of the couple's attitude. For example, former British prime minister Gordon Brown blamed both the U.S. and China for the failure of the Copenhagen climate change summit in 2009 (Telegraph, 2009). Reuters also shamed the U.S. and China for building up tension in the South China Sea where the U.S. is – officially at least – a neutral actor (Reuters, 2014). Thinking about international events in relation to the eventful U.S.-China relationship has become so persistent that by opposition, some scholars have started to demonstrate the non-existence of a so-called “G2” (Economy & Segal, 2009).

Because of the sheer economic and military size of the U.S. and China and the number of negotiations they are both involved in, one could say that the two are engaged in a strong, institutionalized and stable long-term relationship. This is not the case. In fact, the U.S.-China relationship pales in comparison to the one developed by the EU and China. In the past 15 years, the two international newcomers have built an institutionalized relationship that endures even in times of turmoil. For example, while the EU-China relation experienced turbulence when the EU failed to lift the arms embargo in 2005, or when European heads of state met with the Dalai Lama before the 2008 Beijing Olympic Games, most of the pre-scheduled meetings of the strategic relationship carried on unaffected. Chinese officials even describe the EU as their “biggest ally” (EC3).

The stability of the EU-China relationship is particularly striking in the economic sphere. Besides forming the cornerstone of the Strategic Partnership, the particular institutional setting of their relationship means their economic discussions suffer little spillover effects from sensitive subjects such as security or human rights issues. Furthermore,

unlike the U.S.-China relationship, the bigger part of their disputes is dealt with through bilateral negotiations instead of through the multilateral World Trade Organization Dispute Settlement Mechanism (WTO DSM). The breadth of EU-China trade discussions is particularly puzzling because of a number of factors that usually impede smooth trade between two entities: geographical and cultural distance, the different natures of their political systems and that they do not hold strong interests in each other's zones of influence.

The aim of this project is to explain why the EU and China have engaged in such a strong trade relationship despite inherent difficulties and stumbling blocks. The question under investigation is therefore the following: Why do such unnatural partners, like the EU and China, develop and consolidate such a strong relationship? As it stands, this question is not researchable directly; this project uses another question analysed empirically to then answer this one. The empirical question under examination tries to uncover how the EU and China use the overlapping institutions at their disposal for negotiation. That is, what is the rationale behind the EU and China's choice of either the bilateral or multilateral spheres of negotiations for both their regular trade discussions and disputes?

Uncovering the reasons behind EU-China strategic choosing between overlapping forums will shed light on their overall intentions. This is how the latter question is linked to the first. Before delving into the details of the theoretical and empirical designs of this research, the following section will make the case for the strength and breadth of the EU-China relationship by using the most "consequential"¹ relationship of modern time – the U.S.-China relationship – as a means of comparison.

1. The "Consequential" and the "Deep"

Though it is undeniable that, as regards the world order, the U.S.-China relation is the most – as John Kerry described it – consequential relationship, the EU-China relationship is however, and by far, the deepest relation China has developed with a Western power. Aspects, such as trade, the extent of institutionalization of the partnership, or human rights management, are all more developed in the EU-China relationship than in the U.S.-China one. The following comparative overview of these domains will uncover the depth of EU-China ties and show the need there is for further investigation of the EU-China relationship.

¹John Kerry used this adjective to describe the U.S.-China relationship in a speech he gave at the John Hopkins School for Advanced International Studies on November 4th 2014. The full speech is available online: <http://www.state.gov/secretary/remarks/2014/11/233705.htm>

1.1 Trade

China, the U.S. and the EU are the three biggest consumer markets in the world. It is therefore logical that both the EU and the U.S. uphold strong economic relationships with China. In fact, trade is the bedrock of both the EU-China and the U.S.-China relationship. Both the EU and the U.S. trade the same types of products with China. The EU's total trade in goods with China amounted to 520 Billion euros in 2015 (European Commission, 2016) while the U.S.'s reached 541 billion euros (American Census Bureau).² However, the U.S.-China trade relation is much more unbalanced and subject to turmoil than the EU-China one. Both the EU and the U.S. hold a trade deficit with China. Yet, dismantling total trade into imports and exports in the last five years shows how the two power's trade balances with China have evolved.

Figure 1: Evolution of the EU and the U.S. Trade Deficits with China (2010-2015)

Source: Own compilation of data from Eurostats and the American Census Bureau. U.S. trade deficit figures were transformed into euros (average exchange rate 2013).

As figure 1 above shows, although the EU and the U.S.' trade deficits with China are on the rise since 2014, the gap between the EU and the U.S.' trade deficits is steadily expanding. In fact, the EU's trade deficit with China amounted to 180 billion euros while the American trade deficit with China was of nearly 325 billion euros in 2015. Although 4 out of 5 of their most important exports are similar (machinery, aircrafts, motor-vehicles, and

² 2015 was the first year where the U.S.'s total trade in goods with China exceeded European trade with China. However, this does not reflect an important increase in U.S.-China trade but rather that the EU-U.S. exchange rates went from 1.33 to 1.11, where it has stabilized throughout 2015 and 2016. When comparisons are made with fixed exchange rates, the EU still trades more with China than the U.S. does.

chemicals), the EU still exports 40% more than the U.S. to China in value.³ Exports of services, a common asset of the EU and U.S. economies, is also telling. Even though both are still quite low, mostly because of Chinese barriers to trade in services and investment, the EU still exports almost twice as much in services to China as the U.S.⁴ When it comes to numbers, the EU-China relation is on the way to a balanced and strong trade relationship. On the other hand, the U.S.-China relation's imbalance is increasing and the U.S.'s exports to China are far behind those of the EU.

The depth and strength of a trade relationship does not solely come down to import and export figures. Trade talks and the way partners deal with tension is also significant. The EU and the U.S. experience very similar issues with China in the economic realm. Both entities state among the problems they encounter with China its lack of adequate protection of Intellectual Property Rights (IPR), industrial policies that discriminate foreign companies, intervention in the economy favouring State Owned Enterprises (SOEs) and its mixed record in implementing its World Trade Organization obligations. However, when faced with tensions, the EU and the U.S. deal with China in very different ways.

When issues emerge with China, the U.S. engages the country confrontationally by directly threatening China with sanctions or by filing a complaint against China in “public” international spheres such as the Dispute Settlement Mechanism (DSM) of the WTO.⁵ As rightly explained by Henry Paulson, “despite the two countries’ long history of interaction, they frequently display a stunning ability to misunderstand each other” (Paulson, 2009:61). Although the creation of the Strategic and Economic Dialogue (SED)⁶ have tempered bilateral tension, the U.S. and China are still quite unable – or unwilling – to deal with economic issues one-on-one. The record of their disputes at the WTO speaks for itself, especially when compared to that of the EU and China. Since China joined the WTO in 2001, the U.S. and China have been involved in a total of 25 cases. By contrast, the EU and China were only involved in 16 dispute cases against each other. Since the EU and China trade more than the U.S. and China, the disparity between their respective number of disputes can only be explained by a lack of dispute settlement capacity at the bilateral level - in other words, by a

³ In 2013, the EU exported 148.1 Billion of euros worth of goods to China while the U.S. exported solely 91.7 billion euros worth to the country (Morrison, 2014:4; European Commission, 2014:1).

⁴ In 2013, the EU exported 49.9 Billion euros worth of services while the U.S. only exported 28.9 Billion euros worth in the same domain (Morrison, 2014:4; European Commission, 2013:1).

⁵ With Donald Trump as the new U.S. president, the confrontational aspect of the U.S.-China relationship has drastically increased.

⁶ The Strategic and economic dialogue, created in 2006 under George W. Bush, was updated in 2009 by Barack Obama into a new version that separates the strategic dialogue from the economic dialogue.

lack of effective dialogue in the U.S.-China relationship. Because of perceived misunderstandings between the two powers, American scholars tend to advise their government to take the multilateral route instead of the bilateral one when it comes to dealing with tensions with China (Paulson, 2009: 77; Economy & Segal, 2009:2). Morisson even states that one of the main views in the United States on dealing with U.S.-China trade disputes is to: “Take a more aggressive stand against China, such as increasing the number of dispute settlement cases brought against China in the WTO, threatening to impose trade sanctions against China unless it addresses policies (such as IPR theft) that hurt U.S. economic interests, and making greater use of U.S. trade remedy laws (such as anti-dumping and countervailing measures) to address China’s “unfair” trade practices.” (Morisson, 2014: 54).

The EU, on the other hand, handles most of its trade issues with China at the bilateral level. For instance, when Chinese textile goods flooded the EU and the U.S. in 2005 (following the expiration of the Agreement on Textile and Clothing (ATC) that had protected their markets until then), the United States chose to implement illegal quotas. By contrast, the EU engaged in negotiations with China to alleviate the sudden pressure put on its textile production firms. In reaction to these two ways of handling economic issues, Chinese then-Minister of Commerce Bo Xilai praised “the EU’s sincerity in solving trade disputes with China through dialogue and consultation, instead of taking unilateral action” (Bo Xilai in Camino, 2007:832). This example and the Chinese reaction to the American and European responses shows how different diplomatic styles have influenced the two relationships’ respective evolutions. This does not mean that the EU-China relation does not go through periods of crisis. Yet, in the trade sector it is undeniable that both in times of cooperation as well as in moments of crisis, the EU-China partnership is much stronger and normalized than the U.S.-China relationship.

1.2 Degree of Institutionalization

Institutionalization is also a matter on which the EU-China relationship is much further developed than the U.S.-China one. In theory, “institutions, [...] increase trust and reduce uncertainty about the actions of others [...] as well as promote the adherence to norms” (Caporaso, 1993:76-77). This is also true for institutions like the “strategic partnership” that encompasses bilateral relations such as that of the EU and China. As argued by Algieri, “the essence of the EU-China relation is to a large extent determined by a high degree of institutionalization” (Algieri, 2002:65). Although the U.S. and China do hold, according to

some researchers (Economy & Segal, 2009; Morrison, 2014; Paulson, 2009) talks on more than 60 issues, these are non-transparent, informal and do not have a pre-defined schedule, unlike in the EU-China relation. The only two official dialogues held by the U.S. and China are the aforementioned Strategic and Economic Dialogue and the Defense Policy Coordination (Morisson, 2014: 49). For that reason, Economy and Segal call for a “reconfiguration of the U.S.-China relationship at the institutional level” (Economy & Segal, 2009:6). However, according to a Chinese interviewee, the non-institutionalization of the U.S.-China relation is a choice because “the United States thinks that this type of framework, the European institutionalized framework, is a waste of time and money” (EC8).

In practice, this implies that when important events leading to tensions in the U.S.-China relationship occur, whether economic or political in nature, all other negotiations regardless of issue might stall. On the contrary, in institutionalized relations, even if tensions turn into a deadlock on one specific aspect of the relationship, other dimensions of the relationship continue as usual. This is all the more so the case in the EU-China relation since the relationship is divided up in three independent pillars: the economic pillar that treats issues ranging from trade and investment policy to health and climate protection, the political pillar that deals with human rights issues and security and defence cooperation and finally the people-to-people pillar that focuses on cultural and youth affairs.⁷ This division of negotiations in pillars comes with a unique and major advantage: it avoids spillover effects from one type of issue to the next. In other words, if problems appear in the political dialogues, there is little chance they will bring the economic or people-to-people negotiations to a stall. This feature of the EU-China relation is probably the most *distinctive* one compared to the U.S.-China relation. Indeed, although the U.S. has turned its S&ED negotiations with China in a two-track negotiation, the “strategic track” on the one hand and the “economic track” on the other (Morisson, 2014:49), the meeting remains a joint one and the two tracks are not clearly separated. For example, counterterrorism is strikingly part of the “economic track” negotiation. Such security issues have a high propensity of spilling over and stalling the economic track negotiations altogether.

1.3 Approach to Human Rights and Issue Linkage

The handling of human rights issues is also at polar opposites for the two Western entities. While the United States often chooses to use the confrontational route and opts for economic

⁷ The full range of EU-China dialogue cooperation is available in Annexe 1.

threats to advance its human rights agenda in China, the EU treats human rights separately and keeps economic sanctions for issues arising in the economic realm.

The two Western actors' stance on human rights concerns took different paths in the 1990s. Until then, the EU and the U.S. had a common policy towards China's human rights record. They had both put in place an arms embargo on the country and both also introduced a resolution criticizing China's human rights at the United Nation Commission on Human Rights after the Tiananmen crackdown of June 1989. In 1998, after numerous failed attempts at putting up a resolution against China, the last made by Denmark in 1997, the EU opted for a bilateral dialogue on the subject (Kinzelbach & Thelle, 2011:61). The Chinese make bilateral human rights' conditional to the fact that the partner refrains from introducing a resolution against China at the United Nations. Therefore, the EU gave up the UN resolution in favour of a bilateral dialogue on human rights with China. They are still held through bi-annual meetings (Kinzelbach & Thelle, 2011:64) that run on three different tracks: a diplomatic dialogue between officials from China and the EU, legal seminars, and bilateral and multilateral cooperation projects (Kinzelbach & Thelle, 2011:67).

The U.S., on the other hand, pursues the initial policy of putting out a resolution against China at the UN Commission on Human Rights every year (Zhou, 2005:108), although it has included human rights in the S&ED held yearly with China (Morrisson, 2014:49). This makes human rights a persistent point of contention with China that spills over into other matters concurrently negotiated. This is not only due to Chinese retaliation, however, the U.S.' human rights policy is also based on the linkage of human rights issues to trade and economic negotiations or advantages. Zhou explains that the "U.S. concern with China's human rights' policy was reflected in the process used to determine China's permanent normal trade status [...] and to advance China's entry in the WTO" (Zhou, 2005: 110). On the contrary, during the Chinese WTO accession negotiations, "the EU did not allow political or human rights issues to stand in the way of its commercial or trade interests" and therefore adopted a more "positive stance, which stressed cooperation rather than confrontation" (Eglin, 1997:495).

To be sure, this does not mean that the EU and China do not experience frictions associated with human rights issues; in some instances, European law expectations on human rights standards have also hindered the smooth deepening of EU-China relations. A historical example illustrates this. In 2007, China and the EU wished to change the legal framework of their bilateral relationship. The EU-China relationship was dependent on a 1985 agreement

that solely included some trade matters. Both entities wanted to make all aspects of the relationship part of a bigger framework. The Partnership and Cooperation Agreement would include the newly negotiated trade aspects, the political talks, as well as the cultural dimension of the extended partnership. Yet, because EU legislation makes it compulsory for any new framework agreement to include a human rights clause, negotiations quickly came to a halt. As a result, the current China-EU bilateral relationship still rests on the out-dated 1985 agreement, making it impossible for the partners to render the political aspects of the agreement binding through law. The point here is not to suggest that the EU and China do not diverge on human rights discourse, but the way the EU and China handle human rights matters seem to be more efficient than the way the U.S. and China does. The rather proactive stance adopted by the EU makes human rights less of an obstacle in other negotiations.

All in all, if the U.S.-China relationship is the most significant relationship in the world today, China's relationship with the European part of the "West" is much deeper regardless of the matters international powers have to deal with on a daily basis. In terms of trade, the EU's trade with China is bigger in volume and generally more balanced than the U.S.-China trade. When it comes to frameworks of negotiation, the EU engages China in a much more transparent, regular and institutionalized way than its U.S. counterpart. Finally, the European way of handling their most contentious issue –human rights- seems to also be much less confrontational yet much more effective than the American method. The U.S.-China's normal seeming relationship (as the world's first and second world powers) only makes the EU-China relationship even more unusual considering its thriving development.

2. Two Unlikely Partners: Distance, Differing Models and Lack of Reciprocal Interest

This relationship's depth puzzles international relations scholars. Indeed, China and the EU's relationship cannot be described as "natural;" nor can their interaction be characterized as an interaction of "like with the like" (Scott, 2007:24). This distinguishes the EU-China relations, from the transatlantic relation,⁸ and that for three reasons: First, because of geographic and cultural distance. Second, because the two entities are very different structurally and stand at opposite ends in their foreign policy models; third, because they do not hold any "strategic interest" in each other's region, unlike the U.S. and China.

⁸ Often called "the West," it is considered to be a "security community" or a "transatlantic order" (Deutsch et al., 2003:123). There is the idea that the Atlantic Ocean is an "Island sea" around which common people live (Lippman, 1943), therefore making the transatlantic relationship somehow "natural." In fact, the question now investigated on the relationship is the possibility of an "end of the West" (Anderson, Ikenberry & Risse, 2008).

Michael Yahuda explains that both the geographic and cultural distance has largely refrained Chinese and European states' interaction and cooperation in the past. The author goes calls it the "tragedy of distance" (Yahuda, 2008:15). Cooperation and interaction is now possible between the EU and China because of technology and new means of transports. However, cultural distance still explains why the EU and China's interaction remains at the elite and business level, grassroots interactions being negligible (Liu Fei, 2007:121).

Second, the two entities have very different systems and foreign policy models. On the one hand the EU is a union of market-based democracies, as attested by the Copenhagen criteria that apply to candidate states. Furthermore, multiple analyses of the EU's neighbourhood policy and interventions abroad testify its will to export its model and democratic values (Manners, 2002; Lucarelli, 2006). On the other hand, China, in the past fifty years, has deemed it necessary to strengthen its sovereignty in the interest of its national agenda, and to this day remains far from democratic standards (Möller, 2002:10). Considering the way foreign policy is designed, at best China and the EU have different styles while their foreign policy models also run against each other. For instance, when human rights are discussed, China often accuses the EU of impinging on its sovereignty (Liu Fei, 2007:121).

Finally and perhaps most importantly, China-EU relations are not driven by reciprocal strategic interest. Here, strategic interest is defined as "interests which relate to the risk of conventional military threat, and which do so sufficiently directly that the state might want to use armed forces to protect them" (White, 2008:66). Although this part of the world receives increasing attention from European media, the EU, does not hold any strong interest in the Asia Pacific region, or in the Taiwan Strait. Similarly, China, now that the Cold War is over, no longer holds any security-related interest in Europe (Shambaugh, 2005:20). This is the main feature that differentiates the EU-China relationship from the U.S.-China one. Indeed, "despite China's repeated assurances that it does not seek to push America out of Asia, American leaders remain deeply concerned that China seeks to dominate the region at significant cost to U.S. influence and interests there" (Lieberthal & Wang, 2012:26). In other words, the China and the EU have no strategic security interests to defend *vis-à-vis* one another's regional spheres, unlike the U.S. and China.

In fact, it is quite common for the two most important powers of a system to develop strong relationships with each other despite cultural and physical distance, like for instance, the U.S. and Russia during the Cold War or the U.S. and China in the current era. It is

however much rarer to see two powers both culturally and physically distant *and* holding no strategic interest in each other's territories to develop strong relationships. Since the EU-China relationship is more developed today than the U.S.-China relationship but they do not have interests to defend vis-à-vis each other in each of their influence zones, the motives of their deepening relationship are more than questionable. The main question investigated in this research is therefore the following:

- 1) Why do such “unnatural partners” as the EU and China develop and consolidate such a strong relationship?

In order to investigate empirically this general question, a specific focus will be given to the two sides of their strategic coin: the bilateral attitude held by the two actors will be compared to their common behaviour in multilateral negotiation realms. Therefore, the empirical question that will answer the general one is the following:

- 2) What is the rationale behind the EU and China's choices of negotiation fora?

Indeed, the difference between how they behave towards each other privately (bilaterally) and publicly (in international institutions) and how they use the different forums will give insights on how the actors perceive each other and the reasons why they continually pursue such a strong relationship despite cultural difference, geographical distance, regime mismatch and lack of reciprocal strategic interest in each other's zones of influence.

3. Theoretical Framework

There are two questions under investigation in this research. The first examines the motivations behind the deepening of the EU-China relationship while the second investigates the rationale behind the use of the multilateral and bilateral fora of negotiation. Since the first question explores interest and motivation, it is hardly researchable directly from the empirical material. Therefore, it is the second question that will be investigated and from there, the motivations of the deepening of the relationship will be inferred. Secondly, uncovering the rationales at work behind the use of negotiation forum will help draw conclusions on the motivations behind the deepening of the EU-China relationship.

It is important to note that there are two types of rationales at work in the choice of multilateral or bilateral fora: an “interaction” level rationale that involves the action of both actors simultaneously and a “unit” level rationale referring to the reasons each actor pushes for a specific forum of negotiation within the interaction. These can be the same or can differ

depending on the theory chosen. The framework of hypotheses can be divided into three parts: a set of hypotheses explaining the rationale behind each actor's action and a set of hypotheses explaining the two actors' joint action. These sets of hypotheses will then, in a second step, draw conclusions on a third set of hypotheses investigating why the two actors continue to grow their relationship "against all odds." This research will draw from the three major existing schools of thoughts in international relations theory and relevant literature on Chinese and European past behaviour and specificities to build explanatory frameworks tested against empirics.

3.1 Soft-Balancing

The first possible reason explaining the deepening of the EU China relations and the different uses made of bilateral and multilateral forums of negotiation could be their common wish to limit American power. This type of behaviour is called "balancing" in the realist literature of international relations. It is usually defined as "when states ally with weaker states to balance stronger states" (Waltz, 1979:117). However, researchers that have looked for states' balancing moves against the U.S. in the Post-Cold-War era have done so in vain. The war opposing the United States and China predicted by John Mearsheimer in his book *The Tragedy of Great Power Politics* has still yet to take place (Mearsheimer, 2001). Others have explained that due to the extreme power gap existing between the United States and other powers in the international order, the only recourse of states to contain American power is that of "soft-balancing" or "the conscious coordination of diplomatic action in order to obtain outcomes contrary to U.S. preferences – outcomes that could not be gained if the balancers did not give each other some degree of mutual support" (Walt, 2005:126). Although some scholars have looked for empirical evidence of this phenomenon,⁹ instances of soft-balancing are scarce and many authors remain unconvinced. This argument agrees that no solid instances of soft-balancing have been empirically acknowledged because the most likely instance of soft-balancing (economic strengthening) remains to be tested. The fact that states have almost no margin of manoeuvre in security institutions means that these institutions do not provide an adequate framework for research on soft-balancing activities. It is therefore difficult to draw solid conclusions on the existence of soft-balancing attitudes from the study of institutions dealing with security issues. I argue that international economic organizations such as the WTO, on the contrary, are instances in which China can gain substantive power

⁹ There is an entire issue of the *International Security Journal* (Vol. 30(1), 2005) dedicated to the concept and empirical research trying to isolate instances of soft-balancing.

and become a major player because of the bargaining power resulting from the size of its market. These institutions are therefore a place where soft-balancing moves can potentially be observed.

The soft-balancing hypothesis is the following: the driver of the seemingly unnatural EU-China deep relation can be explained by a common effort to limit American power on the global stage (H1). To do so, China and the EU form implicit coalitions at the interaction level in economic negotiations to minimize the risk of American retaliation. The multilateral and bilateral forums here serve very specific purposes: while multilateral forums are used to limit American relative power (H1a), bilateral forums of negotiations are used to settle disputes that arise between the EU and China (H1b).

The actor's level of the realist theory however, tells a different story. If soft-balancing does take place at the interaction level, it is purposefully carried out by China alone. Indeed, the EU, being the United States' oldest and strongest ally, neither has the leeway nor the wish to trigger the balancing of American power. Therefore, the move is always made by China. The latter, when strong national interests are not at stake, pushes forward the EU's position in economic international organizations such as the WTO (H1c).

3.2 Forum-Shopping

The second possible explanation assumes that states do not care about the gains of others; their ultimate goal is to reap maximum benefits from a situation (Oye, 1986). This assumption, called the "absolute gains assumption" is at odds with the realist theory that assumes that relative gains – or the gains that one makes compared to others – are crucial to states in the international sphere. Again, unlike the realist theory, the Forum-Shopping theory only generates hypotheses at the interaction level between the EU and China because at the actor's level, both entities try to cultivate maximum benefit.

Since both actors' goal is to maximize their benefits, they engage in "forum-shopping" between the multilateral and the bilateral spheres depending on which forum best serves their interest. Forum-shopping is a term initially used in the realm of law research. Its definition is the following: "when a party tries to have his actions tried in a particular court or jurisdiction where he feels he will receive the most favourable judgement or verdict" (Busch, 2007:736). Applied to international relations, forum-shopping is therefore when one or a number of states choose the multilateral or the bilateral forum depending which can be most efficient at maximizing their gains. Depending on the different features of the bilateral and multilateral fora, each is most efficient at reaching different types of goals. More specifically, the EU and

China will most likely opt for the multilateral forum when they have a common interest to defend. in order to enlarge the scope of application of the decision to all member states of the World Trade Organization and externalize the transaction costs of implementation (H2a). However, when the EU and China encounter a disagreement, they will most probably choose the bilateral route to deal with the dispute as the forum offers quicker and less costly solutions on a case by case basis (H2b).

3.3 Face Diplomacy

This set of hypotheses use non-material factors to explain their choices of negotiation fora and the deepening of the EU-China relationship. It is assumed that the two actors' ultimate goal is to increase their prestige in the international arena: the EU because it is a new non-state actor and China because it is a new actor at the international level. It also assumes that in the case of China, prestige is culturally constructed around the concept of "face". Face is defined in the literature on China as "the respectability and/or deference that a person can claim for him/herself from others, by virtue of the relative position he occupies in the social network and the degree to which he is judged to have functioned adequately in the position as well as acceptably in his social conduct" (Ho, 1976: 883). Many argue that in China, "face" is central to gains and losses of prestige. Therefore, applied to international relations, this theory argues that China tries to avoid losing face in the international arena and tries to engage in face-giving attitudes with other actors in order to increase prestige.

Face in the Chinese culture can only be lost or gained in public. Therefore, China and the EU can only lose or gain face in the multilateral sphere of negotiation. The bilateral sphere is protected from face gains and losses since it is a private forum. Losing face entails a condemnation by the group and loss of prestige, while gaining face enhances one's prestige in the eyes of others. They can both be achieved by one's own action or by that of others towards oneself.

The deepening of the EU-China relationship can be explained here by the fact that the EU agrees to play the face game with China. When in disagreement, they opt for the bilateral route rather than the multilateral because it avoids both actors the possibility of losing face (H3b). EU and China use the multilateral route to engage in mutual face-giving to enhance their international prestige (H3a).

At the actor's level, China uses the face concept as the criteria through which its population evaluates the degree of prestige China has at the international level (H3c). For

example, the Chinese Communist Party's legitimacy is derived from the way international events are handled. On the other hand, the EU chooses to engage in face-games with China because it is the strategy most rewarded by China (H3d). Furthermore, the EU only rarely goes to the WTO for trade disputes. It is convinced that cases lost at the WTO lead to stains on its reputation, something a non-state actor like the EU cannot afford.

4. Cases and Empirical Fieldwork

The empirical fieldwork tests the different theories on four cases: the textile and solar panel disputes and the food safety and geographical indication negotiations. The study uses a combination of cross-case and within-case analysis, which, according to some authors, greatly reduces the risks of inferential errors that can arise from using either method alone (George & Bennett, 2004:234). The research design includes both disputes and regular negotiations to mirror the different aspects of the relationship encompassing both cooperation and confrontation. With this aspect in mind, the cases were chosen on three criteria. 1) The cases must pertain to the trade realm of the EU-China trade relationship for both intellectual and pragmatic concerns. Theoretically speaking, cases must be part of one realm of negotiation. A difference in the nature of these cases might play a great part in creating variation on the dependent variable – i.e. the EU and China's choice of forum to negotiate an issue. Pragmatically speaking, security and “soft-issues” (such as environmental protection, education or human rights) are extremely sensitive. As a means to encourage Chinese interviewees to speak, it was preferable to resort to cases that, at first glance, were less problematic. 2) The second criterion shows that the overlapping multilateral and bilateral institutions ought to be held constant across cases. In other words, the bilateral forum should pertain to the institutional limits of the EU-China Strategic Partnership while the overlapping multilateral forum should always be the WTO. Other international economic institutions, like the International Monetary Fund, were not included in the research design to avoid multiple institutional designs having an effect on the dependent variable. 3) The last criterion proposes that the issue under scrutiny hold the potential to be both multilaterally and bilaterally negotiated. Namely, they should be part of the competences of both the bilateral and the WTO institutions.

The following section will first outline the different criteria of case selection before describing the data gathered through fieldwork.

4.1 Criteria for Case Selection

4.1.1 *Keeping the Issue Realm Constant: Trade as the Best Option*

In order to test the soft-balancing, forum-shopping and prestige diplomacy theories described above, this study uses cases from the EU-China relationship trade realm for a number of intellectual and pragmatic reasons. First, researchers agree that trade is the “cornerstone” of the EU-China relationship (Shambaugh, 2008). The relationship, as a whole, is legally based on a trade agreement (1985) and in how the “Economic and Sectorial Pillar” of the relationship comprises no less than 48 dialogues on relevant trade related issues. More generally, China is the EU’s second largest trade partner after the U.S. and the EU is China’s biggest trading partner. The two actors aim at reaching 1 trillion worth of trade by 2020 (European Commission, 2013). The EU and China’s economic relationship therefore constitutes the bulk of the EU-China strategic partnership. Consequently, the “security” and “soft-issue” (human rights, environmental negotiations) cases are mostly conflict-driven in EU-China relations and constitute exceptions in the way things are dealt rather than with the norm. Because member states’ and U.S.’ armies are interconnected, security issues that arise between the EU and China are negotiated in the shadow of the United States. On the other hand, “soft-issues” are also hardly representative of EU-China relations because of the sensitivity of the subject and the unwillingness of both sides to compromise. Issues linked to security or those considered “soft” are most likely outlier cases when the entire EU-China relationship is taken into account. On the contrary, the EU and China’s economic relationship is much more relevant than any other sub-class cases because the economy constitutes the bulk of exchange between the two.

Practically speaking, economic cases were the subjects most comfortably discussed by the Chinese interviewees. Going to China for field research is far from an easy task. The Chinese administration is extremely cautious of what is being researched on its territory, especially by Western academics. Carrying out research on the trade domain of EU-China relations also constituted the safest option available to obtain a visa. Furthermore, considering that this work examines the two sides of the relationship, it is much more likely to obtain valuable information from the Chinese side on economic policy-making than on other matters. The second pragmatic reason in favour of trade cases is linked to the nature of multilateral institutions. This research compares and analyses cases drawn from both the bilateral and the multilateral realms of negotiation. Researchers have shown that trade related international institutions are generally more transparent than institutions which deal with security matters.

For example, Ronald Mitchell argues that “environmental, human rights and security regimes regularly fail to produce prompt, high quality and accurate information on the behavior and problems they seek to remedy” (Mitchell, 1998:111-112).

Trade is the ecosystem from which all cases were chosen because this aspect of EU-China relations constitutes the biggest part of the relationship. Furthermore, when taking into account the difficulties of carrying out fieldwork in China, trade is easier to research empirically. Accordingly, this research draws on cases pertaining to the economic sub-class. These are common in EU-China relations and have the greatest implications for theory and policy-making and are crucially representative of the EU and China’s daily encounters (George & Bennett, 2004:235).

4.1.2 Keeping Negotiation Venues Constant Across Cases

To strengthen the comparability across cases, another condition must be added: that the multilateral and bilateral institutions in which China and the EU negotiate remain constant across cases. This limits the possibility for institutional designs having an impact on the cases discussed. For example, if two compared cases are negotiated bilaterally by the same institution but by the IMF and the WTO multilaterally, it could be argued that the difference in institutional design of these two economic institutions has an effect on the cases discussed and that this institutional variation could cause the variation on the dependent variable. For that reason, this research will use cases simultaneously negotiated in the “economic and sectorial pillar” of the bilateral relationship and the World Trade Organization (plenary or dispute settlement mechanism). This controls the institutional design across cases.

Partly due to transparency, the present research endeavors to observe the World Trade Organization (WTO) plenary negotiations as well as the Dispute settlement mechanism (WTO DSM) as the multilateral institution. When it comes to transparency, the WTO is a champion of the sort. Economic data on all members is available freely on their website starting from the very creation of the institution (formerly the General Agreement on Tariffs and Trade, which has been reformed into the WTO in 1995), state positions expressed during the plenary sessions and reports of these sessions are available online, and finally, the institution monitors the number of disputes a country is involved in and publishes reports on the advancement of the dispute settlement procedures regularly.

The availability of this primary data shows the issues at stake and the positions the EU and China have on the issues under scrutiny in the multilateral fora before starting the

interviewing process, which gives information cards to the interviewer. Furthermore, it allows, in certain cases, the “triangulation” of data,¹⁰ “often thought to help in validating the claims that might arise from an initial pilot study” (Olsen, 2004:105).

4.1.3 Cases Should Be Negotiable in Bilateral and Multilateral Venues

The last criterion for case selection is that all cases should be potentially negotiable at the bilateral and the multilateral levels. Since this investigation sheds light on the EU and China’s choice between overlapping bilateral and multilateral fora, the issues at hand should be part of the competences of both the bilateral and the multilateral institutions.

These three criteria lead to the choice of four cases, half of which are regular negotiations and the other half being cases of disputes between China and the EU. This research design allows for both in-depth case studies of the four cases and a cross case analysis for both regular negotiations and disputes.

Figure 2: Selected Cases Divided According to Regular or Problematic Nature

4.2 Data

Looking into specific cases allows investigating the rationales that propel both China and the EU to choose or persuade the other into a specific negotiating instance. While examining these cases, interviews were conducted in Chinese, English, and French to gather

¹⁰ Wendy Olsen defines triangulation of data as “the mixing of data sources so that diverse viewpoints or standpoints cast light upon a topic” (Olsen, 2004:105).

information on both the European and the Chinese side of the fence. Three fieldworks were necessary to carry out the interviews: First, during a month in Brussels in July 2014 I created contacts with European officials and undertook exploratory interviews (not included in the following analysis). This process refined the initial theoretical framework and adjusted the interview grid. After that, a three-month fieldwork trip (March-June 2015) to Beijing was required and made possible through an exchange with Renmin University. My knowledge of the Chinese language and culture and Professor Fang Lexian's network helped me access Chinese policy-makers in office as well as European officials from the EU delegation on the different cases under investigation. Finally, I carried out further interviews for another two months in Brussels in November and December 2016 with both the Commission and the European External Action Service (EEAS) in order to consolidate the data collected on the European side.

Within the Chinese fieldwork, most interviews were carried out with two policy-makers at a time (except for one) and lasted approximately two hours each. Recording was impossible and complete anonymity was required by interviewees to avoid potential problems with employers upon publication of this research. The fact that I grew up in China helped ease conversation and created trust with the Chinese interviewees. Finally, this aspect avoided misunderstandings that could have escalated if interviewees had expressed themselves in a foreign language. Within this research, citations of European interviews are marked as "EE" followed by the number of the interview while interviews with Chinese policy-makers are marked as "EC" followed by the number of the interview. Secondly, all interviews regardless of language were transcribed in English to facilitate the analysis and dissertation writing.

When possible, the interview data was triangulated with other sources. The Chinese government does not publish policy or strategy papers¹¹ rendering triangulation difficult. When appropriate, papers from the *China Daily*, a government-managed newspaper written for a foreign audience, was used to triangulate interview data from Chinese official positions on the issues at hand. Triangulating European interview data was easier because the European Union publishes different strategy papers giving information on the European position. The reasons behind the stance the EU takes also greatly helped. More specifically, the China strategy papers, the DG trade strategy papers, and the European Security Strategy papers – published between 1995 and 2016- provided grist for the mill.

¹¹ There are two notable exceptions to this rule: The Chinese government published two "EU strategy papers", one in 2003 and another in 2014. These two papers will be discussed in Chapter 2.

5. Results

This research's main findings show that the rationale behind the EU and China's relationship is connected to two factors: first, the actors choose the forum that allows them to reach their goal most efficiently, and second, they choose the forum least likely to harm their international prestige. The inferred force behind the EU-China thriving trade relationship is the wish to be efficient and the wish to strengthen international reputation.

Because of reasons linked to efficiency, both the EU and China push for disputes to be dealt with behind bilateral closed doors because it allows for privacy, and leads quickly to solutions, unlike with the WTO Trade Dispute Mechanism that takes at least two to three years to yield results. Furthermore, findings show that the more important a case – the more money involved – the more likely the case will be dealt with at the bilateral level. The solar panel and the textile case illustrate this distinctly. In the case of the textile issue, although the EU was clearly legally at fault, China did not file a complaint against the EU at the multilateral level because the EU was willing to negotiate. In the solar panel dispute, the sector was so crucial to both actors that bilateral negotiations were also preferred.

Although the EU is in essence a multilateral institution that promotes “effective multilateralism” (European Commission, 2003), it strongly endeavours to bring disputes to the bilateral level because it is considered more efficient. Furthermore, actors on both sides have stressed the fact that the WTO DSM gives precedence to legal skills rather than to “true justice.” The more prepared, the better the lawyer, the more likely an actor is to win regardless of previous behaviour on the issue. The Chinese say they dislike the WTO DSM because of this very problem: since they are a new actor on the international stage, their degree of skill in this specific court is still low and they therefore win fewer cases. This is corroborated by EU diplomats who have said they choose WTO DSM cases very carefully, explaining that if they filed more complaints they would most probably lose more as well. Furthermore, for many members of the institution, the time needed to deal with a case with the WTO DSM is a deterrent when compared to the time needed to deal with a case in the bilateral forum.

From the empirical testing, prestige diplomacy theory is also reinforced. Interviews clearly show that the question of “face” has a strong role in the way the EU and China deal with each other and why they deepen their relationship. In other words, prestige counts in international relations, and “face” is a major criterion of prestige in the Chinese culture. The

EU has very well understood this and makes good use of it to draw the Chinese closer. As one EU diplomat explains “we try to avoid face-losing measures with China, such as going to the WTO DSM to deal with issues because it [face] is extremely important to the Chinese” (EE4). Another suggested that the reason of the EU’s success with China is linked to its capacity to be diplomatic, to avoid them losing face in public.

Chinese interviewees repeatedly stated that one of the major drawbacks of the dispute settlement mechanism of the WTO was that it labelled “winner” and “loser” after a judgement. According to them, this has shames the losing party in “public” (EC3) and in front of the other member states of the institution. Again, this makes states think twice before choosing recourse at the multilateral level. China’s fear of loss of prestige and potentially losing face prevents it from using the multilateral level. On interviewee explains that dealing with issues at the multilateral level was China’s “absolute last option” (EC7) while others say that “going to the WTO DSM is losing face quite badly” (EC3/EC9). Therefore, questions of public image count a lot more for states in the multilateral spheres than in the bilateral ones. Although many have argued that multilateral settings are conducive to easier dispute resolution process, this research shows vividly that for some specific states such as China, multilateral –or public- settings do exactly the opposite.

If both the forum-shopping and the prestige diplomacy theories have partly been reinforced by this research, it is not the case of the realist theory that lacks empirical evidence. Soft-balancing the U.S. by a tacit coalition of EU-China does not stand against empirics. The inferred drivers of the EU-China thriving trade relationship are the wish to be efficient and a wish to strengthen international reputation.

6. Theoretical and empirical contributions

Empirically speaking, the research on China-EU relations is only just starting to develop. In law and economics research, empirical cases related to China are abundant. However, in the sphere of political science, only very few cases have been thoroughly examined, the textile case being a notable exception. This is because of three main reasons: First, researchers that have an interest in the relationship between the EU and China typically make comprehensive analyses of their “strategic partnership” (Holstag, 2011; Scott, 2007). In fact, the two partners’ announcement of the launch of their “strategic partnership” in 2003 sparked a huge interest in the relationship as a whole. Following suit, researchers from Europe and from China alike have tried to understand the meaning of this so-called strategic

partnership, making references to speeches of Chinese officials and European Commission documents. For example, Jonathan Holslag dismisses the relationship as “strategic” mainly because “joint priorities are located predominantly in the economic and commercial sector”, concluding that to the relationship begs for more “realism” (Holslag 2011). In the same vein, Grevi explains “partnerships do not become strategic by the virtue of defining them as such” (Grevi 2010). Others explain that the relationship is built on “cognitive dissonance” or misunderstandings between the two actors, the most important of all being Europe’s wish for multilateralism and China’s worldview of multipolarity (Pan 2012; Shambaugh 2008). Although this work is far from futile, it does not approximate the rich empirical matter that the relationship is composed of through the different issues it tackles. Despite being a good starting point the strategic partnership is not much more than a name and does not qualify what actually takes place between the partners.

Furthermore, researchers have also focused on issues that attracted ample attention from the media, namely cases pertaining to the political or security realm. For example, plenty of accounts attempted to understand the failure of the European arms embargo lift (Casarini, 2007; Vennesson, 2007). Since trade is the cornerstone of the relationship, if these cases (usually linked to the security realm) are fundamental to the EU-China relationship, they are the exception rather than the rule. By focusing on these high-profile issues, researchers have tried to appeal to an audience still modestly acquainted with China as an object of research. By doing so, however, they have fallen into one of the main pitfalls of the discipline of international relations: over-focusing on security-related issues. To continue with the above example, although the arms embargo incident took place ten years ago it is still considered by scholars and journalists alike to be a major impediment on the relationship. In the past thirty years, there have been solely three politically tense moments between the EU and China: the “Tiananmen incident,” as the Chinese call it, the arms embargo, and the 2008 Olympic Games “torch incident” in Paris the Chinese considered an outright humiliation (Wang, 2012). The analysis of these security-related cases like the debates on whether China and the EU truly are strategic partners or not, are not able to explain the dynamics of the everyday relationship between the two entities. Therefore, trade issues need rehabilitation through research to paint a richer picture of the EU-China relationship, especially in the everyday types of problems they confront. Providing political insights into the relationship by exploring cases drawn from the trade realm is therefore one of the main empirical ambitions of this project.

Finally, researchers have also been taken aback by the problems associated with doing fieldwork in China. Because of rules applied in the country, it is very difficult for researchers to gain access to Chinese policy-makers. In general, the available option for researchers is to interview researchers from think-tanks who advise policy-makers. Practically, this means that the available information is not of the same quality on the EU and Chinese side; the EU side consists of first hand data while the Chinese side is composed of second hand empirical material. Therefore, the analysis standards are weakened because the available information obtained through Chinese fieldwork is second-hand. Given the already contested nature of interviews used as evidence in political science, researchers have abstained from researching the Chinese side of EU-China events because the conclusions are even more subject to attack than projects using regular officials' interviews. Yet, the problems do not just stop there. Making contact with officials and consultants is also difficult, particularly because they are scared to talk and because of the "guanxi" structure that is still very present in Chinese culture. "Guanxi" in Chinese means "contact." The Chinese rarely reply to people they don't know, one must be introduced by friends or colleagues to have a chance of getting an appointment.

Not speaking the language further impedes the possibility to interview because English is not yet fluently used, even among researchers. All of these impediments have hindered the smooth and steady development of research on the EU-China relationship and explain why there is so little work that investigates both sides of the relationship. This project intends to cement its stone to the edifice and to favour the development of European research on China to reach a development similar to the existing American research on China.¹² I was introduced to relevant Chinese policy-makers and consultants through a three-month stay at Renmin University (Beijing). The fact that I speak Mandarin fluently allowed me to carry out standardized interviews of a comparable nature to the interviews carried out in Europe.

Theoretically speaking, the contribution is threefold. First, the research further weakens the theory stating that China would be balancing the U.S. with the help of the EU through tacit alliance building in international economic institutions such as the WTO. Second, it advances both material and ideational factors as explanations of the research question, thereby enriching a growing research strand that refuses competitive designs. Third, it contributes to the literature on how actors make use of international institutions, and notably

¹² The most well known American researchers on China are Ian Johnston and Thomas Christensen. They have written extensively about case specific issues and general accounts linked to the U.S.-China relationship (Christensen, 1999; Christensen, 2006; Christensen, 2015; Johnston, 1998; Johnston, 2001; Johnston, 2003; Johnston, 2008).

refines and adds to Ian Johnston's theory about international organizations as social environments (Johnston, 2001).

First, the invalidation of the soft-balancing theory shows there is no evidence of the EU and China trying to balance the United States through tacit alliance building in the WTO. Testing the soft-balancing hypothesis on economic grounds still remained to be tested empirically, since the literature had already tested other aspects of soft-balancing, namely territorial denial and entangling diplomacy with little results (Pape, 2005:39-40). The soft-balancing theory tested here did just that by stating that "if no strategic interest is at stake for China in multilateral negotiations, it will soft-balance the United States by giving its support to the European positions" (H1c). Although the geographical indications and food safety cases were the most probably cases to test the theory, they failed to explain the outcome. Since the EU was China's best potential traveller on the road to American containment, the absence of a tacit EU-China alliance at the multilateral level greatly weakens the plausibility of a soft-balancing act on the part of China altogether, whether hard or soft.

The second theoretical contribution is the combination of material and ideational factors explaining the rationale behind China and the EU's choice of negotiation fora. For instance, the findings show that China and the EU go out of their way to deal with issues at the bilateral level for a blend of pragmatic (it takes less time and is more cost-efficient) and prestige-linked reasons (the bilateral level does not allow the possibility of losing face and furthermore a case not filed at the WTO cannot be lost). Usually, material and ideational factors are competing against each other to explain outcomes. The research shows that, in this case, it is the combination of the two that explains the outcomes.

Finally, the findings linked to the prestige-diplomacy hypotheses give further insights into Ian Johnston's theory wherein international organizations are social environments for states (Johnston, 2001). The evidence gathered shows that international organizations are social environments pushing international actors to prefer bilateral level negotiations to escape the norm-conforming pressure which applies to them in international organizations (Johnston, 2001:490). For example, the EU is especially afraid to lose its "multilateral law abiding champion" reputation that it only files a case at the WTO when it is certain to win it. China prefers the bilateral level to deal with disputes to avoid the bad reputation that comes with losing a case at the WTO. Instead of having a norm-conforming effect on actors, WTO members escape the pressure whenever possible by resorting to the bilateral level. In other

words, it is plausible that the social nature of international organizations is the reason states abandon – if not formally but *de facto* – the Doha Round negotiations.

7. Layout of the Dissertation

This chapter provided background information on EU-China relations and the puzzling features that make this trade relationship unconventional. It gives details about the theoretical and empirical implications of this study. Chapter 2 outlines the recent history of EU-China relations and offers a literature review on the two actors' mutual behaviour at the international level. Chapter 3 dives into details of the three theories tested within this research, providing a precise account of the four empirical cases under exploration. Chapter 4, 5 and 6 analyse the congruence of each tested theory with the empirical fieldwork. Finally, Chapter 7 concludes on both the empirical question and the inferred question under study and discuss the empirical, theoretical, and policy implications of the findings.

II. THE EU, CHINA AND THEIR COMMON HISTORY

China and the European Union, before starting to come together in 1975, went through different struggles and different developments. These varying construction processes make their features and priorities strikingly dissimilar. In order to be able to scrutinize their behaviours accurately, specific features of each need to be laid out: the different types of power resources they have at their disposal, their degree of regional and global integration, the goals they publicly put forward, as well as the main factors driving the formation of their interest.

This chapter will demonstrate that while China is globally well integrated and regionally less so, the EU is the most integrated entity uniting sovereign states at a regional level but still struggles to integrate itself singularly on the international arena. This is true predominately because member states do not easily surrender their power. This chapter also shows that if both actors have an interest in a more balanced world order, but that structural factors have impeded a common action. Finally, I show that if China's interest in foreign policy is mainly shaped by its will to regain the status it lost with the century of humiliation, the EU tries to gain an equal status to state actors by fighting institutional-design struggles.

The final part of this chapter highlights the main stages of EU-China recent past in order to give the adequate historical background needed to understand the most recent events present between the two states, and the path that led to the establishment and consolidation of their strategic partnership.

1. The EU's and China's Power Resources, Regional and International Integration, Stated Goals and Foreign Policy Constraints

As we have called the EU-China relationship “unnatural,” it seems important to show how the two actors differ and resemble each other. In order to do so systematically, the EU and China's power resources, state of integration in the world, interest formation mechanisms, and stated goals will be scrutinized in turn and comparatively.

1.1 Power Resources

In international relations, actors like China or international organizations like the EU draw influence from distinct power resources. Magnus Schöller draws from the distinction made between material, institutional, and “soft” power resources claimed by Ulrich Krotz and Joachim Schild and makes this distinction clear in a table categorizing different power resources depending on their nature. Using these categories, the following section will determine what kind of power resources are in the hands of China and the EU, respectively.

Figure 3: Power Resources

Material	Institutional	‘Soft’
Economic power Military power	Institutional rights, e.g. Agenda management Veto-rights Executive competences etc.	Information Expertise Reputation etc.

Source: Table from (Schöeller, 2014:5). Original analysis from (Krotz & Schild, 2013:22-24).

1.1.1 China: A Material Power Champion Lacking Institutional Power

When it comes to material capabilities (economic and military power in Table 1 above), China is undeniably the strongest state following the United States. It is difficult to evaluate Chinese military development because of the People’s Republic of China (PRC)’s lack of transparency on the subject. However, numerous think tanks provide evaluations on the evolution of China’s military expenditure since 1989. Figure 5 (below) shows a stark increase of Chinese military expenditure since the beginning of the 2000s. It has now largely surpassed Russia or any other major military power, including the United Kingdom and France.

Figure 4: Major Powers' Military Expenditures in Millions Constant US Dollars 2014 (1989-2015)

Source: Stockholm Peace Research Institute (own table)¹³.

However, even though China has been increasing its military spending in the last few years, U.S. spending remains three times higher than that of China¹⁴. It can therefore be concluded that although China's military development is still very far from the United States', the former's expenditure indicates that China has caught up with other major military powers in terms of spending.

Considering wealth, China is the second biggest economic power in the world. Its wealth has been the quickest to catch up with the world's largest economies to date. Indeed, on the 14th of February 2011, many of the largest newspapers and media recounted that China had overtaken Japan as the world's second largest economy. Economic journalists now debate the decade in which China is most likely to get into pole position, and thus overtake the United States. Indeed, concerning growth in percentage of the annual GDP, figures speak for themselves (see figure 5).

¹³ The EU does not have integrated military means. Accordingly, adding an artificially constructed "EU military expenditure" from the accumulated spending of EU-28 states made little sense here. The UK and France's (the EU's biggest military Member states) respective spending stand for military representatives of the European Union.

¹⁴ The researchers that calculate the data with which figure 1 was realized say that China's military spending is most probably underreported and is more likely two or three times higher than the figure the Chinese government gives the think tank as a gesture of transparency. Nevertheless, according to Mowle and Sacko's calculations, even the inflated numbers would only bring the Chinese expenditure to 14% of the American total (Mowle and Sacko, 2007:20).

Figure 5: U.S. and Chinese Growth in Percentage of GDP

Source: World Bank Data Section.

China, in early 1990's had an annual growth rate well above that of the United States, which revolved around a 9% average per year. Of course, since the initial figures stem from the Chinese National Bureau of Statistics, many economists have called these numbers into question (Holz, 2004). For the 1990-2007 period these analysts explain that Chinese growth was inflated by the bureau and is under-estimated for the 2008 to 2011 period. However, in spite of these doubts on the accuracy of China's own growth evaluation as well as the recent decline of Chinese GDP (2010 to 2015), Chinese growth is still undeniably above that of any Western country. According to the CIA World Fact Book of 2012, China ranked sixth in terms of highest growth rates behind Qatar, Ghana, Mongolia, Turkmenistan and Iraq. Taking into account China's recent decline in GDP, the CIA World Fact Book 2016 ranks it 13th after Cambodia, Bangladesh and Senegal. Considering the current development of these countries compared to the state of development China has achieved, China is in pole position in terms of growth after countries considered part of the least developed category.

Furthermore, considering real GDP, China seems to be slowly catching up to the United States in terms of wealth accumulation (see figure 6). Indeed, while the United States seems to have minor ups and downs, China's slope steadily grows upwards.

Figure 6: U.S. and Chinese Wealth Accumulation in Constant U.S. Dollars (1989-2015)

Source: World Bank Data Section.

Above all, China’s main source of power lies in material resources stemming from its exceptional economic wellbeing¹⁵, its growing military capabilities, and the potential for growth in relation to population size. Regarding the other two categories of power resources defined by Krotz and Schild (Krotz & Schild, 2013:22-24), namely “institutional” and “soft” power resources, China remains relatively weak. Its only notable institutional power relies in its membership in the UN Security Council. China’s bad reputation and need for external expertise resources show that its “soft” power resources currently remain marginal.

1.1.2 The European Union: “Economic Giant and Military Worm” with Institutional Power

Unlike China, the European Union is more balanced in terms of the power resources at its disposal. In terms of material capabilities, it enjoys a market size that allows the EU to hold considerable sway in international negotiations regarding trade. This makes the EU one of the most important standard setters globally. The EU also carries significant institutional power resources, notably in the trade sector but also in security matters. It should be noted that both France and the United Kingdom, are permanent members of the UN Security Council. That the EU enjoys expertise on a valuable range of subjects and is positively perceived by other actors on the international arena allows the state to be widely recognized as a “soft power.”

The EU’s material power resources emerge from overall market size and international

¹⁵ The author is aware that Chinese GDP does not reflect the internal economic wellbeing of the country but is used as a means to see how well it fares compared to others.

leverage the organization receives from it. Although the world has been hit by a global recession, the EU still accounts for 2nd biggest share of both world imports and exports (respectively 14.8% and 15% in 2014 according to Eurostats).

Figure 7: Evolution of EU Exports to Main non-EU States in Million Euros (2001-2015)

Source: Eurostat Statistical Yearbook 2016 (own table)

Furthermore, exports and imports with non-EU states continue to grow despite the economic recession that has hit the European Union and the world at large (see Figure 7). The general level of exports, while having endured a slight crunch in 2009 when the economic crisis most severely hit the continent, has plateaued and in the case of China has almost tripled.

Figure 8: Evolution of EU Imports From Main non-EU States in Million Euros (2001-2015)

Source: Eurostat Statistical Yearbook data 2016 (own table)

As Figure 8 makes very clear, soon after 1989, Chinese exports to the EU overtook Japan's and in 2005, overtook the U.S.. However, the EU remains the largest export destination in the world and the United States, Japan and other countries continue to struggle to keep their levels of export to the EU on the upward trend. These figures have propelled scholars to label the EU a "market power" (Damro, 2012). According to Damro, "the European single market represents the EU's material existence and the most salient aspect of its presence in the international system" making it "capable of externalizing various internal policies, in particular its regulatory standards" (Damro, 2012:386). Furthermore, the EU uses access to its market as a means to attain political concessions from its trade partners (Meunier and Nicolaidis, 2006:906). The EU's 500 million potential consumers as well as its capacity for exports give the entity part of its international economic clout.

However, the extent of European power is not limited to its material capabilities. As Leonard Mark argues, "when we stop looking at the world with American eyes, we can see that each element of European "weakness" is in face an extraordinary "transformative power"" (Mark, 2005:5). The EU also enjoys more institutional leverage than most other powers in the international system, notably when it decides to speak with one voice.

For example, in the World Trade Organization (WTO) – the European Commission being the only institution to possess a mandate to negotiate on the part of all EU member states –its position counts for 28 voices, while, for instance the U.S. and China only have one vote each

in negotiations. This makes the EU the strongest single actor within multilateral institutions such as the WTO. However, its institutional power varies from institution to institution depending on whether EU institutions have a single mandate for its 28 member states or if each individual country negotiates on its own. As rightly expressed by some scholars, the EU's institutional power depends on the issue area: "At times, Europe speaks with one voice, and at others not; in some issue areas European unity is robust, while in others lacking" (Abdelal and Krotz, 2013:10). It is in the economic sector that the EU holds the most leverage as an institution. In the security realm, the EU is the least likely to speak with one voice. This varying feature of the EU's institutional influence is linked to the institutional features of the EU; the more integrated an issue is at the EU level, the more likely the EU will speak with one voice.

Finally, the EU also possesses "soft" power resources that are of great use for driving interests forward. First of all, the EU enjoys a good reputation, well perceived by other international actors. A number of authors argue that "the EU is a "new type of international actor", which attracts countries towards it rather than in opposition to it [...] The EU does not threaten outsiders, it attracts them" (Smith, 2003:110). In fact, the Union's specific blend of weak military power, economic strength, as well as its cautious and multilateral external action make it a non-threatening actor on the international arena.

The EU's "soft" power resources also refer to the extent of its expertise in a great number of issues. In the security realm, Lavenex and Wichmann have shown that the EU uses of information networks¹⁶ extensively with neighboring countries in order to facilitate the standardization of practice, policy, and red tape. In recent years the EU has also greatly emphasized its expertise in many policy domains, now launching a great number of "dialogues" with third countries. These are, in fact, transfers of know-how. For example, the 2013 EU-China summit led to the establishment of a dialogue on urbanization policy that is meant to "conduct dialogues and share experience on urban planning and design, urban socio-economic issues, good administration, natural and cultural heritage preservation, green and low-carbon development, disaster prevention and control, urban mobility and eco-buildings and construction standards in the building sector" (European Commission, 2013:11). In other words, in cases where third countries are novices, they use the EU's experience. This hands leverage over to the EU as it facilitates the exportation of the European model abroad, gives it

¹⁶ According to the authors, information networks "are set up to diffuse policy-relevant knowledge and ideas among the members. Usually, this goes hand in hand with the objective of distilling this information and identifying best practices" (Lavenex & Wichmann, 2009:86).

the possibility to set the standard in domains where it has a strong economic interest.

To conclude on power resources, China and the EU seem to each champion different sources of power. On the one hand, China is a leader in terms of material capabilities since it ranked second behind the United States in both military and economic power. Its institutional and soft-power resources, however, remain rather scarce to this day. On the other hand, while being an economic powerhouse, the EU remains rather ill-fitted on the military capabilities front. It does, nevertheless, possess tremendous institutional and soft-power resources because of its good reputation and of the single representation of 28 member states in some international institutions.

1.2 International and Regional Integration

Both China and the EU are relatively new actors on the international scene. For almost three decades, China's leader Mao Zedong chose to shut the country away from most international activity. The EU was created with the Treaty of Rome in 1957. Since the 1990s both entities have made huge leaps forward in terms of integration. In the Chinese case, its degree of participation in international organizations edging towards the most diplomatically active developing states, while remaining quite timid on the international stage. Meanwhile, Europe is one of the most integrated regional powers but remains comparatively absent as a single actor in international organizations because of the reluctance of its member states.

1.2.1 China in the Regional and International Arena

China's regional and international integration has dramatically changed since the 1980s. Chinese foreign policy has greatly shifted from the Maoist era isolationist stance to that of a power willing to be integrated into the world order (Womack, 2004, 62). At the beginning of Deng Xiaoping's presidency, China was an isolated power, mostly closed in on itself and unwilling to engage in international relations. The "open-door" policy launched in 1978 after Mao Zedong's death slowly pushed China to interact with other international actors and institutions.

China expert Ian Johnston evaluates that today, China has moved from virtual isolation to a membership number of "approximately 80% of most diplomatically active developing states such as India" (Johnston, 2003:12). Its membership accession to the World Trade Organization (WTO) in 2001 after years of tough negotiations was widely perceived as a symbol of its "normalization" in the international arena. In fact, many scholars perceive China's abstention of membership in various international regimes as China becoming a

responsible great power (Li ShaoJun, 2007:45). At the start of 2012, for example, Chinese foreign minister Yang Jieshi explained that “Chinese leaders’ participation in multilateral summits [is] to show that China is a big responsible power on the multilateral stage” (Yang Jieshi in Scott, 2013:38).

Yet, China is less integrated at the regional level, notably in Asian regional institutions. Although China is an observer in the ASEAN+1/+3¹⁷ forums, it has not asked to be a member of the institution itself and is very unlikely to demand membership in the coming years. Unlike international platforms that welcome China’s participation, the latter’s neighbors are wary of the country and not very enthusiastic to see it joining regional institutions. Since China’s increase in material capabilities in the 1990s’, it has been perceived as a threat by many of the countries within its regional reach. China has equated the “Chinese threat theory” by trying to assure the international community and its neighbors of its peaceful intentions (Yong Deng, 2006:187). Mostly in order to avoid being seen as a threat has China refrained from joining regional institutions such as ASEAN. The institution consists predominately of poor and small countries thus the membership of China would become an acute influence over its weaker neighbors. However, this does not mean that China is not engaged in regional affairs. In fact, Chinese international affairs experts have expressed the view that “for a peaceful environment to domestic development to emerge, China needed to be less passive and more proactive in shaping its regional milieu” (Shambaugh, 2005:71).

At the regional level, it has opted for a two-fold strategy: integration in a minimal number of regional organizations (it has observer status in ASEAN and is a member of the Shanghai Cooperation Organization (SCO¹⁸)) (Shambaugh, 2005:74), while developing an important number of bilateral ties with neighboring countries. It is important to note that Donald Trump’s election might lead to a drastic change on this front. If the new American president were to abandon the “pivot to Asia”, China might bid for an increased presence and activity in the region by joining regional institutions or creating new ones. This turn in China’s neighborhood policy is highly probable considering the move it has already taken after Trump’s decision to abandon the Trans-Pacific Trade Partnership (TTP). In the days that followed, China’s president Xi Jinping, offered to replace the TTP with its very own Regional

¹⁷ ASEAN stands for “Association of South East Asian Nations” and was created in 1967. It currently has 10 member states. The strongest states in the region, namely South Korea, Japan and China all have observer status in the organization. Its activities comprise three pillars, the political-security pillar, the economic pillar and the socio-cultural pillar.

¹⁸ The Shanghai Cooperation Organization was founded in 2001 and currently has 6 members: China, Kazakhstan, Kyrgyzstan, Russia, Tajikistan and Uzbekistan. They mostly cooperate on security matters, most specifically on anti-terrorism as well as economic issues. Summits are held once a year.

Comprehensive Economic Partnership (RCEP), uncovering a Chinese interest in increasing its cooperative activity in the regional sphere.

Finally, since the end of the Maoist era, China's foreign policy has made an integration U-turn at the regional and global level. However, in order to avoid being perceived as a threat by its neighbors, China is much less present and active in the regional sphere than at the international level.

1.2.2 EU in the Regional and International Arena

The EU is more or less integrated in international institutions depending on the specific rules and institutional constraints attached to each organization. Institutions such as the World Health Organization, the International Labor Organization, the UN Security Council, NATO and the International Telecommunications Union “do not provide the possibility of formal membership for the EU itself, which obviously constrains the options of EU representation” (Jorgenson, Oberthür & Shanin, 2011: 614).

Because it is not a state, the EU is not always able to gain membership in international institutions. Conversely, the EU plays the part for all EU member states in the World Trade Organization and the international climate-change regime, where it is often considered to play a leading role (Würzel & Connelly, 2010). Therefore, depending on the institutional features of organizations, the EU, for the most part, is represented alongside or in replacement to member states of the Union.

Alongside its action in international multilateral forums, the EU has also turned to bilateral relations with non-EU nation states in the last decade. Many authors, albeit invoking different reasons, show that the EU increasingly “blankets the planet with bilateral agreements” (Meunier & Nicolaïdis, 2006:907). This can be seen through the 10 strategic partnerships the EU has signed with various third countries as well as the increasingly present EU delegations around the globe. Even though some argue these relationships are an inconsistent way for the European Union to attribute political status to third countries, they remain important bilateral means to pursue core goals (Grevi, 2010:2-3). Others say that instead of seeing bilateral and multilateral frameworks of negotiations as alternative ways of dealing with issues, the EU “should use strategic partnerships to discuss global issues, as the stepping stone to attain convergence in multilateral forums” (Grevi, 2010:11).

The EU has actually argued that the bilateral relationships it created was a strategy to favor effective multilateralism. For example, in 2008, the report on the implementation of the European Security Strategy by the Council of the European Union, states that it has developed

strategic partnerships in the pursuit of the effective multilateralism objective (Council of the EU, 2008:11). Authors such as Renard and Blum argue that bilateralism and multilateralism are in fact complementary. Blum, for instance, posits that “it is a combination of both [bilateralism and multilateralism] structures that may produce the most potent architecture” (Blum, 2008:377). Renard, on the other hand, explains the bilateral and the multilateral complementarity as followed: “for practical reasons of effectiveness, the EU is overcoming its “ideological preference” for multilateralism to contemplate a multi-dimensional approach encompassing all “lateralisms”” (Renard, 2015:27). The compatibility of the EU’s bilateralism is therefore not necessarily in opposition to its willingness to establish strong bilateral relationships. However, as argued by Renard himself, the economic realm can be an exception to this complementarity because “bilateralism can be an easy option, particularly when there are pressing (economic) concerns or immediate gains to be pursued (Renard, 2015:27).

The results of the Forum-Shopping theory, which will later be discussed (Chapter 5) will give empirical ground for Renard’s objection to bilateralism and multilateralism working alongside each other in the case of economic issues. It will show that the EU and China put no effort into translating their bilateral agreements into wider multilateral agreements. It argues that both the EU and China have given up the revival of the Doha Round talks in practice.

On the whole, the EU holds an intermediate position in terms of international integration. Many international organizations’ institutional designs and the varying degrees of integration of issues at the European level tend to hamper the international action of the EU. However, when active in international institutions, researchers concede that the EU’s voice is reasonably effective weighs heavily in negotiations (Meunier, 2005:40). Furthermore, since 2003, the EU has embarked on the development of bilateral relations with key actors. The general trend is moving toward further engagement with the external world.

In terms of regional integration, the EU is considered by most scholars to be an example notably because of two main features of the EU: the enlargement tool and the European Neighborhood Policy (ENP). The EU, far from being a weak regional actor, is one of the most active and powerful players in shaping politics of the European continent.

The enlargement of the European Union is widely considered to be its most effective tool of regional integration and the most efficient means for the Union to shape its regional sphere. In this respect, Moravscik and Vachudova argue that the “enlargement of the EU is perhaps the most important policy single instrument available to further a more stable and

prosperous continent” (Moravscik & Vachudova, 2003:42). Indeed, because of the sheer attractiveness of EU membership to neighboring countries, the EU is able to condition their accession to very strict internal reforms of the candidate states that serve the EU’s interests. This includes them meeting the Copenhagen criteria and adoption of the EU’s *acquis* in its entirety. The enlargement tool has been recently less used by the European Union, which prefers to deepen the cooperation among current members.

The ENP is the tool that allows the EU to exert influence over states it does not wish to integrate, at least not in the near future. Like enlargement, “the ENP applies the conditional deepening of relations” although using political tools rather than juridical ones (Lavenex, 2008:944). The policy officially aims “at developing a special relationship between the EU and each of its partner countries, contributing to an area of security, prosperity, and good neighborliness” (European Commission, 2014b:2). The ENP provides financial support to “help partner countries in implementing jointly agreed objectives and their reform agenda (European Commission, 2014b:12). Overall, the EU’s financial support from 2007 to 2013 to its partner countries totals 13 billion euros. Fifteen billion euros will be available over the 2014 to 2020 period (European Commission, 2015:19).

Overall, the EU is a centerpiece in the regional framework of the European continent. The institution shapes its regional environment through conditional packages it either sells to candidate countries (the enlargement process) or neighboring countries at large (the European Neighborhood Policy).

To conclude on the international and regional integration of the EU and China, it is clear that China is more integrated internationally than the EU. This arises from China’s active campaigning to join all major international institutions since the 1980s while institutional features of existing organizations constrain the EU and the unwillingness of member states of the Union to surrender their negotiating mandate to the European Commission. Conversely, at the regional level, the EU is much more integrated than China. The latter still “scares off” its neighbors who prefer China to keep out of existing regional institutions.

1.3 Put Forward Goals

In order to better understand the EU’s and China’s respective activities on the international arena as well as within their bilateral interactions, the interests set forth by each of the two actors need to be analyzed. On one hand, China is principally interested in shifting the world order in favor of a more multipolar arrangement and to guarantee a peaceful

environment to pursue economic development. On the other hand, the EU favors a “more balanced world order” and hopes to initiate and support an effective multilateral system on issues of global concern.

1.3.1 China

Since the Open door policies of the 1970s, a great number of Chinese observers and diplomats pushed forward China’s constant ambiguity when it comes to its position on international issues. Alice Ekman, who has widely interviewed Chinese diplomats on the question, explains it partly by “the strong opacity surrounding the Chinese foreign policy institutions and decisions” (Ekman, 2012:6). However, there are positions consistently made by China in the last two decades: its multipolar project and its wish for a peaceful environment.

- The Multipolar Project

China’s public speeches explicitly communicate the Chinese preference for a multipolar world. However, its understanding of multipolarity is quite peculiar. China does not want simply any state to become important actors in the international arena. Instead, China’s version of multipolarity is unambiguous toward the actors it would like to see emerging as great powers on the international scene. China precisely defines its vision of a multipolar world in the terms “一朝四强” (Yi Chao, Si Qiang), which literally means “one superpower, four great powers.” In other words, even though the superpower, the United States, could remain clearly more powerful than any other major actor, the cooperation of great powers – namely China, Russia, the EU and Japan—would be necessary to maintain the world order (Womack, 2004:354). This sketch of a five power world has remained remarkably constant in Chinese thinking about multipolarity (Womack, 2004:352). China even gives this vision a normative stance, considering it an alternative to what it understands is the actual world order: American unipolarity (Lanteigne, 2009:65). This vision therefore challenges the American preference for a “unipolar order,” in which the US stands as the hegemon.

However, this Chinese alternative project to the American “Liberal Leviathan” (Ikenberry, 2012) has not been empirically testified in that, Chinese discourse aside, there is not yet any tangible evidence that China actively pushes towards the demise of the current order. China specialist Ian Johnston argues that “China thinks it has to be cautious in the short run in challenging the U.S. power but that the long term goal should be to develop the alliances to

do so” (Johnston, 2003:31). There are undeniably a number of Chinese disadvantages preventing it from balancing the United States on its own; the most important one being its reputation in the international arena.

Since the middle of the 1990s, China has been subject to classification “rumors” as a country with aggressive intentions. It is acknowledged by the existing literature that “the three leading progenitors of China threat theory have been the United States, Japan and Taiwan” and that “China has reacted by equating it with the mentality of the Cold-War style power politics and by reassuring the international community of China's peaceful intentions” (Yong Deng: 2006:187). Despite the tremendous Chinese efforts to temper and invalidate the “China threat theory,” many countries and notably China’s own neighbors, remain wary. Chinese reputation as an aggressive power, even though far from being true empirically (Johnston, 2003), greatly hinders its capacity to act against the United States alone. A massive counter-coalition would form immediately against China if it were to take action.

Therefore, if China tried to limit American power to push forward its multipolar project, it would need an innocuous ally, whose peaceful intentions would never be doubted either by the United States, China’s neighboring states, or other actors within the international system.

- Peaceful Environment for Development¹⁹

Following the end of the Maoist era, Deng Xiaoping instigated the “reforms and opening up” (elsewhere dubbed the “open door policies” of the Chinese economy). In this large plan to integrate China in the international economy, one of the key points highlighted by the former Chinese president was the “need for a peaceful international environment” in order to fulfill China’s primary objective of “economic development” (Deng, 1987:116).

This principle is commonly referred to as the “He Ping Yu Fa Zhan” (peace and development) principle and is considered to this day one of the fundamental priorities of Chinese foreign policy. Even though Chinese scholars and CCP elites do not abide by liberal principles in general (Yong Deng, 1998), Deng and subsequent Chinese presidents have reached the conclusion that “to pursue economic development, China needed a peaceful environment” (Shambaugh, 2005:71).

The former Chinese leader Hu Jintao, on inauguration day of his successor Xi Jinping in 2012, made a speech about the importance of “securing a peaceful international environment”

¹⁹ 和平与发展: (He Ping Yu Fa Zhan)

to pursue the ideal of “socialism with Chinese characteristics”²⁰ (Hu, 2012). This goes hand-in-hand with the Chinese “five principles of peaceful coexistence”²¹ enunciated by Premier Zhou Enlai in 1953 and still considered guiding principles of Chinese foreign policy today (Odgaard & Biscop, 2007:63).

In recent years, China has also expressed that it has been well on the way to a “peaceful rise.” As explained by Zheng Bijian, advisor of Chinese leadership, “China will not follow the path [...] of Germany and Japan leading up to World War II, when these countries plundered resources and pursued hegemony. [...] Instead, China will transcend ideological differences to strive for peace, development, and cooperation with all countries of the world” (Zheng, 2005:22).

Peace, for the sake of economic development, is therefore one of the major principles guiding Chinese foreign policy since the accession of Deng Xiaoping to power. It also serves the major purpose of countering the “China Threat Theory.”

To conclude, China’s foreign policy is led by two over-arching goals. First, China is interested in the rise of a multipolar world comprising one superpower – the United States – that would collaborate with four other great powers to rule: China, the EU, Japan and Russia. The second foreign policy goal governing Chinese outward action is its wish to sustain a peaceful environment to continue its economic development.

1.3.2 The European Union

Unlike China, the EU is one of the most transparent institutions in the world. It regularly publishes papers on common positions of EU member states regarding international affairs and specific countries. In the last decade, the EU’s call for “effective multilateralism” and a “global order based on international law” has been recurrent and stable regardless of the interlocutor or issue at stake.

- Effective multilateralism

Since 2003, the EU has been emphatic of its wish to put “effective multilateralism” into practice (European Commission, 2003b:9). According to most scholars, the “effective multilateralism” the EU wishes to put in place reflects its wish for a global governance that

²⁰ 中国特色社会主义 (Zhong Guo Te Se She Hui Zhu Yi)

²¹ 和平共处五项原则 (He Ping Gong Chu Wu Xiang Yuan Ze). The Five principles of peaceful coexistence are: (1) mutual respect for each other’s territorial integrity and sovereignty, (2) mutual non-aggression, (3) non-interference in each other’s internal affairs, (4) equality and mutual benefit as well as (5) peaceful coexistence.

guarantees access to global public goods in order to fight efficiently against key threats (namely terrorism, proliferation of weapons of mass destruction, regional conflicts, state failure, climate change, and organized crime) (Odgaard and Biscop, 2007:61).

This goal of the EU has been reflected in its endeavor to initiate multilateral dialogues and institutions on international problems such as the Copenhagen summit or the COP21 hosted in Paris. According to Caroline FehI, the EU has taken the U.S.'s place as the leader of international multilateral institution building, which explains in part why the latter seeks to water down or outright reject new treaties strongly supported by the EU (Fehl, 2012:5).

Some other scholars argue that it is mainly because of its under-developed great power military presence that the EU focuses on multilateralism, offering a non-military alternative avenue for its increased presence in international relations (Scott, 2003:33). In its most recent EU strategy paper, "Shared Vision, Common Action: A Stronger Europe" (European Commission, 2016), the EU goes as far as calling for the reform of multilateral institutions as "resisting change could trigger the erosion of these institutions (European Commission, 2016:39). Therefore, perpetuating and confirming its interest in an effective multilateral system.

By and large, most observers agree to call the EU the "champion of multilateralism" (Meunier & Nicolaidis, 2006:907). However, while the EU tends to describe its action and its relationship with other actors in multilateral tones, there has been some recognition of multipolarity in EU official rhetoric (Scott, 2013:35).

- From a "more balanced world order" to "a global order based on international law"

Although present in European rhetoric, multipolarity in EU discourse is much more cautious and low-key than the Chinese one. Usually the EU does not call directly for a multipolar world but shows an interest in a "more balanced world order" (European Commission, 2003:23). The different approach to multipolarity expressed by former European Commission President Romano Prodi says that "both of us [China and the EU] want a multipolar world in which we have many protagonists. This is a Chinese priority and it is a European interest" (Prodi in Walt, 2005:111). Differentiating the language used between "European interest" with "Chinese priority" shows the EU's balancing act in playing it safe with its American long-term ally while simultaneously siding with the Chinese.

In truth, the EU has had independent policies in international organizations, and has many times challenged the US (WTO "battle of the titans" for example (Meunier and Nicolaidis,

2006:911)). However, clearly pushing for a world order undermining the role of the United States would cause U.S. alarm on EU intentions. Some authors argue that the close relationship between the EU and the U.S. prevents the EU from supporting an outright multipolar world order (Zhang X.M., 2012:182). Although multipolarity was a shared interest of the EU and China, the importance of the issue is however much stronger for the latter than the former. In the EU's most recent strategy paper, the term "multipolarity" is nowhere to be found. Instead, the EU pushes forward a "global order based on international law" (European Commission, 2016:39), showing that this European interest has faded away with the years.

Legally speaking, the idea that the EU pushed forward a "global order based on international law" is not in contradiction with the establishment of bilateral relationships such as its strategic partnerships. In general, Blum argues that "a treaty under the Vienna Convention on the Law of Treaties (VCLT) is an international agreement concluded between states in written form and governed by international law" (Blum, 2008:329). In other words, even if concluded bilaterally, *all* treaties, whatever their designation, should abide and be subject to international law. In the economic realm which is of interest here, the WTO puts constraints on what bilateral agreements are acceptable and which are not. Preferential Treatment Agreements (PTAs), which are in essence bilateral, are strictly regulated and need to fulfill a number of criteria. There is therefore no opposition between the EU's bilateral endeavors and the entity's promotion of "global order based on international law".

As mentioned, China and the EU's stated goals are quite different from each other. While China pushes for a specific blend of multipolarity and a peaceful environment to progress, the EU is more focused on the effectiveness of multilateralism and has shifted away from multipolarity towards an interest in a global order based on international law.

1.4 Interest Formation

Positioned as very different entities, China and the EU also have divergent interest formation mechanisms. While China is a unitary actor with one central decision-making authority, the EU relies on multi-level decision-making mechanisms involving state actors, and different European institutions. Furthermore, Chinese policy-making is greatly influenced by its cultural tradition of relying on a "realist" understanding of the world and principles of action while the EU is most influenced by the United States' positions. Finally, foreign affairs decision-making in China is driven by a constraint to make up for the past "Century of Humiliation." The EU tries to position itself as an international actor and strives for a

coherent unitary action in order to reach this goal.

1.4.1 China

China's official national interest is defined at the very top of the Chinese pyramid of authority. Existing literature shows three main sources influencing the country's interest formation phase: First, China is a unitary actor but not completely permeable to its population's voiced opinion. Second, Chinese interest formation has long been influenced by the wish to restore China's status in the world and move beyond the past century of humiliation. Finally, China has a tradition of abiding by realist principles and conducting its foreign policy according to classical realist logic.

- Unitary actor but no “undemocratic advantage”

China, unlike its European Union counterpart, is a state and not a union of sovereign states and is therefore a unitary actor when it comes to foreign policy decision-making. Second, because of the nature of its regime, decisions that impact the international arena are exclusively taken by the politburo. However, this does not mean that the Chinese policy-makers are unconcerned by the Chinese population at large or particularly vocal groups.

After the Tiananmen student protests in 1989, the CCP realized its need for a new medium of legitimacy in order to counter the “three beliefs crisis”²²: crisis of faith in socialism (Xin Xin Wei Ji), crisis of faith in Marxism (Xin Yang Wei Ji) and crisis of faith in the party (Xin Ren Wei Ji) (Wang, 2012:92). With a view to counter this loss of faith linked to the communist disillusion and to the absence of a Chinese democratically elected government, the CCP changed the focus of collective Chinese memory away from the Communist revolution and class struggle back to the Century of Humiliation, striving to restore national unity and independence (Wang, 2012:129).

In practical terms, this means that the CCP is increasingly dependent on its nationalist credentials to rule (Gries, 2005:11). The choice for nationalism to restore the party's legitimacy in the post-Tiananmen era is a double-edged sword for Chinese elites: It helps authorities consolidate their power by focusing animosities on external opponents rather than on domestic leaders. At the same time, it also puts pressure on government policy-making to assert China's position in international affairs (Wang, 2012:191). This is all the more

²² 三信危机 (San xin wei ji)

important as the Chinese post-Tiananmen reforms have introduced input institutions²³ that enable citizens to “pursue grievances without creating the potential to threaten the regime as a whole” (Nathan, 2003:15). Unlike during the Maoist and Dengist eras, the decision-makers are under increased pressure from the Chinese population.

Ultimately, Chinese leaders cannot turn their nose up to public opinion. Wang argues that the pressure from the Chinese population on its leaders when crises with the United States erupted²⁴, pushed leadership to purposefully intensify the conflicts so as to appease the Chinese population (Wang, 2012:185). This pressure on Chinese elites means that despite the lack of democratic elections, China does not have a “non-democratic advantage” over its democratic counterparts as “when they make policy, they too must be responsive to domestic opinion” (Gries, 2005:114).

- Restoring Chinese status in light of the “Century of Humiliation”²⁵

The “Century of Humiliation” refers to the period starting with “the Opium War, whereby the British navy pried open the Chinese empire to Western capitalism in 1840” (Callahan, 2006:180) and ended with the 1949 Communist revolution. This period is commonly understood as the dark age of Chinese history; the only point in time when it was reduced to a “semi-colonial” state²⁶. For China, “it was degrading enough to be vanquished by ‘barbarians’ from far-off lands like Britain and France but given China’s historical superiority to its tributary neighbors, succumbing to a local power was a much greater blow” (Christensen, 1996:45). On that account, the Japanese invasion is considered to be the most humiliating and unfair episode in Chinese history. The phrase commonly used in China, “Never Forget National Humiliation,”²⁷ has been popularized in “newspapers since 1915; it was a slogan painted on walls; coined into trademarks and imprinted on stationary” (Wang, 2012:83).

The “Century of Humiliation” is a national trauma but it also serves as a tool to foster

²³ According to Nathan, these institutions includes the Administrative Litigation act that allows citizens to sue government agencies for alleged violations of government policy, party and government agencies that hold offices for citizens’ complaints which can be delivered by a person or letter, more independent mass media, and that position itself as tribunes for the people (Nathan, 2003:15).

²⁴ The three major US-China crises are: the 1995-1996 Taiwan Strait Crisis, the 1999 crisis after the NATO bombing of the Chinese embassy in Yugoslavia and the 2001 crisis triggered by the collision of war planes off the coasts of China.

²⁵ 百年国耻 (Bai nian guo chi)

²⁶ The major foreign invasions that China faced during the Century of Humiliation include the 1st Opium War (1839-1842), the Second Opium War (1856-1860), the Sino-Japanese War (1894-1895), the invasion of the allied forces of eight countries (1900), the Japanese invasion of Manchuria (1931) and the Anti-Japanese War (1937-1945) (Wang, 2012:48).

²⁷ 勿忘国耻 (Wu wang guo chi)

nationalism picked up in the 1990s by Chinese elites when Communist ideology started to antiquate (Wang, 2012:68). The CCP has instrumentalized this period, so as to “redirect protest towards the foreigner as an enemy, as an external Other” (Callahan, 2012: 186). Some Chinese scholars reject this reading of the rise of the “Century of Humiliation” rhetoric and instead attribute it directly to the “Western apathy to what the Chinese view as China’s core national interest” (Jia, 2005:20).

In any case, Johnston argues that the ideational sources of China’s foreign policy largely stem from its own historical traditions rather than from the west (Johnston, 2013:307). In that respect, it remains true that “rectifying the Century of Humiliation” is a core nationalist goal for any modern Chinese regime” (Christensen, 1996:46). The century of humiliation is an important rhetorical and mobilization tool for the Chinese Communist Party to justify aggressive behavior towards other states and most importantly to legitimize painful internal reforms. For example, Peter Gries argues that “the relative ease of the Chinese acceptance of the economic transition from plan to market suggests that it was never seen as an end in itself, but rather seen as a means to the nationalist ends of strengthening China” (Gries, 2005:107).

- A Realist Strategic Culture

There is consensus among scholars to say that China’s strategic culture is defined in realist terms (Johnston, 1999; Jia, 2005; Christensen, 1996). Strategic culture is defined by Stuart-Fox as referring to “the beliefs, values and goals that influence the threat of force in relations between states” (Stuart-Fox, 2004:120-121). In other words, it is the cultural background used to deal with issues pertaining to the security realm. Strategic culture is defined in opposition to foreign relations culture which are “the assumptions embodied in world views in relation to which polities understand and conduct their foreign relations with other polities” (Stuart-Fox, 2004:122). Although they can overlap to a certain extent, the strategic culture uses realist principles and foreign relations culture refers to Confucian fundamentals in the case of China (Callahan, 2006).

China is understood to have a strategic culture endorsing realist principles by a number of prominent scholars in the field of international relations. Ian Johnston’s study of Chinese strategic texts that have guided the conduct of Chinese foreign policy, show that there is a Chinese strategic culture that endorses what we now call “realist” principles (Johnston, 1999). Johnston explains that “China has historically exhibited a relatively consistent hard realpolitik or *parabellum* strategic culture that persisted across different structural contexts

into the Maoist period (and beyond)” [original emphasis] (Johnston, 1996). Thomas Christensen goes even further by arguing that “China may well be the high-church of *realpolitik* in the post-Cold-War world,” arguing that “[China’s] analysts certainly think more like balance-of-power theorists than do most contemporary Western leaders and policy analysts” (Christensen, 1996:37).

However, scholars do not all agree on the extent to which China’s strategic culture influences China’s use of force nor on which realist principles are at work. According to Liu, the realist aspect of Chinese strategic culture is visible in the Korean and Vietnam war waged by Mao (Liu, 2014). Wang further explains that this realist strategic culture is observable in the way China has dealt with security incidents opposing China to the US in the last three decades (Wang, 2012). Liu specifically sets China’s strategic culture as responsible for China’s principles of state sovereignty and non-interference (Liu, 2014:574). Going further on state sovereignty, Zhang explains that China’s realist strategic culture enables it to consider the use of force against Taiwan as “justified action” (Zhang, 2010:78).

There is however a notable difference between Western and Chinese scholars. While Western scholars usually describe Chinese strategic culture to be of an offensive realist nature (Johnston, 1999), Chinese scholars stress China’s “defensive realist” nature of strategic culture (Zhang, 2010; Liu, 2014).

China’s foreign policy interest is constrained by three factors: First, the fact that China, in spite of its dictatorial regime, cannot turn a blind eye to the wishes and demands of the population. Second, China’s interest is constrained by the population’s expectation that the government should restore China’s image in light of the Century of Humiliation. Finally, Chinese security interest is unconsciously constrained by the classical realist tradition in Chinese strategic culture.

1.4.2 The European Union

Unlike its Chinese counterpart, the EU is not a unitary actor, let alone a state. Its institutional design, which varies from issue area to issue area, has a strong impact on the formation of its interest. Furthermore, its different levels of decision-making tend to give the EU’s action an “unreadable” aspect that makes it’s strive for coherence more and more constraining. Finally, the U.S.’s influence, or the “U.S. factor” in EU decision-making is very important, notably when it comes to its security and defense policy.

- Specific Institutional Designs: supranationalized issues.

Although the EU has been described myriad ways since its creation, the most well-known phrase is the famous “*objet politique non-identifié*.” Attributed to the European Commission president Jacques Delors, this phrase speaks to the specific institutional nature of the EU (not being a state) but more than a simple international organization too.

The institutional design of the EU has a major influence on its interests. Depending on the issue, different bodies define the EU’s interest. As argued by Abdelal and Krotz, since the end of the Cold War, the EU “has developed a particular tripartite way of relating to the rest of the world, with Europe’s external relations consisting of a union-level supranational element, a union-level intergovernmental element and the national foreign and security policies of the individual member states” (Abdelal & Krotz, 2013:7).

When it precisely comes to its trade policy, the EU acts as one actor in the contracting terms of trade agreements. Nugent explains that “It has a common customs’ tariff, a common external tariff and a common commercial policy” (Nugent, 2010:371). The bodies that define the EU’s interest in that specific case are EU institutions who define it in collaboration with the member states, supranationally. Despite EU level negotiations with third countries, EU member states still individually pursue bilateral trade negotiations with outside countries, which lead for instance, Germany and France to be competitors on the Chinese transport market. Therefore when it comes to trade, the European Commission aggregates interest formation but the actions of single member states are also part of the European interest in a general sense although they do not directly take part in defining it.

Most other external affairs are defined through intergovernmental mechanisms. Consequently, there are two levels of EU interest: the decisions jointly issued at the intergovernmental level and the individual member states’ positions.

The interest formation stage in the EU is, for this reason, most difficult to analyze as “it is the only political entity where interests need to be aggregated not once but twice – at the level of member states and then the EU – and where each level of aggregation in itself constitutes a potential veto point” (Meunier & Nicolaidis, 2006:908). Many authors argue that this pluri-level interest definition prevents the EU from acceding to “full actorhood” (Krotz, 2009:557).

- Struggle for coherence

Another important constraint on EU interest formation is its strive for coherence, both in terms of principles and of practical action. Many politicians, within and outside the EU,

have called for more coherence and readability of the EU's action, most notably because of its entangled institutional decision-making process. It is also because the EU, depending on the issue at stake and whether or not the negotiating partner uses the same principles of conduct.

In terms of principles, Meunier and Nicolaïdis see incoherence and even a contradiction in the principles of the EU's external action. They argue that "the EU is conflicted between its own guiding principles, which often appear to contradict one another – such as championing multilateralism while blanketing the planet with bilateral trade agreements" (Meunier and Nicolaidis, 2006:907).

If the contradiction between principles is typical in democratic regimes and usually entails a trade-off between opposing ideas, such as between the principle of equality and freedom, it is mostly in the practice of foreign affairs that the EU's wish to remain coherent is the most constraining. The most obvious example lies in the joint EU-China wish to reform the legal framework of their partnership to include in a single binding agreement all the features, whether political or economic, of the so-called "strategic partnership"²⁸.

Since 1995 the EU has been obliged to include a "model human rights" clause in all of its agreements with third countries (Sautenet, 2007:729) but the signing of a new "Partnership and Cooperation" agreement is still pending because China refused such a clause. Naturally, it would have been disastrous in terms of external action coherence for the EU to exempt China from such a clause while it makes it unavoidable in negotiations with weaker countries like African nations dependent on the EU's conditional aid. Consequently, although its economic and political interests would have been better served if a new agreement with China were signed, the EU's struggle for coherence constrained its choices and had a great impact on the EU's interest formation.

- The U.S. factor

Since World War II, the EU and the U.S. have maintained close relations. Many scholars have argued that the Atlantic Ocean is an "island sea" around which common people live (Lippmann in Ikenberry, 2008:9). It has also become commonplace to call the transatlantic relationship a "security community, [...] one in which there is real assurance that members of the community will not fight each other physically but will settle their disputes in

²⁸ Although established in 2003, the EU-China strategic partnership still relies on a Trade and Cooperation Agreement signed between the two entities in 1985. In practice this means that the economic matters discussed between the EU and China are binding while the political aspects remain non-binding for the two parties. In order to make the framework more workable, facilitate trade, and cut red tape, China and the EU had initially agreed to sign an "agreement of partnership and cooperation" encompassing all aspects of their strategic partnership.

some other way” (Deutsch, 2003:124).

However, this does not mean that the EU and the U.S. are the same. Since the Bush Jr. administration, existing literature shows there is a growing gap in visions and practices between the two entities. Robert Kagan goes even as far as arguing that “Americans and Europeans no longer share a strategic culture” (Kagan, 2002:4). Others, like Caroline Fehl claim that this distance is linked to the growth in strength and ambitions of the EU on the international stage and the reaction of the U.S. to the development of its partner (Fehl, 2012:7).

Nonetheless, their increasingly different identities on the world stage do not mean that the EU and the U.S. do not have common objectives. More importantly, it does not mean that the U.S. does not exert influence on EU foreign policy conduct especially on matters linked to security and defense. To be sure, EU member states and the U.S. have strong military bonds through NATO but also through agreements on the sharing of military knowledge and technology sharing. Thus, the US has strong arguments that enable it to constrain EU external actions when the latter goes against its interest. The most striking example is the diplomatic crisis between the two actors after the EU expressed its will to lift the arms embargo on China in 2005. The U.S. threat of imposing restrictions on sales of defense articles and technology and military procurement forced EU member states to drop their initiative of lifting the embargo on China (Archick, Grimmett & Kan, 2005:34).

Since that embarrassing episode, the EU is aware of American strong capacities to retaliate in case EU actions go against its interest. It is therefore undeniable that in certain issue areas, the U.S. has a strong influence on European interest formation.

Figure 9: China-EU Specificities in Terms of Power Resources, Regional and International Integration, Goals, and Foreign Policy Constraints

	CHINA	EU
Power Resources	<u>Material:</u> <ul style="list-style-type: none"> - 2nd military Spender after the US - 2nd largest economy - Growth rate above any Western actor - World’s largest population <u>Institutional and soft-power resources (remains marginal)</u> <ul style="list-style-type: none"> - Bad reputation (“China threat 	<u>Material:</u> <p>“Economic giant, political dwarf, military worm”</p> <ul style="list-style-type: none"> - 2nd biggest share of world imports and exports - Attractive size of market - Little Defense Integration <u>Institutional:</u>

	theory”) - Lack of internal expertise	- When speaks with one voice, huge institutional power (ex: 28 voices in WTO) <u>Soft-Power:</u> - Good reputation, non-threatening - Expertise that allows it to set the standards and externalize policy
Regional/International Integration	<u>International:</u> - Almost equivalent to most active developing states <u>Regional:</u> Two-fold strategy – - Integration in minimal number of regional institutions - Development of bilateral ties with neighbors	<u>International:</u> - Because it is not a state, the EU is not always able to gain membership in international institutions (also depends on willingness of member states) - EU now “blankets the world with bilateral agreements” (Meunier & Nicholaïdis, 2006) <u>Regional:</u> - Case in point for regional integration - Uses two tools 1) enlargement tool 2) European Neighborhood Policy
Put Forward Goals	- Multipolar project - Peaceful environment for economic development	- “Effective multilateralism” - From “A more balanced world order” to a “global order based on international law”
Foreign Policy Constraints	- Unitary actor but no “undemocratic advantage” (Chinese leaders cannot turn their nose up to Chinese public opinion) - Restoring Chinese status in light of Chinese “century of humiliation” - Realist strategic culture	- Specific institutional design: issues more or supranationalized - Struggling for coherence - The “US factor” constraint

The above description of each of the actors shows us their respective strengths and weaknesses, their degrees of integration in their region and in the international sphere at large, the general long-term objectives they have set for themselves as well as the main ideational or material factors influencing their foreign policy-making. These characteristics of the EU and

China will need to be taken into account when analyzing the positions of the two actors on specific issues under investigation. However, one more thing that deserves scrutiny is the EU and China's common history which may have an influence on today's events. Because the EU was created late in the 20th century, we use the interaction between China and current EU member states as a proxy to examine the EU and China's common history before the 1950s.

2. The EU's and China's Path Toward a Strategic Partnership

There is a historically rocky path that led the EU and China towards the signing of a strategic partnership in 2003, and later on to the establishment of long-term institutionalized bilateral relationship. Until today, EU-China relations can be divided into three important periods of time. The first constitutes what the Chinese call the "Century of Humiliation," running roughly from the 1840s to 1949, when Mao Zedong came to power. It is in this period that European powers, notably Great Britain and France, forced China to sign unequal treaties, burnt down the symbolic Yuan Ming Yuan Summer Palace, and took possession of Hong Kong and Macao. This period is thus a moment of Western dominance over China and the most sensitive point in the EU and China's common history.

The second phase begins with the establishment of the People's Republic of China in 1949 and leads up to the signing of the European Economic Communities (EEC)-China commercial agreement of 1978. After breaking relations with the Soviet Union, and setting an ideological opposition to the U.S.'s "imperialism," Maoist China had no other choice but to turn to the EU for desperately needed foodstuff and basic consumer goods.

Finally, at the end of the Cold War, China's new "open door" policies as well as the technological steps forward transport-wise, gradually led to the virtual *rapprochement* of the EU and China, both politically and economically. This process with its "twists and turns"—as the Chinese would say—which led to the bilateral involvement of the two actors is essential to understanding today's issues fully, as well in deciphering each side's positions.

2.1 The "Century of Humiliation"

The "Century of Humiliation" is without a doubt the most recurrent theme in Chinese elite speeches and Chinese historical narratives. Callahan goes as far as arguing that it is the "master narrative of modern Chinese history" (Callahan, 2004:204). It is mostly used in reference to China's position in current international affairs. The phrase is also one of the ways through which the Chinese Communist Party justifies the one-party rule and the

absolute priority given to the country's development.

Factually speaking, the “century of humiliation” comprises a number of major events, namely, the First Opium War (1839-1842), the Second Opium War (1856-1860), the Sino-Japanese War (1894-1895), the invasion of the allied forces of eight countries (1900),²⁹ the Japanese invasion of Manchuria (1931), and the Anti-Japanese war (1937-1945). The Western responsibility in China's “humiliation” covers mostly the second half of the 19th century, while the Japanese are blamed for the atrocities inflicted on China in the first half of the 20th century. The resentment against European “colonialist nations” is crystallized in the signing of the “unequal treaties” after the two Opium Wars. These include the cessation of Hong Kong and Macao to European powers as well as the right for these countries to establish “quarters” in Shanghai.

Symbolically, the historical period starting with the Opium Wars are viewed as marking an irrevocable break in China's historical trajectory. The events of this period marked China's abrupt transition from a powerful, proud and unified state to one whose territory was “carved up like a melon by foreign powers, and whose army had been humiliated” (Kaufman, 2010:5). Before the intervention of foreign powers in the middle of the 19th century, China was undeniably more of a colonial state than a “semi-colonized” one (Wang, 2012:50). China worked as a central platform of tributary states that were far from being its equals. This change in status and the internal chaos that followed is perceived by the Chinese as a very deep humiliation, not only because they consider to have been colonized by “barbarian states” (Christensen, 1996:45) – the United Kingdom and France – but also because they consider that the then ruling elite, the Qing dynasty, had allowed such things to happen.

In today's China, the influence of the Century of Humiliation is far reaching in the political sphere. Kaufman argues that “both implicitly and explicitly, Chinese elites still use the vocabulary and questions developed during that period to interpret the dynamics of international relations today” (Kaufman, 2010:4) while Chinese international legal scholar Li Zhaojie further explains that “given the Century of Humiliation, oppression and domination, the Chinese perspective of international law that is sovereignty-centered and state strengthening is hardly surprising” (Li, 2001:318). Overall, for the current Chinese elite and population at large, there is an “up to the Opium wars” and “after the Opium Wars” in the history of China that still shapes politics today as well as the country's activity on the international stage.

²⁹ The “Eight country alliance” comprised the Austro-Hungarian Empire, the British Empire (the UK, Australia, India), France, Italy, Germany, Japan, Russia and the United States.

In terms of world relations, the Century of Humiliation had an impact on the way China perceives other countries. Wang Zheng points out that “For many Chinese, the countries of the world can be divided into two groups: those who have bullied China in the past – all of them are developed countries – and those who have similar experiences with China – the other Third world countries” (Wang, 2012:126). It is therefore not a surprise that China often attaches EU member states to the United States, calling this duo the “West.” Because this period of China-EU history is still vivid in Chinese discourse it seems unlikely for the two entities to have built such a strong relationship over the years. It is the second phase, the Cold War events that initiated this *rapprochement*.

2.2 The Cold War: An Isolated China in Need of Europe

In 1949, the People’s Republic of China was put in place with Mao Zedong at its head. After having pushed the rival Nationalist Party lead by Jiang Jieshi³⁰ to the outskirts of mainland China in Taiwan, Mao had full capacity to build a China according to his ideology. On the European front, ideas of building an integrated economy of countries that had just opposed each other in World War II were already present in 1949 and materialized in 1957 with the Treaty of Rome.

A particular event during the Cold War changed China’s perspective on the United States’ European allies. Since the establishment of the People’s Republic of China in 1949, the U.S. and its allies imposed a total trade embargo called the “China differential”. This embargo, even stricter than the one imposed on the USSR, was initially put in place to meet Eisenhower’s “imperative to undertake a long-term, tenacious effort to disintegrate the Sino-Soviet alliance” (Zhang, 2001:114). The Americans believed that imposing severe sanctions on China would lead the communist country to view its alliance with the Soviet Union as detrimental to its own interest. The European allies of the U.S. never believed this strategy to be conclusive and after the Korean War in 1955, “vigorously challenging the US position, Washington’s chief European allies decided to abolish the China differential, thus fostering the collapse of the multilateral economic embargo on China” (Zhang, 2001:139).

This event had a major impact on China’s perception of European countries. Europe’s trade embargo on China was their first move away from the American position since the end of World War II. It showed China the different inclinations of the two parts of the West and gave way to the possibility of a different relation with Europeans. Kapur argues that trade with China was where most Western European countries distanced themselves from the

³⁰ More well-known in the West as Chiang Kai-shek.

United States, making the unilateral decision to drop the “China differential” from the embargo list” (Kapur, 1990:21). Although the *rapprochement* between China and Europe didn’t take place until the disintegration of the Sino-Soviet alliance, Europeans then became China’s second best connection after the USSR.

Relations with European countries really took up after 1960, when China and the Soviet Union broke off diplomatic relations because they claimed to represent the socialist third-world. This collision of interests between the two powers became apparent in the sudden withdrawal of USSR financial aid, which played a crucial role in the development of the Chinese economy. This left China isolated and reliant on non-Soviet alternatives for much-needed foodstuffs and imports to fuel its static economy (Kapur, 1990:49-51). Seeking help from European countries became the obvious option for two reasons. First, because of Europe’s geographical presence on the Western flank of the Soviet Union (Kapur, 1990:1) and secondly the Chinese found it useful and important to stay in good terms with European countries because they were positioned on the other side of the USSR. In case of a war with Russia, the Europeans would make good Chinese allies considering their geographical position. But seeking help and buying goods from the Europeans was also for China the most politically acceptable option they had at their disposal among developed countries (Kapur, 1990:131). This need for non-American technology and funding went on after the death of Mao when Western Europe took up a key economic role for Deng Xiaoping’s new China (Scott, 2007:223).

Politically speaking, although when the Treaty of Rome was signed in 1957 China perceived the European Communities as “the economic arm of the aggressive NATO bloc” (Yang in Scott, 2007:218), Chinese attitude changed course in the early sixties, and later on was one of the most enthusiastic states about European integration. The European choice to drop the China differential despite American dissatisfaction made Chinese elites believe there was a possibility for Europe to withdraw from the transatlantic alliance and fight on China’s side.

However, the start of the Chinese Cultural Revolution in 1966 put a momentary end to the burgeoning relationship between China and member states of the EEC. During that period, because of the internal struggles within the CCP and the drastic ideological policies Mao set in motion, the Chinese revolutionary agenda adopted had adopted an aggressive stance towards the EEC and its members (Kapur, 1986:17). It was only in 1972, when Mao started to relax its foreign policy by inviting Richard Nixon on an official visit that relations between China and the EEC reanimated (Kapur, 1986:23). Although the Nixon visit was a decisive

event on the European side—to further relations with China without upsetting its transatlantic ally—it was the decolonization process of the two former British and French empires that made it possible for the Chinese to start a solid relationship with the EEC (Kapur, 1986:25). Undoubtedly before then, it would have been a contradiction for China to lead its outstretched hand to the Third World policy while being on good terms with colonizing powers.

While both sides' obstacles to establishing relations fell, China and the EEC's relationship resumed through discreet contacts that lead to the establishment of a permanent Chinese mission in Brussels in 1973. China deployed efforts to make sure the EEC was willing to play China's game, or in other words, that it had no parallel relationship with Taiwan (Kapur, 1986:29).

It was the newly acquired mandate of the Commission to negotiate trade agreements with third countries on behalf of the member states on January 1, 1975 that truly paved the way for the negotiation of the EEC-China commercial agreement signed in February 1978. The agreement gave Most Favored Nation access (MNF) to China, including it in the community's generalized system of preferences provisions (GSP) and in stark contrast with Beijing's exclusion from the GSP of the United States (Casarini, 2009:27).

2.2 Paving The Way to a Strategic Partnership

The strategic partnership currently uniting the EU and China has needed some time for progress since the end of the Cold War to take its current form. First, the period following the 1978 agreement was weighed down by the Tiananmen crackdown and European retaliation. It is only after 1994 and China and the EU's common goal integrating China in the international landscape that lead them to increase their cooperation and to announce their strategic partnership in 2003. Since then, like any other intensifying relationship, China and the EU have been through ups and downs, both on economic and political grounds.

2.2.1 A sweet and sour start (1978-1994)

The 1978 agreement was followed up by the much stronger "Agreement on Trade and Economic Cooperation" signed in 1985. According to article 10 of the agreement, the two parties are meant to cooperate in "all the approved domains" which include the industrial and mining sectors, the agricultural sector including the agro-industry, science and technology, energy, transport and communication, environmental protection, and cooperation with third countries (Sautenet, 2007:714). Although negotiations were launched in 2007 to create a "Partnership and Cooperation Agreement" (PCA) with China to formally set all the features

of the strategic partnership, the current EU-China bilateral relationship is still legally based on the 1985 agreement.

After the signing of the framework agreement in 1985, the relationship between the EU and China gradually soured. The most important episode that gave a blow to the relationship was the June 4th, 1989 Chinese governmental crackdown on the student movement of Tiananmen Square. This event triggered an important joint retaliation by the United States and the member states of the European Union. Both put a temporary end to their diplomatic relations with the PRC and imposed an arms embargo on China. It is still active today. The EU member states, however, unlike the United States, reestablished diplomatic contact with China relatively quickly, in October 1990, after a joint decision by the European Parliament and the Council.

Yet, these “back to normal” moves of the EU did not make China and the EU any closer during the first half of the 1990s. Their relationship was plagued by the attitudes of member states of the EU, notably Great Britain and France. While Great Britain and China argued over the return process of Hong Kong to mainland China, France made attempts at selling weapons and defense materials to Taiwan, only to be stopped because of Chinese threats to retaliate economically (Casarini, 2009:34-38). Only once these issues were settled did the EU and China begin a friendlier and more stable relationship.

2.2.2 The building blocks of a stable relationship (1994-2003)

Once problems between member states of the EU and China were solved, nothing kept them from building a strong relationship. Although the lack of obstacles was a necessary condition, the real reason driving China and the EU towards each other were their strong common interest in the international arena. The EU had been pushing the Chinese candidacy at the World Trade Organization since the beginning of the negotiations for its accession to membership in 1995.³¹ Because the United States was skeptical about Chinese entry in the organization, China desperately needed European support to have a chance at becoming a member of the WTO (Eglin, 1997). These common interests on the international scene drew the two actors closer and they slowly constructed an informal “framework” or set of principles to be respected for their continuing relationship.

In September 1994 the Chinese president Jiang Zemin spelt out the “Four principles for the development of the relationship between China and Western Europe” (Casarini,

³¹ China had been a candidate to membership of the GATT since July 1986, but when the organization transformed into the WTO, China reclassified its application to allow the application process to continue.

2009:34).³² These, in a way, were the first informal building blocks of the EU-China strategic partnership. Then, from 1995 to 2003, the EU issued five papers drawing out its strategy towards China and more largely Asia. It also set out its intentions towards the country³³. Antoine Sautenet argues that the European Commission's different communications on China since 1995 show an evolution in the semantics used by the community: from a "global partnership" in 1998 to a "mature partnership" in 2003, "the characterization of the partnership has been endowed with a strategic dimension" (Sautenet, 2007:705). Furthermore, during that period China and the EU decided to hold a "summit" between high-level members of the political sphere each year to resolve issues under way and sign agreements for further cooperation. The summit would typically comprise of the Chinese prime minister and other relevant ministers, and on the EU side the President of the Council of Ministers, the President of the European Commission and the High Representative for Common Foreign and Security Policy since the implementation of the Lisbon Treaty in 2009. The very first summit was held in London in 1998 and has been alternatively held in China and the European member state hosting the EU presidency. To this day all summits occurred save for the notable exception of the 11th summit. It should have been held in 2008 but was postponed by the Chinese until 2009 as a way to show their discontent with French behavior when the Olympic flame went through Paris and with the fact that different EU member state presidents and prime ministers met with the Dalai Lama.

It is within these summits that cooperation between the EU and China goes forward: agreements are signed and political or issue-specific dialogues are made to solve ongoing issues. For example, in the period running from 1994 to 2003, a number of cooperation deals were signed. The specific dialogue on human rights issues was put in place in July 1995, in December 1998 an agreement on scientific and technological cooperation was concluded, the two parties agreed on rules in the maritime domain in 2002, and finally, the 2003 6th EU-China summit set in motion dialogues on industrial policy and intellectual property and the cooperation of the two parties in the Galileo satellite navigation program.

On the bilateral level, to a certain extent the China-EU cooperation is cumulative. As time goes on, more forums of dialogue and negotiation are put in place, giving way to

³² These included the development of relations with a view to the 21st century mutual respect, search for common ground, downplaying the difference; mutual benefit and resolution of all international problems through consultation and cooperation.

³³ "A Long Term Policy for China-EU relations" (1995), "Building a Comprehensive partnership with China" (1998), "EU Strategy Towards China: Implementation of the 1998 Communication on the Future Steps for a Common Effective EU Policy" (2001), "China Country Strategy Paper: 2002-2006" (2002), and "A Maturing Partnership: Shared Interests and Challenges in EU-China Relations" (2003).

meetings between EU and Chinese counterparts regularly and on a broad range of issues. The year 2003 was one that saw the EU-China relation take its current form and increase in complexity.

2.2.3 2003-2012: The Intensification of the EU-China Partnership

With the EU and China's common statements in 2003, EU-China relations became a "strategic partnership." The period running from the start of this partnership to 2012 is one that has seen many ups and many downs. However, the cooperation between the two entities has never been so intense. When the relationship is rocky, (notably in 2005 and 2008) scholars often interpret it as a sign of the discrepancy between China and the EU. The "downs" of the relationship (notably those of 2005 and 2008) have often been interpreted by scholars as a sign of discrepancy between the two actors. They actually constitute signs of the intensification of the relationship in the sense that it is because they cooperate more that tensions arise.

- The ups...

Researchers agree that 2003 is the year where the EU-China partnership transformed into a "strategic partnership." In 2003, the EU issued its first European Security Strategy (EES) called "A Secure Europe in a Better World" (European Commission, 2003b) where it laid out the threats and challenges facing Europe. The EU made it clear China is to become a strategic partner of the EU, although it doesn't have the characteristics of the EU's other strategic partners: "In particular we should look to develop strategic partnerships with Japan, China, Canada and India as well as with all those who share our goals and values, and are prepared to act in their support" (European Commission, 2003b: 10). However, the cooperation of China "is also vital to build effective multilateral rules and institutions addressing issues that cut across borders" (Odgaard and Biscop, 2007: 61). Therefore, the EU's move towards China is far from solely being a generous gesture.

It is clear in the EES that China is an outlier within the list of countries the EU intends to make strategic links with. Whereas India, Canada, and Japan all share a common democratic regime and have a set of basic values and common goals, the same cannot be said of China. However, the EU, within its 2003 strategy paper acts as if China was part of this group of states. This represents the EU's strategy to keep difficult matters (notably human rights, the rule of law and the implementation of promised internal reforms) at the bilateral level of the EU-China relationship, which has been identified as the Chinese way of handling

sensitive issues. This statement, considering the publicity of the paper, is a strong move by the EU in its engagement with China.

On the Chinese side, public moves were made to show the EU its willingness to engage. First, China published an “EU paper” in both Chinese and English on the internet portal of its foreign ministry (Government of the PRC, 2003). Such documents had never been issued before for any other state or group of states. Although many researchers on EU-China relations consider this to be a straightforward proof of the EU’s strategic relevance to China (Cameron, 2009:59-60; Griese, 2006: 549, Rémond, 2007:345), the importance of this “EU paper” (another one was published in 2014 (Government of the PRC, 2014)) should be taken with a grain of salt. In truth, while the first two parts of the paper are dedicated to an appreciation of the EU’s role in the international arena and its relevance for China, part three sets forward a set of points to “strengthen EU-China cooperation in all fields” but mainly are guidelines for EU behavior. For instance, in the 2003 strategy paper, point I.4, dedicated to the “Tibetan issue,” uses an authoritative style: “The Chinese side requests the EU side not to have any contacts with the “Tibetan government in exile” or provide facilities to the separatist activities of the Dalai’s clique.” Similar claims can be found on the Taiwan issue (point I.2), on the issue of Market Economy Status, anti-dumping measures (point II.1), as well as on the arm’s embargo (point V.). Therefore, although the EU remains the only political entity China devotes a policy paper for shows that China gives the EU a particular place in its foreign policy, the contents of the policy paper demonstrate that researchers should be wary to use this argument.

On the practical side, visit frequency of Commission personnel advanced dramatically, counting four visits to Beijing and one visit of the Chinese premier Wen JiaBao to Brussels between 2003 and 2008³⁴, on top of the yearly meetings between high level politicians. On that front, the 6th, 7th, 8th, 9th and 10th EU-China summits respectively in 2003, 2004, 2005, 2006 and 2007 were all fruitful, leading either to enhanced cooperation, agreements, or common statements on specific issues. For example, the 6th summit led to an agreement signed between the two parties on their cooperation in the Galileo satellite navigation program, the creation of an industrial policy as well as an intellectual property dialogue. The 7th summit produced a common declaration on non-proliferation of arms and saw two other further agreements, one on customs and the other on R&D cooperation on the peaceful use of

³⁴ Romano Prodi in 2004, José Manuel Barroso in 2005, the External Relations Commissioner Ferrero-Walner in 2006 and José Manuel Barroso and 9 other Commissioners in 2008 on the European side and Chinese Premier Wen Jiabao came to visit European Headquarters in Brussels in 2004.

arms control.³⁵ In 2013, China and the EU carried out their 16th summit where they adopted the “EU-China 2020 Strategic Agenda for Cooperation.”

To conclude, the EU and China have made progress since the establishment of the strategic partnership in 2003. Political leaders now meet once a year and issue strategy papers aimed at each other every decade. The summits have created issue-specific dialogues thereby expanding the EU and China’s subjects on which they cooperate. This process has intensified of the institutionalization of the relationship and stalemates are less likely to block the entire relationship.

- *...And downs*

Of the relationship downfalls since 2003, two different kinds can be found. The first type the two partners had to go through is of economic nature. In fact, since the establishment of the strategic partnership between the EU and China, trade tensions have been rising. China and the EU ran into dead-end negotiations on issues linked to trade, such as on China’s market economy status. Furthermore, in the last few years tensions have culminated in a series of trade disputes among which two very mediatized: the textile and solar panel disputes.

The second type of “downs” they run into is symbolic: the arms embargo question or the Paris Olympic flame incident. Although they may cause a lot of political turmoil, neither of these problems puts relationship in any real danger.

Economic problems came to the fore in 2003. Accompanying the announcement of the strategic partnership creation between the EU and China, the latter formally requested Market Economy Status under the EU’s anti-dumping policy.³⁶ If the EU granted the MES status to China, it would have had the effect of “radically reducing anti-dumping penalties on Chinese exporters” (Shambaugh, 2008:136). However, the EU argued that China only fulfilled one out of the five criteria for MES countries and could therefore not yet claim that status (Rémond, 2007:355). Although the EU has always tried to keep negotiation on this issue at the technical level, some scholars argued that MES was probably a bargaining chip by the EU to force China to give more market access to European companies (Rémond, 2007:354). This issue has been a thorn in the relation’s side and will continue to be for the years to come since. It is

³⁵ A full description of all agreements, joint statements, cooperation programs and initiation of dialogues can be found on the website of the European External Action Service through the following link:
http://eeas.europa.eu/china/index_en.htm

³⁶ Dumping consists of selling a product on foreign markets cheaper than at its “normal value,” which is defined as a profitable price comprising production costs and a marginal amount corresponding to selling costs, administrative costs, profits and other general costs. It is illegal under WTO rules (Rémond, 2007:346).

important to note that the EU refused to grant China MES even when it was legally bound to do so in December 2016.

At the same time, China and the EU fell into a number of trade disputes both within the WTO dispute settlement mechanism and in their bilateral relations (Kong, 2012:15). The European media more than covered these, such as the textile dispute (bilateral), the Rare Earth Dispute (WTO) or the very well-known Solar Panel Dispute (bilateral). Although trade disputes have been more present in the EU-China relations since 2003, they tend to show a strengthening of the relationship rather than an alienation of the two actors because they are dealt with behind closed doors at the bilateral level. Furthermore, as proposed by researcher David Shambaugh: “While some disputes persist and one should not dismiss them as unimportant, there do not appear to be any overwhelmingly negative issues clouding the development of the relation – either subjectively or objectively” (Shambaugh, 2008:143).

Politically speaking, one of the major issues opposing China and the European Union today is the lifting of the arms embargo question. If China has mentioned that for bilateral relations to deepen the arms embargo should be lifted in both the 2003 and the 2014 EU papers, the EU still hasn’t made any concrete moves. The arms embargo was part of a wider set of sanctions launched by the Council of the European Union following the Tiananmen Square crackdown on June 4, 1989. Although the rest of the sanctions had been lifted within a year, the arms embargo stayed in place, illustrating the sensitivity of the issue for the Europeans (Stumbaum, 2007:173).

After the establishment of the EU-China strategic partnership and because of constant Chinese pressure, some EU national leaders started speaking about lifting the arms embargo on China in late 2003 (notably French President Jacques Chirac and German Chancellor Gerhard Schröder) (Stumbaum, 2009:171-172). Unlike the U.S. arms embargo on China which was inserted into U.S. law, the EU’s embargo was not legally binding but solely politically binding in the sense that it was enacted before the Maastricht treaty came into force (Stumbaum, 2009:173). The issue picked up when the Council of the EU decided to lift the arms embargo in principle on December 2004, although its practicalities were still not defined (Stumbaum, 2009:177). According to May-Britt Stumbaum, the only EU concerns at the time were linked to the technical aspects (harmonization of national law notably) of a potential lifting (Stumbaum, 2009:174).

If the Chinese rejoiced such a decision, the United States didn’t see it the same way. For the U.S., the lack of improvement in China’s human rights record, the concerns over the

EU's arms' control regime, the potential transfer of sensitive technologies it entailed cumulated with the strategic balance to be maintained in the Taiwan strait made the EU's lifting of the arms embargo a choice they would fight with all their might (Stumbaum, 2009:180). For the EU however, lifting the arms embargo was more a question of symbol than a question of weaponry sales (Vennesson, 2007:428). The coalition favorable to the lifting of the embargo in the EU argued that because China and the EU were engaged in a strategic partnership it seemed outdated to keep China in the same category as other "pariah states" such as North Korea, Myanmar, Sudan or Zimbabwe (Stumbaum, 2009:174; Vennesson, 2009:422).

China argued "its intention was not to purchase arms but was to put an end to a humiliating situation that reflected neither changes in China since 1989 nor in the relations between the EU and China. During Meetings with EU officials, Chinese policy-makers have explained time and again that they perceived the arms' embargo as an affront to China's dignity" (Vennesson, 2007:426). For the Chinese, the fact that the EU was part of the West, gave additional credibility to the lifting of the ban which was considered was a clear signal that "China was worthy of equal treatment" in the international arena (Vennesson, 2007:427).

In this event, the EU was torn between two of its important partners and lifting the arms embargo became a question of choosing a side for the Union. The EU ended up in a situation where it would be sanctioned whatever it decided to do. On the one hand, if it chose not to lift the embargo, China threatened to apply economic sanctions for the backing off of the EU. On the other hand if it chose to lift it, the United States said it would stop the military joint programs being carried out between the two powers³⁷. Being the U.S.'s prime ally, the choice for the EU was then quite clear. What remained was the need to find a clever way to tell the Chinese their reevaluation on the embargo lifting. The Chinese National People's Congress passing of the anti-secession law³⁸ on Taiwan in March 2005 provided this opportunity. The Chinese making explicit their intention to use "non-peaceful means" if Taiwan decided to officially declare its independence from mainland China allowed the possibility of weapons sold by the EU to the country be used against Taiwan, therefore giving

³⁷ Since EU companies took part in US-European defence programs, the US were worried that the Europeans might in fact transfer US defence technology to China therefore undermining US export controls and sanctions on arms sales (Vennesson, 2007:425).

³⁸ Article 8 of the Chinese anti-secession law of the March 14, 2005 reads as follows: "If the separatist forces of 'Taiwan independence' use any name or any means to cause the fact of Taiwan's separation from China, or a major incident occurs that would lead to Taiwan's separation from China, or the possibilities of peaceful unification are completely exhausted, the country may adopt non-peaceful means and other necessary measures to safeguard national sovereignty and territorial integrity." (Archick et al., 2005:7).

an advantage to China over Taiwan and altering the balance of the Taiwan strait. This event ran completely against the EU's arguments for lifting the ban.

As explained by Pascal Vennesson in his article on the lifting of the arm's embargo: "increasing US pressure, the passing of the Chinese anti-secession law and the rise to power of Angela Merkel [who has always been opposed to the lifting of the arm's embargo] in Germany made a rapid lifting of the ban improbable" (Vennesson, 2007:419). Today, although the EU confirmed in 2006 that it was still working towards the lifting of the ban, the arms embargo issue has never reappeared on the Council's agenda and most likely will not in the near future.

The arms embargo issue is important because it is the only instance where the EU explicitly chose sides between its two major allies. Unsurprisingly and to China's expense, the EU choose to follow its century long military ally: the United States. In other words, this gave a clear signal to China where the limit of the cooperation with the EU, in terms of defense, was set. It also gave the EU a clear idea of what it was able to do in its cooperation with China without upsetting the U.S.

The second major political point of contention between the EU and China since the establishment of the EU-China strategic partnership is the "Olympic flame incident" which took place in Paris in 2008. Indeed, the negative reaction of the French public to the passing of the Olympic flame in Paris and that the French president Nicolas Sarkozy and German chancellor Angela Merkel met with the Dalai Lama triggered furious reactions in Beijing. In order to poison internal European relations, the PRC's reaction was to sanction the European Union altogether by purposefully postponing the 11th summit instead of solely retaliating against Germany and France. Considering this event from another angle, this demonstration of disagreement was the lowest point the relationship reached between 2003 and 2012. In comparison, the disagreement of most EU member states with the United States' policy towards Iraq in 2003 was a much more destructive and far-reaching as a crisis than anything the EU and China experienced during that period.

To conclude, although China and the EU experience difficult episodes in their overall relationship, neither political nor economic events have triggered a stalemate in the expansion and the broadening of the relationship or have stopped the two actors from carrying negotiations forward. The deep institutionalization of the relationship prevents issues from spilling over. This distinctive feature drastically limits each issue's potential scope of damage.

Conclusion:

The conditions of the birth of the relationship in the Cold War and the common history of European states and China in the 18th century should be kept in mind when analyzing the two partner's relationship-at-large. In fact, the "Century of Humiliation" is still a remarkably common concept in Chinese public diplomacy both for domestic and international audiences. They are therefore likely to play a role in the two actors' encounters and rationalization of intentions and behaviors.

Essentially, the partnership between the EU and China, just like any other relationship, goes on its own kind of rollercoaster ride. What is interesting about their relationship is that the institutional framework prevents the relationship from developing at a very fast pace when times are balanced and shattering into pieces when problems are faced. This provides stability to the encounters between the two sides that is quite unusual considering the distance between them; their lack of common culture and the many differences of their political regimes. The institutional framework of the EU-China relationship is the greatest achievement over the past last ten years for the two partners. It has enabled them to continue working on issues even when others stall, mechanically pushing the relationship ahead.

III. THEORETICAL FRAMEWORK: SOFT BALANCING, FORUM SHOPPING OR PRESTIGE DIPLOMACY?

There are two questions under investigation in this research. The first examines the motivations behind developing the EU-China relationship while the second investigates the rationale responsible for the multilateral and bilateral forum choice of negotiation. Since the first question explores interest and motivation, it cannot be explored through empirical material. The second question, therefore, will be investigated and the motivations behind the EU-China's ever-deepening relationship inferred. That is to say only the bilateral and multilateral rationales will be tested against empirics.

Figure 10: Logic of Framework of Hypotheses in Explaining the Two Questions

It is important to note the two possible types of rationales at work in the multilateral or bilateral forum choice: an interaction strategy involving the action of both actors and/or a “unit” strategy referring to the rationale each actor has within the interaction. Although the unit and interaction levels are not always indistinguishable in the empirical realm, if applicable they are presented separately and clarified.

The three explanations in this chapter are deduced from assumptions and principles of international relations' three major schools: Realism, Liberalism and Constructivism. The specific brands of these theories tested within this research are chosen according to the

realities uncovered by existing literature on Chinese and European observed behaviors and the specific features of the bilateral and multilateral fora.

This chapter begins by outlining the soft-balancing explanation still tested in the economic realm. Soft-balancing, involves balancing activities against the United States excluding formal alliances on military grounds. In the economic realm under scrutiny, China would side with the EU on issues opposing the EU to the U.S. in the WTO to limit the relative gains the United States could make with an implemented Doha Round.

Secondly, this chapter delineates the Forum-Shopping explanation to the research questions. Forum-Shopping occurs when actors choose a negotiation venue depends goal-reaching efficiency. Concretely speaking, the EU and China give precedence to the WTO when they wish for all members to share their common interest. Conversely, they opt for the bilateral channel in cases of interest conflict because it allows a quicker and less costly solution to their dispute than the WTO Dispute Settlement Mechanism.

Finally, this chapter charts the Prestige Diplomacy explanation derived from theories based on ideational factors. Prestige-diplomacy argues that China and the EU seek to maximize their prestige on the international arena. They use the multilateral arena to carry out prestige enhancing strategies mutually, while the bilateral forum solves disputes to avoid prestige loss. This is linked to the bad reputation that losing a case in the WTO creates.

Soft-Balancing

The first potential explanation to the research questions is Soft-Balancing. The system of hypotheses derives from an informed version of the balance-of-threat theory. As explained in detail below, there is no evidence of states creating military alliances to balance American power, thus invalidating the balance-of-threat theory. Soft-balancing is ‘softer’ in the sense that it solely involves tacit alliances in the economic realm to indirectly limit American military power by hindering its economic trade revenue.

The main argument developed in this section is two-fold. In order to soft-balance the United States, China and the EU form implicit coalitions at the interaction level that take place in economic negotiations and other non-security issue realms so as to minimize the risk of American retaliation. The multilateral and bilateral forums here serve very specific purposes: while multilateral forums are used to limit American relative power, bilateral forums of negotiations are used to settle disputes that arise between the EU and China.

The actor’s level, however tells a different story. If soft-balancing happens at the interaction level, it is purposefully carried out by China alone. Indeed, the EU, being the

United States' oldest and strongest ally, it has neither the leeway nor the wish to trigger the balancing of American power. Therefore, the move is always carried out by China. When strong national interests are not the latter does push forward the EU's position. If these hypotheses are to be verified, the driving force behind the seemingly "unnatural" yet growing EU-China relationship can be explained by a common effort to limit American power on the global stage.

1.1 Assumptions

Because the Realist school of thought is composed of many different trends, there is a need to develop the assumptions underlying the hypotheses' construction. First and foremost, this research assumes that while the current system evolves under anarchy the system's entities have different personalities. This places the hypotheses we later develop under the banner of "Classical Realism" rather than Neo-Realism although the theory tested is a variant of the balance-of-threat theory. Furthermore, since the EU has full authority on commercial policy, the European Union is considered a unitary actor in this research, like the U.S. or China. Finally, although realists usually prefer to investigate security issues, the fact that states are interested in relative gains makes it possible to research economic cases while looking for balance of power strategies.

1.1.1 *Units With Personalities in an Anarchic World*

The Soft-Balancing explanation assumes that world politics take place under the constraint of anarchy. This is understood as the absence of a structure similar to a "world government," which would have international monopoly of violence therefore would be able to undermine the "state of nature" in the international arena.

However, unlike structural realists who assume that "in anarchic realms, the units are functionally similar and tend to remain so" (Waltz, 1979:104), this explanation is based rather on Kirshner's assumption that "despite their common attributes, states are less similar to each other than are firms of the same industry and despite a common desire for survival [...], states pursue a great range of goals, the range of which will very likely vary from state to state" (Kirshner, 2012:57).

This assumption leads us to think that each state has different preferences depending on their different attributes defined in terms of capacities, culture, behavioral tradition, or understanding of the world. These preferences may also be ranked differently depending on the actor, although this thesis purports that "in a self-help system, considerations of security subordinate economic gains to political interest" (Waltz, 1979:107). Profiting from

cooperation is not the only thing that matters to actors. What is of crucial importance to them is how well they fare compared to others (Koremenos, Lipson & Snidal, 2001:784). In other words, relative gains are a crucial interest to international actors. Therefore, this follows the “Classical Realist” assumption that states have different personalities and no entity is like another in the anarchic system. That assumption allows this research to create differentiated hypotheses for the EU and Chinese behaviors.

1.1.2 Non-State Entities as Units

Unlike much realist theoretical and empirical work, this study does not limit the “unit” level to the state. Even though international institutions such as the European Union may not have state attributes it has authority on a number of issues. Cooper explains that international institutions have authority “when states recognize in principle or in practice, their ability to make [...] binding decisions on matters relating to a state's domestic jurisdiction, even if those decisions are contrary to a state's own policies and preferences” (Cooper et al., 2008:505). Therefore, the EU’s action will be considered as a state in this research as the EU has full authority on commercial policy and trade matters.

More specifically, the decision-making “authority” of the EU is absolute on external economic issues. The European Commission owns the negotiation mandate for all member states regarding economic agreements signed within international institutions, like the WTO, or third parties such as bilateral economic agreements (Meunier & Nicolaïdis, 2006). This research follows recent realist work that has taken the EU as a unit of analysis, for example, Joseph Grieco (Grieco, 1990). Therefore, on matters where the EU takes binding decisions, it will be considered as a state.

1.1.3 Relative Gains Allowing for the Investigation of Economic Matters

Some realist researchers argue that states care not only about the direct outcomes from cooperative interactions but more importantly about how well they fare compared to others (Koremenos, Lipson, Snidal, 2001:784). This is fundamental to the differentiation of realist and liberal hypotheses. As explained by realist author Joseph Grieco in an article of 1988, “the fundamental goal of states in any relationship is to prevent others from achieving advances in their relative capabilities” (Grieco, 1988:498). Powell also explains that states do not all heed relative gains in the same way. According to him, it is most likely that the world’s most powerful states have a real interest in what gains others make in an agreement: “the more states care about relative gains, the more a gain from a state will tend to be seen as a loss by another and the more difficult, it seems, cooperation will be” (Powell, 1991:1303). As

argued by Duncan Snidal, “the relative gains hypothesis applies to economy as well as security” (Snidal, 1991: 703). In other words, this is true international or bilateral agreements on security matters, but more fundamentally for agreements in trade.

The rationale is the following: since actors can transform money into capability, they pay particular attention to gain-gaps that arise within international organizations or bilateral relationship dealing with trade. The question of relative gains is, in fact, the way in for realists to investigate commercial matters just like Joseph Grieco did in his book *Cooperation Among Nations* (1990) on the side-payments of the Tokyo round opposing, among other actors, the European community to the United States. Grieco’s test was meant to be a crucial case for the realist theory. The European Communities were military allies and had common interests on a wide range of issues. Grieco shows that because the European Communities were to gain more than the United States in the Tokyo agreement, the U.S. were reluctant to sign it. This finding is interesting considering the strong military alliance that unites the U.S. to European states. The United States, therefore, was “acutely sensitive to any erosion of its capabilities, which are the ultimate basis for security and independence in an anarchical, self-help, international system” (Grieco, 1988:498).

Realists consider relative gains to be more important than absolute gains in a state’s decision to cooperate or not with other actors. They bring security and political considerations within the realm of economic negotiations. In fact, relative gains allow the “balance-of-power” Realist theory to be adapted to the commercial frameworks of negotiation in a softer version. In turn, international institutions not related to security issues, like the WTO or the IMF, create deals that involve much more than trade and can be the objects of research for realist scholars.

1.2 Relevance of the Soft-Balancing Theory

The specific features of the EU and China make the soft-balancing theory particularly relevant. On the one hand, China is the U.S.’ most likely contender because of its material capabilities, wish for a different type of world order, and cultural tradition to act based on realist principles of conduct.

1.2.1 China: an American Rival

There are a number of elements hinting to China’s potential and drive to balance against the United States. These elements certainly appeal to China’s material capacities but also to Chinese cultural traits and stated preferences in terms of world order.

China’s size and population as well as the growth and speed of growth of its economy,

point to it being the international entity with the most potential to be an American balancer. As aforementioned, China has increasingly built its material capabilities while having the cultural tradition of acting on realist principles. Some scholars go as far as arguing that China is the new “high-church of Realpolitik” (Christensen, 1999:37).

On top of this ideological and cultural background, China also makes its preference for a more balanced international order very clear. It wishes for a multipolar world, where the United States must converse with the voices of four other major powers, namely China, Japan, the EU and Russia (Lanteigne, 2009, p.65). This clearly stated preference for an international order less dependent on the United States shows China’s resolve to lower the United States’ influence on the world.

The EU: The Asset China Lacks

In the midst of all the potential countries that China could ally itself to change the world order in its favor, only the European Union seems to have the specificities needed to satisfy China on the one hand and avoid U.S. retaliations on the other. The EU, because of its specific nature as an international actor as well as because of the interests it shares with China, is the perfect partner for challenging American world order. The EU, although considered a hybrid actor internationally, possesses the qualities China most desperately lacks. Among these are “soft” and institutional power resources³⁹, notably its reputation, strong position in international institutions, and willingness to lead in international affairs.

On the contrary, both Japan and Russia are potentially regional rivals for China. China and Japan share a sea and China and Russia share a border which makes both Russia and Japan unlikely partners for a balancing act as they are in competition against China for influence in the wider Asian region.

To clarify, while Japan is part of China’s multipolar plan, it is not a plausible candidate for a bilateral alliance against the United States. The two countries are both regional powers and have a long history of enmity. Furthermore, considering Japan’s need for American protection in Southeast Asia – due to total lack of offensive military – it is very unlikely that Japan will engage in balancing on China’s side, using hard and soft means against the United States.

Russia, although also part of China’s multipolar plan, cannot its ally to challenge the American world order because it suffers a bad reputation linked to its Cold War past.

³⁹ See Chapter 2.

Furthermore, its poor democratic record and aggressive foreign policy moves towards its neighbors does not help its case. If there were even a slightest hint of China and Russia forming an alliance, even a tacit one, the United States would almost certainly retaliate immediately. This leaves the EU as the most probable Chinese ally in challenging the American world order.

Furthermore, China does not feel threatened by the EU on a regional or global level. Chinese academic Pan Wei has given reasons why China does not feel the EU could ever be a threat: “the EU is weak, politically divided and militarily non-influential. Economically it is a giant, but we no longer fear it because we know that the EU needs China more than China needs the EU” (Pan Wei in Fox & Godement, 2009:3). Indeed, China is all the more likely to choose the EU to form a tacit coalition since it does not fear the EU could ever become a threatening entity for China because of the “weakness” of its defense scheme and its preference for non-military means (Smith, 2003:107). Moreover, the EU, unlike the U.S. does not have strategic interests in China’s zone of influence.⁴⁰ The EU does not threaten Chinese interest in its region and is unlikely to become a global threat because of the institutional limitations linked to the nature of the Union, which is “neither a nation-state nor an intergovernmental organization” (Bindi and Shapiro, 2010: 339).

Finally and perhaps most importantly for China, the EU is undeniably the United States’ most loyal ally. In its 2003 Security Strategy paper, the EU even calls the transatlantic relationship “irreplaceable” (European Commission, 2003:13). This is particularly significant for China when looking for a “fellow traveler on the road to containment” (Watts, 2005) in order to be above suspicion and limit the probability of American retaliation.

Overall, the EU is definitely the most probable candidate to which China would tacitly ally itself to in order to limit American power. The European Union enjoys a good reputation: its strong preference for multilateralism and its integrated military mostly designed to react and not to act *a priori* is not threatening to other great powers (Özoguz-Bolgi, 2013:8). Finally, the EU is also the United States’ traditional ally, which makes it a good partner for China as it is above suspicion.

The EU and China’s exceptional features make them likely partners in challenging American power and give credibility to the soft-balancing explanation.

⁴⁰ In this respect, the European Commission’s “Regional Strategy for Asia 2007-2013” is edifying as the main goals of the EU in Asia are described as follows: “the Commission’s strategy for the region aims at eradicating poverty by supporting broad-based sustainable economic growth, promoting an environment and conditions conducive to trade and integration within the region, enhancing governance, increasing political and social stability, and contributing to achievement of the 2015 Millennium Development Goals (MDGs)” (European Commission, 2010:2).

1.3 Definition of Soft-balancing

1.3.1 Theoretical Background

Important literature has tried to define what soft-balancing means and how it is practiced. However, most of the scholarship focuses on security issues. To best apply the concept to the economic cases investigated in this research, the definition chosen needs to be wide-reaching. Walt's definition of soft-balancing best fits this criterion⁴¹ and will be used throughout this paper. Walt defines soft-balancing as:

“The conscious coordination of diplomatic action in order to obtain outcomes contrary to U.S. preferences – outcomes that could not be gained if the balancers did not give each other some degree of mutual support” (Walt, 2005:126).

- Soft-Balancing in the literature

The United States overpowering military means balancing attitudes have not been observed ever since the fall of the Soviet Union. Indeed, T.V. Paul shows that “major powers such as China, France, Germany, India and Russia have not responded to American power with significant increases in their defense spending, nor have they formed military coalitions to countervail U.S. power, as traditional balance-of-power would predict” (Paul, 2005:53). Even so, if balancing behavior no longer exists in world politics, the new question is whether balance-of-power politics emerges in a contemporary and subtler guise (Brooks and Wohlforth, 2005:72).

While major powers cannot militarily form coalitions to challenge the United States, it does not mean they lack the *intention* to restrain American power. For a long time, scholars concluded that states observed the United States as a “benevolent power” since it did not threaten other states' sovereignty save for a few countries, like Iran (Paul, 2005:53).

However, with the invasion of Iraq, second-ranked states have begun to detect erosion in the liberal characteristics of U.S. hegemony, who had previously been allowed some leverage over American policies, especially through NATO and the United Nations (Paul, 2005:58). The fact that the U.S. went to war with Iraq in 2003, despite the lack of support

⁴¹ Paul and Pape are the other two authors that have given clear definitions of “soft-balancing.” Paul defines soft-balancing as “limited, tacit or indirect balancing strategies largely through coalition building and diplomatic bargaining within international institutions, short of formal bilateral strategies and multilateral military alliances” (Paul, 2005:58), while Pape considers soft-balancing to be the following: “not to coerce or even to impede the superior state's current actions, but to demonstrate resolve in a manner that signals a commitment to resist the superpower's future ambitions” (Pape, 2005:37). While Paul's definition is most applicable to military action (a soft-balancing that is a kind of “hard-balancing short of”) Pape's definition is too vague and difficult to execute empirically.

from other major powers, warned of the potential threat the United States could shadow over their own security.

In turn, the absence of balance does not mean that states stand idly waiting for the U.S. to increasingly gain more power. To the contrary, as Walt would say, “if the United States acts in ways that fuel global concerns about U.S. power and in particular the fear that it will be used in ways that harm the interests of many others, then the number of potential soft-balancers will grow” (Walt, 2004:18). Soft-balancing has become a rational alternative strategy for states to pursue security under the conditions of anarchy and high economic interdependence among states (He and Feng, 2008:365).

Robert Pape has outlined a number of tangible tools to look for soft-balancing activities in the realm of world politics (Pape, 2005:36-37). These include three different elements. The first is *territorial denial*, when a state denies access to the hegemon on its territory, to its staging areas for ground force, or as transit for its air and naval force. Turkey’s refusal to allow American troops to access its territory for ground forces during the war in Iraq is an example of territorial denial. (Pape, 2005:39-40).

When a group of states tries to hinder the superpower’s action through international institutions this is *entangling diplomacy*. Even a stronger state does not have the freedom to ignore rules and procedures of international organizations or diplomatic practices without losing substantial support from its allies. That France threatened to veto the resolution authorizing war in September 2000 and managed to delay the declaration of war is considered by Pape and Paul as an example of entangling diplomacy (Pape, 2005:39). For these scholars, even though France did not in the end veto the resolution, that the veto-threat delayed the American plan to go to war with Iraq is a concrete proof of soft-balancing.

According to Robert Pape, the final element of soft-balancing is *economic strengthening*: trying to shift economic power in favor of another weaker state. This strategy is not supported by any examples in the literature. This paper precisely tries to demonstrate that soft-balancing is most likely to take place within the sphere of economics, even more so when considering the EU and China as soft-balancers. Undeniably, their common strongest asset is trade wherein the two of them have been competing for first place (in terms of share of world exports) since the 2000s. Their specific advantage lies in negotiations linked to trade and in this domain of international relations that their biggest potential for soft-balancing rests.

1.4 Hypotheses

To clarify and differentiate the unfolding action at different levels of analysis, three sets of hypotheses will be developed here: the first explains the general mechanism at work in China and the EU's deepening of their relationship, the second set at the interaction level explains what takes place in the joint action of the EU and China, and another set at the unit level further details what strategy each actor initially adopted.

1.4.1 The Goal of the Deepening of the Relationship

The chief reason why China and the EU have developed deep relations despite the unnatural nature of their relationship (distance, cultural and regime differences, no reciprocal strategic interest) could simply be motivated by a common wish to limit American power in the international arena. In other words:

H1) If China and the EU use the multilateral and bilateral forums as instruments to better soft-balance the United States, then the deepening of the China-EU relationship can be understood as motivated by the limitation of American power.

1.4.2 Interaction Level

Considering China's stated willingness to challenge American power, the EU's wish for a more "balanced" world order and the EU-China relation's growth in intensity, this paper hypothesizes that the EU and China are soft-balancing the U.S. at the international level. However, the existing literature gives a number of hints on how soft-balancing fleshes out in current affairs. According to China expert Robert Hugues, "multilateralism is a much safer way to counterbalance U.S. power than traditional power balancing through alliances against a far more powerful U.S." (Hugues, 2005:131). It limits American suspicions, makes it easier to render the blame collective and generally minimizes the risk of retaliation. It is therefore more likely to see China and the EU "soft-balance" the U.S. in multilateral forums.

H1a) China and the EU use the multilateral level to carry out soft-balancing activities against the United States.

The fact that the EU and China might tacitly ally to soft-balance the U.S. does not mean that their relation is tension free. Their recent history is filled with disagreements, economic sanctions (textile dispute 2005, solar panel dispute 2012) and even diplomatic incidents (arms embargo issue, 2005). However, in order for the two powers' tacit alliance to

hold in multilateral forums, it is necessary that they at least try to keep a united front by dealing with their disagreements on a bilateral basis.

H1b) If conflicts emerge between the European Union and China, they will be treated bilaterally in order to prevent internal conflicts to impede on their multilateral soft-balancing actions.

1.4.3 Unit Level

There is unanimity in the literature on a number of points concerning the EU and China's behavior in international affairs and organizations. This literature allows the drafting of "unit" specific hypotheses on China and the EU's specific behaviors in soft-balancing activities. China's specific features involve two major elements: it never goes against its strategic interests in negotiations and refuses to take the lead in coalitions. These distinctive attributes allow the drafting of a tailor-made hypothesis for China. The EU's distinctive attributes include a good reputation and a "special link" with the United States through the transatlantic relationship. The two actors' known characteristics enable the draft of unit-specific, custom-made hypotheses.

- China

China is well known for not discussing its domestic issues in international settings. For instance, when a case was brought forward at the World Trade Organization by Taiwan against China on barriers to trade, China refused to have the dispute settled within the usual multilateral dispute settlement mechanism (Pearson, 2006:249, confirming the fact that China is very unlikely to resolve its sovereign disputes in international organizations).

Another striking example is China's reluctance to give its support to humanitarian interventions in the United Nation's Security Council. A number of authors argue that of China's past shows a tendency to defend a rather "conventional interpretation of sovereignty" (Carlson, 2004:11). China's attitude is also stems from fear of a potential UN supported mission in its contested territories, namely Taiwan, Tibet or XinJiang. Therefore, it is very unlikely China will engage in soft-balancing behavior when strong economic or sovereign interests are at stake. What came out of the scrutiny of Chinese behavior in the international arena since the 1990s is that the country never goes against its strategic self-interest in any negotiation, bilateral or multilateral (Pearson, 2003:256).

Furthermore, China analysts have shown that the country is very reluctant to take the lead in building coalitions: This specific Chinese behavior stems from the 1978 Deng international strategy. Indeed, Deng Xiaoping adopted the “不当头” (*Bu Dang Tou* means “not taking the lead”) rule to avoid implementing hegemonic behavior and feed other countries’ perception of China as a rogue state (Lanteigne, 2009:64; Carlson, 2004:14). This strategy is still protracted by the Chinese government. Even though the Chinese strategy has since been reformed by Jiang Zemin in 2002, this concept is still at the forefront of the Chinese code of conduct on the international scene. “Never seeking leadership” was said to be one of China’s national policy principles by State Councilor Dai Bingguo in 2010 (Dai, 2010, section 5). Considering those constraints specific to China, the following hypothesis can be devised:

H1c) *If no strategic interest is at stake for China in a multilateral negotiation, it will soft-balance the U.S. by giving its support to the European position.*

Regarding the soft-balancing explanation, China’s unit level H1c) is the most crucial hypothesis for the soft-balancing theoretical system. In other words, if China does advocate for the EU when it does not have strategic interests to hinder American power, then soft-balancing does not take place altogether. This hypothesis is the cornerstone of the soft-balancing explanation.

- The European Union

To the contrary, the EU is well integrated in international institutions and enjoys a good reputation. The EU is also consistent in “speaking with one voice” in institutions like the WTO where the Commission owns the negotiation mandate. However, there is one matter that constrains the EU’s international behavior to a great extent: the transatlantic relationship. The EU never puts its relationship with the United States in real danger citing the partnership as “irreplaceable” (European Commission, 2003:13). Therefore, it continually prefers to take a less attractive option rather than truly upset the United States. These features of the European Union draw a custom-made hypothesis regarding EU’s soft-balancing behavior. In fact, it is argued here that even though one can observe soft-balancing at the interaction level, the EU does not do so actively. It is China alone that allies itself to the EU to soft-balance the United States.

H1d) *The EU always follows what is its best interest, unless that option can potentially*

harm the transatlantic relation.

Figure 11: Soft-Balancing Hypotheses

Q2: Why do they chose the bilateral/multilateral fora of negotiation?	
INTERACTION	UNIT
H1a) China and the EU use the multilateral level to carry out soft-balancing activities against the United States.	H1c) If no strategic interest is at stake for China in a multilateral negotiation, it will soft-balance the U.S. by giving its support to the European position.
H1b) If conflicts emerge between the European Union and China, they will be treated bilaterally to prevent internal conflicts impeding on their external soft-balancing actions.	H1d) The EU always follows its best interest, unless that option can potentially harm the transatlantic relation.

In conclusion, the soft-balancing theory can be tested empirically through both interaction level and unit level hypotheses. However, the only crucial hypothesis to validate or invalidate the soft-balancing theory is the unit-level hypothesis H1c. This hypothesis will therefore be tested before the others. If it is proved wrong on empirical grounds, the other hypotheses need not be tested because they are less original to the soft-balancing theory than H1c.

2. Forum-Shopping

Contrary to Soft-Balancing, the Forum-Shopping explanation is based on the assumption that actors are solely interested in the absolute gains made in cooperating with others and reaching economic agreements. Furthermore, it is assumed that actors use negotiation venues instrumentally depending on goal-reaching efficiency. This section's argument demonstrates that the EU-China relation is driven by a common venture to reap maximum benefit in a broad sense. The two powers engage in forum-shopping among international organizations and their bilateral relationship. Their negotiation venue choice reflects their mutual cost/benefit calculations over which negotiation forum would best advance their goals. This explanation does not yield unit level hypotheses as I argue that the choice of multilateralism or bilateralism is dependent on the existence or absence of EU-China common interests. On the one hand, China and the EU prefer multilateralism to bilateralism when they have a

common interest to defend; to enlarge the application scope and lower transaction costs linked to their common preferences. On the other hand, China and the EU tend to choose the bilateral channel over the multilateral when they face a disagreement because bilateralism lowers the material costs and the time needed to solve a dispute.

2.1 Assumptions

There are two assumptions in this explanation: the first understands that states look for absolute gains rather than relative gains when negotiating in international institutions or through bilateral forums. The second assumption is that actors use institutions instrumentally to maximize their gains.

The Goal of States is to Reap Maximum Benefits from Cooperation

Contrary to the Soft-Balancing explanation, the Forum-Shopping explanation assumes that China and the EU do not look for relative gains but that their prime interest is to maximize individual gains in negotiations, both at the bilateral and multilateral levels. According to Axelrod and Keohane, actors first look for absolute gains because of the payoff structures induced by the “shadow of the future,” the sanctioning system arising from the multiplicity of actors as well as the effects of international institutions on interactions between actors (Axelrod & Keohane, 1985: 235-238). Because of the structural aspects of the environment they interact in, “a state’s utility depends solely on the absolute level of economic welfare it attains” (Powell, 1991:1304). Therefore, it is assumed that China and the EU are gain-maximizers in the international system. They only look for ways to increase their economic welfare regardless of how much other actors gain from agreements.

2.1.1 An instrumentalist take

This explanation of the EU-China’s deepening relationship and their choices of bilateralism or multilateralism is based on an instrumentalist view of the actors’ choices for a negotiation forum. A number of authors in international relations have gone to great length about the “spirit of multilateralism.” They conceptualize the notion as “an ideology designed to promote multilateral activity” (Caporaso, 1993:55). Within this paper, however, the term “multilateralism” simply means an “institutional form that coordinates relations among three or more actors on the basis of generalized principles” (Ruggie, 1993:32). It is assumed actors within the international realm are self-interested, rational, and “turn to multilateralism only if

it serves their purpose” (Martin, 1993:92). Therefore, the bilateral forum is always the forum by default for both actors. This is further supported by recent research on the Chinese choice of negotiation forums. Both Odgaard and Biscop argue that for China, multilateralism is solely a means to allow states to concentrate on fulfilling their individual goals rather than an end in itself (Odgaard & Biscop, 2007:66).

Certainly, multilateralism is a highly demanding forum, especially compared to bilateral fora of negotiation. It usually requires that actors “sacrifice substantial levels of flexibility in decision-making and resist the temptation of short-term gains in the interest of long-term benefits” (Martin, 1993:94). Even the EU, a vital promoter of multilateralism, has put forward the need to create an “*effective* multilateral system” to deal with global issues (European Commission, 2003:9, own emphasis), thereby highlighting the EU’s perceived lack of efficiency in existing multilateral institutions.

Functionally speaking, not all institutions are equally efficient. Maggi, in examining bilateral relations in international trade regimes has said: “if one regards trade negotiations as a market, bilateral bargaining is inefficient because the market is segmented” (Maggi, 1993:100). Depending on the purpose of actors, bilateral or multilateral institutions could be more efficient than the other in reaching stated goals. Just like Martin, it is assumed “certain norms or types of formal organization will be either dysfunctional or inefficient under specific conditions” (Martin, 1993:108). The construction of the forum-shopping hypotheses will therefore mostly rely on literature stating the general functional advantages and drawbacks of the multilateral and bilateral forums respectively.

Assumptions linked to the forum-shopping theory explain the absence of unit-level hypotheses for this specific theoretical system. Because the EU and China both hold the interest of maximizing their gains in the most efficient manner possible, solely the interaction between the two can explain their choice of one venue over another. These assumptions dismiss actors’ essential characteristics as explanatory factors for negotiation forum choice.

2.2 Relevance of the Instrumentalist Theory

The instrumentalist literature argues that actors choose institutional forms according to which performs their desired task more efficiently. This theory differs from the aforementioned realist theory in the sense that institutions are understood as forums created, maintained, or dismissed according to their utility.

The realist theory considers that different forums give opportunities to act on different levels of preferences. In contrast, the instrumentalist literature argues that some institutional

features of a forum might be functionally more appropriate than others in championing parts of a preference, while another institution might be more efficient in reaching an agreement on another.

Indeed, the large increase of international institutions after World War II, specifically the outburst of multilateral organizations on the international arena led to a raise of awareness that different negotiation forums could lead to different outcomes. Following this line of thought, Koremenos, Lipson, and Snidal define international institutions as “rational, negotiated responses to the problems international actors face” (Koremenos, Lipson & Snidal, 2001:768). During the 1990s, a broad range of scholars investigated the issue of institutional design and its impact on international outcomes. These authors notably scrutinized negotiations before the creation of international institutions and realized that different actors had varying interests in terms of institutional design.

According to them, “states use international institutions to further their own goals and they design institutions accordingly” (Koremenos, Lipson and Snidal, 2001:762). Briefly, international relations scholars like John Gerald Ruggie⁴² have shown that “form matters” when it comes to international institutions (Ruggie, 1993:36).

If this literature is crucial to this research, the question under investigation here does not focus on the creation of institutional bodies but on the choice of forum among a number of existing institutions. China and the EU are both members of international multilateral institutions and in parallel have created a bilateral institution to deal with issues one-to-one. In other words, China and the EU have the choice between different forums for negotiation because of the existence of overlapping institutions within single-issue realms.

2.3 Hypotheses

To clarify further, two sets of hypotheses will be described below. The first set of hypotheses illuminate the overall goal of deepening the EU-China relationship, which can be inferred if the forum-shopping theory is proven. The second hypothesis set introduces the theories tied to EU-China common action. As explained above, this specific theoretical system does not yield unit-level hypotheses.

2.3.1 *Deepening the Relationship*

In the current international order, institutional overlap is a common phenomenon. In the

⁴² The author is aware of John Gerard Ruggie’s conventional attachment to the constructivist school of thought as a thick/broad? Camille: need a different word here institutionalist, but has consciously chosen to use his works within this functionalist framework of explanation, as the two are not necessarily exclusive or contradictory.

security realm for instance, the North Atlantic Treaty Organization (NATO), the United Nations (UN), and the European Security and Defense Policy (ESDP), although autonomous, “all occupy the policy space for crisis management” (Hofmann, 2007:45). When it comes to trade, the overlap extent is even more impressive as international actors negotiate at the bilateral, regional and international levels simultaneously. The EU, for instance, negotiates within the World Trade Organization (WTO), in the European Single Market, with other regions such as the MERCOSUR, and bilaterally with single powers like China.

Alter and Meunier call this phenomenon “international regime complexity” and define it as “the presence of nested, partially overlapping and parallel international regimes that are not hierarchically ordered”(Alter & Meunier, 2007:13). Because of this overlap, international actors have a choice among venues when tackling an issue. This, in turn, raises the possibility for actors to engage in “forum shopping”⁴³ which refers to “choosing a venue according to the expectations of which will deliver a better outcome” (Davis, 2007:27). China and the EU could therefore deepen their relationship in order to have more available fora at their disposal to maximize their absolute gains.

H2) If China and the EU use bilateral and multilateral forums depending on which is most efficient at negotiating an agreement or solving a dispute, then the deepening of the China-EU relationship can be understood as motivated by the maximization of absolute gains.

2.3.2 Interaction Level

The multilateral setting, with its “generalized principles of conduct” (Ruggie, 1993:11) allows for the widespread application of a clause once the participating parties agree. Hence, multilateral norms, by definition, have a wider scope of application than bilateral ones. Furthermore, when a clause is accepted within multilateral institutions, the participating actors in the agreement relinquish the responsibility of detecting norm violation to the institution in charge (Caporaso, 1992:162). Indeed, implementing an agreement on a bilateral basis means that individual actors bear the responsibility of detecting violation and imposing sanctions (Caporaso, 1992:612). Surrendering this capacity to an international organization means less transaction costs for the signatories. When China and the EU defend a common interest, it is more attractive for them to come together at the multilateral negotiation table and have their interest potentially generalized to more countries and thus delegate the

⁴³“Forum shopping” as a concept was first coined by the legal literature and was initially defined as an instance “when a party tries to have his actions tried in a particular court or jurisdiction where he feels he will receive the most favourable judgement or verdict” (Busch, 2007:736).

responsibility of tracking violations.

H2a) *If China and the EU share a common interest on a given issue, then they prefer the multilateral negotiation forum to potentially widen the scope of application of their common position and limit the transaction costs of implementation.*

However, when China and the EU strongly disagree on a matter, the bilateral channel of negotiation is more appropriate than the multilateral for several reasons. First, researchers agree that bilateral forums of negotiation offer, “the quickest solution by reducing the number of actors and issues” (Davis, 2007:26). In the trade sector, for instance, a complaint filed to the WTO dispute settlement mechanism takes several years to resolve and only allows the complainant to apply retaliation measures long after the economic damage to the internal market or export sector of a country is done.

In those cases, the bilateral channel is much more efficient. It allows for consultation between the two interested parties immediately and entails a much quicker settlement than through multilateral trade dispute settlement mechanisms. For instance, the solar panel dispute between China and the EU was resolved bilaterally in eight weeks while the rare earth dispute filed to the WTO dispute settlement mechanism on March 13, 2012 gave victory to the EU in March 2014.⁴⁴ The fact that the bilateral forum deals with disputes in a timely manner means saving money for actors. Indeed, if agreements are settled quickly, they are less likely to impose market and personnel costs for the actors.

H2b) *If China and the EU disagree on a given issue, they will opt for the bilateral route to solve their disputes because of the gains in both money and time allowed by the forum.*

2.3.3 Unit Level

There are no differentiated unit level rationales for indulging in forum-shopping for the two actors. Since their common goal of reaching maximum benefits from negotiations coincides with their individual goals, the rationale described for the interaction level is the same as that the rationale for each unit. Seeing that having the same hypotheses for the interaction and the unit level does not add anything pertinent to the research, the unit level hypotheses are therefore not applicable in this part of the theoretical design.

⁴⁴ This victory, however, needs to be nuanced since China made an appeal on the WTO DSM's decision.

Figure 12: Forum-Shopping Hypotheses

Q2: Why do they chose the bilateral/multilateral fora of negotiation?	
INTERACTION	UNIT
H2a: If China and the EU share a common interest on a given issue, then they prefer the multilateral negotiation forum to potentially widen the scope of application of their common position and limit the transaction costs of implementation.	NOT APPLICABLE
H2b: If China and the EU disagree on a given issue, they will opt for the bilateral route to solve their disputes because of financial gains and time allowed by the forum.	NOT APPLICABLE

To conclude, the forum-shopping explanation will be tested empirically through an analysis of the interaction level validity hypotheses developed above. Since H2a explains cases where China and the EU have an interest in common, it will be tested against the cases of food safety and geographical indications. Since H2b explicates cases where China and the EU disagree, it will be tested on the textile and solar panel disputes.

3. Prestige Diplomacy

Following the example of recent constructivist empirical research, this study makes use of the non-material elements to devise hypotheses with a causal rationale. The constructivist school of thought in international relations embraces both scholars that work on co-constitutive explanations and scholars that dwelve into causal explanation. Most notably, the former hold that constructivism tries to answer “what” and “how-possible” questions that give way to constitutive answers (Wendt, 1998:104), which wouldn’t be adapted to answer the “why” question this research scrutinizes. However, the latter, such as Peter Katzenstein,

Jeffrey Checkel, Ian Johnston and Ulrich Krotz among many others, have devised causal explanation frameworks with non-material factors (Katzenstein, 2005; Checkel, 2001; Johnston, 1999; Krotz, 2011). It is rather this branch of constructivism this research appeals to.

To be clear, this theoretical framework does not consider state interest in gaining prestige a “given” as rational choice would posit (Blyth, 2003:699). It acknowledges that one of the main problems of neo-realists and neo-liberals is their persistent ignorance of “the content and sources of state interests and the social fabric of world politics” (Checkel, 1998:324). Rather, this section of the theoretical framework posits that interests “develop from state identities” (Katzenstein, 1996:5). However, since defining interests is not at the heart of this research, the following section will explain, with the help of Katzenstein’s framework how prestige has become an interest when considering Chinese culture, history and state identity. In other words, this research will use secondary literature to show that the Chinese constructed interest is linked to prestige without looking into how, in turn, interests feed into identity. The linear causality that is used throughout this thesis is primordial in the sense that it sets all three theories, soft-balancing, forum-shopping and prestige diplomacy on the same standard.

The Prestige Diplomacy explanation set forth in the following section is very closely linked to the specific needs China and the EU. The theoretical system is based on two assumptions. The first explicates that even though the EU and China are both prestige maximizers in the international system, the means they need to deploy are different. On the one hand, China needs to be active in multilateral forums while the EU needs to strengthen its bilateral forum. The second assumption reflects the use, in this theoretical section, of a culturally based concept – *face* – as an empirical proxy when looking for prestige-enhancing and prestige- saving strategies. Indeed, if face is used as a proxy to prestige it is because, in the Chinese culture, face-work is the way one enhances or loses prestige in society. However, if this argument can be dismissed as “culturalist,” this research argues that face-work can also be used strategically by actors.

This section argues that the EU and China, as prestige maximizers on the international arena, engage in prestige enhancing (face-giving) strategies and avoid situations where one another could see reputation harmed (losing face). The Chinese concept of face is intrinsically tied to prestige (Hu, 1944:45). Face-gains help increase prestige while losing face can induce prestige relegation.

At the interaction level, the multilateral and the bilateral fora play different roles. Since face-loss and gains only take place in public, it is in the multilateral forum where China and the EU can indulge in mutual face-giving strategies. It is also the forum where one could potentially lose face. Therefore, in the case where one of the actors is at risk of losing face, China and the EU fall back to the private setting of the bilateral forum. Overall, at the interaction level, the EU and China avoid losing face in public by switching an issue to the bilateral level and engage in face-giving strategies while in multilateral fora of negotiation.

At the unit level, the Chinese Communist Party's legitimacy at home is dependent on how well China fares abroad. Gains and losses of prestige through face-gain and face-loss are of utmost importance for the Chinese elite. The EU, sensitive to cultural traits of its partners, practices face-work with China. Practicing face-work with China allows it to hold a comparative advantage in the face of competitors and also suits the interest the EU has in keeping its good reputation as a "multilateral, international law-abiding champion."

3.1 Assumptions

To avoid misunderstandings, a number of assumptions underlying the argument and hypotheses need to be clarified. First, in order to gain more prestige, China and the EU have opposing needs: the EU needs to construct and strengthen bilateral ties to show its "normality" in a world of states. China, on the other hand, needs to engage further in multilateral settings to demonstrate its willingness to abide by the rules of the international game. Second, although the argument makes use of a Chinese cultural trait –*face* – there is no determinism involved. In other words, even though 'face' appeals to the Chinese culture, this does not mean that China is not able to use it strategically to better serve its interest.

3.1.1 *Reversed Importance of Bilateral and Multilateral Forums for China and the EU*

In its relationship with the European Union, the different negotiation forums serve different purposes for China. Mostly for cultural reasons, the bilateral channel is China's "natural" or preferred negotiation venue. As argued by Martin Stuart-Fox, "China prefers to pursue its ambitions through bilateral means." Wu further explains that China's preference for bilateral negotiation connects to its lack of experience with multilateralism and its "strong suspicion toward international mechanisms that serve the interests of the dominant powers" (Wu, 2001:299). Peter Katzenstein specifies that China fears to "be trapped" in institutions not of its own making (Katzenstein, 2005:58). However, if China is more comfortable with the bilateral route, the multilateral negotiation venue gives it the opportunity to show its will

to engage with other powers and to follow the rules established in international organizations. This in turn, serves to enhance its reputation as a “normal” and non-threatening power on the international arena.

The EU’s plan to enhance its status as an important actor in the world is twofold. First, it intends to take the lead on a number of issues such as climate change and global warming. Second, it has started multiplying partnerships with other great powers. The EU is certainly considered to be the world “champion of multilateralism” (Meunier & Nicolaïdis, 2006:914). Martha Finnemore argues that, in the case of the European Union, participating in multilateralism is not just what it wants but what it is (Finnemore, 1996:338). Because of its internal decision-making procedures, multilateralism is not only often considered to be the EU’s negotiation venue of choice but part of its identity as an actor in international relations.

That said, the European Security Strategy document of 2003 also shows that the EU is aware that without appropriate bilateral ties with other great powers, it will not be able to reach its objectives: “We need to pursue our objectives both through multilateral cooperation in international organizations and through partnerships with key actors” (European Commission, 2003:13). Many authors in the international relations literature support this statement. As French historian Thomas Godard declares, “the bilateral relation is the fundamental element of diplomatic interplay”⁴⁵ (Godard, 2002:65). In terms of image, establishing bilateral links with other states shows that the EU is a “normal” player and gives the illusion that it plays the diplomatic game on an equal footing with national actors (Godard, 2002:66). Finally, according to Robert Ash, the creation of a bilateral relationship with China was essential in the credibility of the EU’s emerging Common Foreign and Security Policy (Ash, 2008:192).

In order to enhance their prestige internationally, the EU and China need to work on some of their respective features. China needs to be more present in multilateral fora to show its willingness to cooperate with other actors and follow existing international rules. The EU needs to multiply and deepen bilateral ties with other strong actors to show its “normality” as a player on the international stage.

3.1.2 “Culturalist” but not Deterministic

When applying a so-called “culturalist” concept – such as face – it is important to warn against deterministic assumptions. Although this paper argues that in the eyes of the

⁴⁵ “La relation bilatérale est la forme élémentaire du jeu diplomatique,” - own translation.

Chinese public eyeing their elites in international negotiations, the concept of “face” is important, this does not mean that the Chinese are necessarily “prisoners” of the concept. Olivier Roy has, in numerous books and articles, warned against the cultural prism that researchers and politicians from the West apply deterministically to other peoples. He argues that “we deny “Orientals” the right to discuss their norms and we depict them as passively reproducing cultural habituses” (Roy, 2014:252). In other words, cultural traits are also debated within foreign societies like they are in ours and they are not necessarily accepted and reproduced without being reflected on.

Giving an individual from a certain culture the right to be able to reflect on the very uses of their culture also implies that actors can use cultural prisms (such as face) strategically. If Chinese negotiators can use the concept of ‘face’ as a framework, negotiators can also use events as a means to specific ends. Roy explains very clearly how that can be the case:

“Thirty years of observation have taught me how Afghans and Iranians are perfectly versed in both [the Western and their own] cultural directories in order to make better use of each one of them. They, one day, behave like Texans breaking an oil deal and the next overplay an unfathomable cultural difference that enables them to better mislead their counterparts”⁴⁶
(Roy, 2014:255, own translation).

Applying the same logic to this case, it is perfectly plausible that during negotiations, a Chinese negotiator may ask his counterpart to submit on specific issues by arguing that otherwise China will lose international prestige in front of his constituents. Unlike Huntington, who argues that “interactions among peoples of different civilizations enhance the civilization-consciousness of people that, in turn, invigorates differences and animosities” (Huntington, 1993:26), it seems more likely that interactions increase actors’ capacity to make use of both the counterpart’s and their own culture. If not the whole population, at least Chinese negotiators, use the cultural difference when it can advance China’s interest. However, if they are able to use them strategically, it does not mean cultural concepts such as ‘face’ are not important and that they do not play a role in international politics. That is, although Chinese negotiators –or the Chinese public at large –can use ‘face’ strategically, they may still use it to read events in international relations.

⁴⁶ Original version : « Mais ce que j’ai découvert en trente ans, c’est justement comment Afghans et Iraniens ont intégrés ce double registre, pour en jouer, tantôt imitant les Texans négociant un contrat pétrolier, tantôt se repliant dans l’insondable différence culturelle, surjouée afin de mieux tromper l’interlocuteur » (Roy, 2014 :255).

Relevance of the constructivist theory

The constructivist theory gives important insights on the question under investigation here by emphasizing the influence of non-material factors on social reality. The literature that specifically interests this paper is linked to identity and culturally enshrined behavior. Both the EU and China are respectively constructing and reconstructing their identities since their emergence as powers on the international arena which roughly took place at the same time.

The EU's struggle with identity construction is both internal and external. Internally it has to legitimize its very existence and its international moves in the eyes of the European public. Externally, the construction of a European international "actorness" needs to be confirmed by other great power's recognition that the EU is an important actor despite it not being a state. Certainly, the EU is "a hybrid of different polity perspectives, which do not closely resemble those of a state (whether unitary or federal) or those of an international organization (whether regional or global)" (Manners and Whitman, 2003:384). This makes it a new type of actor on the international arena that does not quite fit any previously established category and makes it harder for the EU to establish itself firmly in an international arena mainly populated by nation-states.

On the other hand, China is a country that has re-emerged as an active actor on the international stage after the Open Door Policies of 1978. During its reintegration in the international order, its growing capacities have forged China the reputation of being a threat (Yong Deng, 2006). The Chinese government is therefore trying to present itself as a benign power on the international arena but also legitimize the continued existence of the one-party rule at home, despite the dismissal of the Communist ideology.

There is however, a second and theoretically deeper facet to prestige in the case of China which brings about four concepts that are intertwined: history, culture, norms and identity. These make this argument pertain to the constructivist domain rather than to other schools of thought that describe and use the notion of prestige purely strategically⁴⁷.

To be clear, historically speaking, China has considered itself the "center of the world" until the first Opium War (1840). Until then, its identity was built around it being the "center of high culture and superior morality" (Wang, 2012: 72). The period that followed (1840-1949) which have consisted of successive foreign invasions by European powers and Japan have been deeply ingrained in China's identity as the "Century of Humiliation" (Callahan, 2006; Wang, 2012).

⁴⁷ For example, realist scholars have called upon prestige as a source of power while liberals have used prestige as one of the determinants of credible commitments.

This retrospective construction of this period has served two consecutive narratives: First, Mao has used the Century of Humiliation as proof of decadence of the late Qin dynasty and therefore has helped legitimize the creation of a one-party Communist system which was to restore China's status in the world. After the Cultural Revolution and Mao's death, China's leader Deng Xiao Ping used the Century of Humiliation to revive China's sense of self-worth and nationalism, hoping to replace an out-of-date Marxist-Leninist ideology that legitimized the system. In both cases, although eyeing very distinct goals, Maoist China and recent and current Chinese leaders have created and constructed this "China victimization narrative". It has been used and articulated in such a persistent way in the last 70 years, that the century of humiliation has become an integral part of Chinese identity (Callahan, 2006).

The Century of Humiliation as well as the Confucian heritage (which constitutes the philosophical basis of the face concept, which is a prime indicator for prestige) have been used differently depending on the needs of each regime. This is what Zhang and Schwartz call "critical inheritance" (Zhang & Schwartz, 1997:191). They show that Mao has at times used the Confucian heritage (during his arrival to power to consolidate his legitimacy) and at other rejected it completely (it was one of the "Four Olds" that Mao wished to rid China of during the Cultural Revolution) (Zhang and Schwartz, 1997:194;197).

In the case of the Century of Humiliation, it is constitutive of China's identity in the world today because it gives an imperative that has been consistent through time: the idea that China should regain its "rightful place in the world". It functions as "a crucial link between environmental structures and interests" (Katzenstein, 1996:59). It is, in other words, what China and its population expect its leaders to work towards in their foreign policy endeavors. As argued by Feng Zhang, China uses the Confucian principles, language and rhetoric to advance this objective (Zhang, 2013). For example, terms used by current Chinese leaders like "peaceful development", "harmonious society", "historical destiny" and "moral superiority" are all inherited from "its [China's] own historical and cultural traditions rather than from the West" (Feng Zhang, 2013:307). More specifically, this terminology, like the concept of face in human relations, are inherited from the deeply rooted Confucian philosophy which runs deep in Chinese society.

In other words, although face is a social norm, applied to both humans and states by the Chinese population, it is understood as a "regulator of behaviors for already constituted identities" (Katzenstein, 1996:54). The face norm is also understood as being part of culture in the sense that it defines "a set of cognitive standards, rules and models defining what entities and actors exist in a system and how they operate and interrelate" (Katzenstein,

1996:56). Therefore, because face is a norm stemming from both Chinese identity and culture, it cannot be solely considered as a strategic instrument used by China to gain momentum in international negotiations, which could be argued by realists and liberals alike. It is actually a constraint on the behavior of Chinese leaders. As Peter Gries explains, the legitimacy of China's current rulers is now highly dependent on the successful performance on the international stage (Gries in Wang, 2012:135). This means that Chinese leaders are expected to "make China great again" in reference to the Century of Humiliation and that the leader's behavior and interactions with other states will be read in light of China's overarching principles of conduct: those linked to the social norm of face.

Building on constructivist literature, the EU's and China's desire to be recognized as powers on the international stage will help us explain the deepening of the EU-China relation and the specific rationale behind the pair's choice of negotiation forum.

3.2 Hypotheses

In order to be as clear as possible, three sets of hypotheses will be described below. First, a general prestige-linked explanation of the goal of the deepening of the EU-China relationship will be created. The second set of hypotheses will explain the rationale behind China and the EU's choice of forum at the interaction level. Finally, unit-level hypotheses regarding their common prestige-maximizing attitudes at the international level will be explicated.

3.2.1 *Goal of the Deepening of the Relationship*

As argued by Randall Schweller, "prestige is the everyday currency of international relations that decides all diplomatic conflicts short of war" (Schweller, 1999:43). An actor's recognition as a great world power is therefore vital for its interaction with other actors. As new players on the international arena, both the EU and China are in need of recognition so to increase their leverage in world affairs, but also to satisfy domestic demands of state recognition.

According to Johnston, "the critical driver of Chinese long-term goal is not security per se but status. Chinese foreign policy discourse since 1949 has been replete with status-related language, and foreign policy behavior since 1949 has been aimed, in part, at protecting "national self-respect,"⁴⁸ at enhancing China's international position⁴⁹" (Johnston, 1999:282-283). Namely here, China makes it clear it wants to return to what it considers its "rightful

⁴⁸ 民族自尊 (Min Zu Zi Zun)

⁴⁹ 国籍地位 (Guo Ji Di Wei)

place in the world” (Martin Stuart-Fox, 2004:131).

The EU, although not a state, deems itself an actor on the international stage, as shown by the introduction of the European Security Strategy of 2003: “the European Union is inevitably a global player” (European Commission, 2003:1). However, as argued by Henrik Larsen, for an entity to be considered as an actor, it not only needs to consider itself to be one but also needs to be constructed as an actor by the outside world (Larsen in Toje, 2008:203).

In this sense, the growing relationship between the EU and China and especially the strategic partnership between the two actors serves as a way to seal the mutual recognition of each other’s power. In fact, by entering a strategic partnership, they mutually enhance their respective status internationally by tying together a common destiny and creating a institutionalized relationship. The EU claims “the EU and China need to work together as they assume more active and responsible international roles” (European Commission, 2006:2). On the Chinese side, the strategic partnership with the EU, along with the increasing membership status obtained in many multilateral settings is “a means to restore China’s great power status” at the international level (Odgaard and Biscop 2007: 63).

H3) If China and the EU use bilateral and multilateral forums depending on which is most likely to enhance their profile or less likely to harm their image, then the deepening of the EU-China relationship can be understood as driven by a mutual wish to enhance their prestige.

3.3.1 Interaction Level

When considering interactions with China, the question of prestige is inseparable from that of ‘face.’⁵⁰ According to Hu, “the concept of face in China is particularly interesting because it reveals sets of criteria by which prestige is gained and status enhanced or improved” (Hu, 1944:45). Although there are many definitions of what face is, the most comprehensive one is provided by Ho: “the respectability and/or deference that a person can claim for him/herself from others, by virtue of the relative position he occupies in the social network and the degree to which he is judged to have functioned adequately in the position as well as acceptably in his social conduct” (Ho, 1976: 883). Many researchers argue that the concept of

⁵⁰ The research will use face-work strategies as empirical proxies to prestige-enhancing and prestige-saving behaviors. Since prestige gains and losses are dependent on the practice of face-work, this research will use the word *prestige* and *face* interchangeably.

face and its practice in society is one of the “keys in understanding Chinese politics, economics, business and education at every level” (Qi, 2011:281).

This concept, although originally from the realm of sociology and psychology, can easily apply to international relations because of its *collective* nature. According to Zinzius, face “may be applied to a workplace, the hometown, the Chinese Communist party and even to China” (Zinzius, 2004:123). Following this precept, diplomats, Chinese heads of states, or even Chinese people travelling abroad all hold a responsibility in keeping the “face of their country.” Hu gives the example of Chinese students in the United States that fear by breaking conventions they might lose face for their country (Hu, 1944:50). Dong and Lee further explain that when former president Hu Jintao travelled abroad on state visits, he “[did] not only represent himself; rather he represent[ed] the entire China” (Dong & Lee, 2007:16). Therefore if there is evidence of disrespectful attitudes pushing president Hu to lose face in another country, China as a whole loses face.

There are two different ways of expressing the concept of face in Chinese, “lian” and “mian zi.”⁵¹ According to sociologists, there are subtle differences between the two. According to Hu, “lian” is defined as “respect of the group for a man with a good moral reputation [...] it represents the confidence of society in the integrity of ego’s moral character, the loss of which make it impossible for him to function properly within the community”(Hu, 1945:45). While, on the other hand, “mian zi” “stands for the kind of prestige [...] of a reputation achieved through getting on in life, through success and ostentation [...]. For this kind of recognition, ego is dependent at all times on his external environment” (Hu, 1945:45).

According to Qi, this differentiation made by Hu “means that lian represents the moral and mianzi the social aspects of face respectively” (Qi, 2011:283). However, in order to simplify and utilize the concept of face as an empirical proxy for prestige, this research will not distinguish between the two aspects of face found in Chinese culture but instead will use the term “face” interchangeably for both lian and mianzi.

- Possible face outcomes:

According to Qi, there are four possible outcomes linked to the concept of face: the state of *gaining* face, *losing* face, *recovering* face and *maintaining* face (Qi, 2011:287). In this research, solely two “states of face,” those of gaining and losing face, will be used to see if prestige has an influence on how China and the EU deal with each other. In fact, recovering face is only a by-product of losing face since the latter causes it in the first place. Furthermore,

⁵¹ 脸 (Lian) ; 面子 (Mian Zi)

the state of “maintaining face” only expresses the idea of a “status-quo” in the Chinese practice of face-work: maintaining face happens when an individual neither loses nor gains face in a situation. It can therefore be conceptualized as occupying the middle space of a continuum where losing face and gaining face are the two extremes. To be clear, this study will focus on the two extremes of the face continuum: the states of *losing* and *gaining* face.

There are two major causes for either losing or gaining face. The first is one’s own actions. The second falls out of the realm of the individual’s responsibility and is either, “a) the actions of people closely associated with him which have a bearing on his face and b) how he and people he is closely associated with are treated by others” (Ho, 1976:882). In other words, if you can lose or gain face by your actions, you can also lose and gain face depending on how others treat you (Ho, 1976:880). This shows that *reciprocity* is central to understanding face behavior. The figure below illustrates how the states of face under scrutiny can be obtained.

Figure 13: The States of Face and their Sources

It is also important to note that a public setting is a prior requirement to lose or gain face. As explained by psychologist Hwang, “face is the evaluation of one’s *public* image” (Hwang & Han, 2010: 483). As further expressed by Ho “one does not lose (or gain) face alone but always before some group” (Ho, 1976:876). Therefore, the face-game can only be played in public. And although one may lose or gain face in a private setting, such as in a couple or towards one’s parent, this is only possible if the event is known by the rest of

society. For example, if a couple does not get on, they do not lose face. However, if they get argue in public or divorce, they then may lose face because the actions implies public disagreement in front of the society. Thus, in international relations, multilateral settings can be considered “public space” where it is possible to lose or gain face, the forum in which actors can practice face at work. On the other hand, the private relationship of two states does not imply a possible loss of face as long as it is not broadcast to the outside world.

- Gaining and Losing Face in International Relations

The processes through which an entity loses or gains face in international relations, should it be because of a country’s own action or because of the way it is being treated by others, need to be described and explained. The following section will draw from studies of individual gains and losses of face to establish conditions under which a country or organization does so in the international arena. Consequently, these will allow the use of the face concept to explain why China and the EU might prefer to resort to the bilateral or multilateral levels in certain circumstances.

1. Gaining face through one’s own action

Ho explains that an individual gains face because of his own actions if his “social performance goes above or beyond duty, expectations or requirements” (Ho, 1976:870), meaning, if an individual outperforms what is expected and what one expects of oneself. In interpersonal relations, gaining face through one’s own achievements can be done through: “Exemplary behaviour, superior performance in some role (demonstrating one’s competence, trustworthiness, or superior knowledge particularly when done in modesty) or enhancement of status (as through ostentation or formal promotion to higher office)” (Ho, 1976:870). For example, despite the fact that China has not signed any binding agreement on climate change, the country would gain face if it managed to cut down its annual greenhouse gas emissions.

2. Gaining face through the way others treat us

Face-gains linked to how others treat us are precarious in that they suppose an actor understand that the other is willing to practice face-work. Here, both a person’s own standing in society—which can be measured objectively by social status and expectations held of other’s attitude towards oneself –is at play. For example, in China, a teacher expects the deference of their students and their giving face to them in public. If a student fails to do so, they have failed to give face to their teacher and can lead others to think that there is a strong disagreement between the two. This could lead to face-loss between student and teacher; the

student because they have failed to do what was expected and the teacher because someone closely associated failed to comply with the face-giving convention. In more theoretical terms, giving face to someone is: “the action of A to increase B’s prestige in front of other people: there are many ways of doing so: to praise B in public, to stress B’s title or ability, to show deference to his advice” (Hu, 1944:56).

For example, when the EU and China call each other their “strategic partner,” they are both engaged in mutual face-giving strategies. For China, face-giving by showing the other’s importance ostentatiously to oneself is a precondition to the establishment of a relationship because it secures reciprocity⁵². For example, If I say that you are my friend, I expect you to give me face, help me not lose face or abstain from threatening face while in public. This is one of the reasons why the U.S. and China failed to reach an agreement in creating a “strategic partnership.” China expects the other actor to first call China its strategic partner before engaging in talks. The U.S., on the other hand, prefers to first negotiate and only once the relationship has reached a certain level of intimacy, call the other party a “strategic partner. The refusal of the U.S. to call China a strategic partner before engaging in talks is viewed by the former as a refusal from the U.S. to give face to China. In China’s view, there is therefore no possibility to engage in creating a formal, institutionalized relationship with the United States.

Figure 14: Face-Gaining Attitudes in International Relations

	Face-gain/ prestige upgrade
Own Behavior	<ul style="list-style-type: none"> - Exemplary Behavior - Superior performance in some role - Exceed expectations
Other’s treatment	<ul style="list-style-type: none"> - To be praised in public - To be put forward because of title or ability. - To be shown that one’s opinion or advice matters.

⁵² There is even an expression in Chinese to call this reciprocal face-giving attitude: 我们有面子 (Wo Men You Mian Zi) or literally, “We have a face together.” For Hu, “mian zi here stands for the friendship bond on which one can count. Thus, if A has mianzi with B, he can be certain that B will render him friendship services on occasion, and also that B will increase A’s mianzi in front of other people in every possible way. This bond ensures reciprocity” (Hu, 1944:59).

H3a) *If China and the EU are engaged in a multilateral negotiation, then they engage in face-giving strategies in order to mutually enhance their international prestige.*

3. Losing face because of one's own action

If face-gaining can be considered an accumulative process of many “face-giving” attitudes by others and many self “face-giving” actions, “losing face refers to public, discreet events” (Ho, 1976:871). According to Hu, to lose face is “a condemnation by the group” (Hu, 1944:46) and more importantly here, “when face is lost, prestige is lost” (Ho, 1976:879). Therefore, losing face is crucial means through which one can, at least in the eyes of the Chinese, lose prestige in real life and in international relations. When it comes to losing face because of one's own actions, Ho explains that: “Face may be lost when conduct or performance falls below the minimum level considered acceptable or when vital or essential requirements, as functions of one's social position, are not satisfactorily met” (Ho, 1976:871).

Therefore, in international relations, a country loses face when it doesn't meet the minimum expectations weighed upon it. This can be linked to the rank of a country in the international arena: greater expectations weigh upon the United States than on Panama. For example, the United States is expected to keep the promises it makes to weaker nations. Hu argues that “to be unwilling to keep promises to weaker nations because [of a country's] own interest [is] not compatible with its claim to status as the most powerful [nation] in the world” (Hu, 1944:48). For China, losing face due to its own actions could be seen in public as not meeting minimum expectations. This was the case when in 2011 many countries accused China of not implementing its WTO accession engagements. It can also be for a “friend” to call upon China in public for a dispute, for example if one of China's partners files a complaint against China at the WTO. In that case both China and the partner lose their mutual face as friends and their relationship is broken because as explained by Kim and Nam, “a person's loss of face can negatively affect not only the individual but also the social encounter itself” (Kim & Nam, 1998:526).

4. Losing face because of the way we are treated by others

Losing face because of others stems from “the failure of others to act in accordance with [one's] expectations of them” (Ho, 1976:873). In other words, because of one's status, position or achievements, one expects certain treatment by others. For example, China expects to be treated as a great international power of the tremendous development achieved over the last three decades. It is now considered to be the second power after the United States

in real power terms. Because of this “position” it expects to be treated by others with respect and deference. For example, in his 2006 visit to the United States, former president Hu Jintao was only met with a “working lunch” and not a state banquet by the Bush administration. President Hu then considered that he had lost face because the United States did not give him the treatment he deserved as the president of China.

Figure 15: Face-Losing Attitudes in International Relations

Loss of Face/ prestige downgrade	
Own Behaviour	<ul style="list-style-type: none"> - When conduct or performance falls below minimum level considered acceptable. - Not keeping promises towards weaker counterparts.
Other's treatment	<ul style="list-style-type: none"> - Not shown the respect one expects. - To be shown negatively in public. - To get into a public dispute with a friend. - Publicly shown own wrongdoing.

H3b) *If one of the two players is at risk of losing face, the EU and China resort to the bilateral forum to negotiate to avoid prestige loss.*

3.3.2 Unit Level

Unit-level hypotheses explain why the EU and China practice face-work at the international level. In the case of China, it is because the CCP's legitimacy depends on how China fares at the international level. In the case of the EU, it is because practicing face-work with China gives it a comparative advantage. Not losing a case in the WTO is also in the EU's interest as a prestige-maximizer.

- China

A great deal famous scholars, among which are Johnston and Wang, argue that Chinese non-material interests are at least as important as the material interest the country pursues.

More precisely, Wang explains that non material interests of the CCP such as face, national dignity or respect from other countries, are equally important as traditional material interests like trade, security or territorial integrity (Wang, 2012:135).

What these authors argue is that Chinese recognition as a great power is much more important to the CCP (and therefore to China as a player on the international arena) than – say – the famous “One-China-Policy.” If this statement needs tempering, Johnston still shows that China is much more of a “prestige-maximizer” than of a “security-maximizer” (Johnston, 1999: 284).

Wang stresses the role played by past legacies in Chinese behavior within interstate affairs, particularly since the 1990s. According to the author, the Tiananmen events of 1989 forced the CCP to find new legitimization avenues. The education campaign launched by leader Jiang Zemin in 1992 no longer highlighted Marxist-Leninist discourse on class struggle as the driver of Chinese history, but restored emphasis on the “Century of Humiliation” (Wang, 2012:102). Internally, therefore, the legitimacy of the ruling party is linked to its ability to make itself heard, and not losing face is one of the things expected of the Chinese elites in exchange for their position in power. Ian Johnston illustrates that the Chinese concept of face falls within the boundaries of prestige diplomacy. Since ‘face’ is a pervasive Chinese concept, it is difficult to imagine the Chinese public not applying face to the international relations realm. As argued earlier, the legitimacy of the party is linked to China’s position in the international arena; Chinese leaders must also be aware of face in international spheres of negotiation.

H3c) If China’s face is kept at the international level, the Chinese Communist Party’s does not lose legitimacy at home.

- The European Union

Within the current world order, the EU considers itself to be a global player while acknowledging its political power has little credibility. As the famous saying goes, the EU is considered to be an “economic giant, political dwarf and military worm.”⁵³ The aim of the European Security Strategy of 2003 was to show that the EU was ready to engage with the world and take greater responsibility in dealing with global threats (European Commission, 2003:11). On top of concrete actions the EU carries out (partnerships, treaties, memoranda of

⁵³ Comment by former Belgian foreign minister Mark Eyskens in response to the EU’s engagement in the first Gulf War. *The New York Times*, 25 January 1991.

understanding, etc.), it requires recognition as an important power by other states in order to reach that goal. Most importantly, the EU needs to be recognized as an active and important actor in the international arena by the biggest states in the system in order to be legitimized and approved by the rest of the crowd. In fact, the EU does not yet quite fit in since “diplomacy has traditionally been conceived of as essentially a dialogue between states” (Koops & Macaj, 2015:2). China is therefore a partner of choice in the EU’s endeavor to normalize within international relations.

As with much in international spheres of negotiation, China’s recognition of the EU as an international actor does not come for free. Indeed, the EU also aggravates China due to its recurrent lack of unity and autonomy from the United States on many security issues. The EU has to account for “China’s frustration with Brussels” inability to act as a more autonomous “pole” in international affairs” (Andornino, 2015). The EU has to provide China with what other large states, such as the United States do not give China. It is argued here that in exchange for the China’s recognition of the EU, the latter practices face-work, enabling the Chinese Communist Party to hold legitimacy with its population. The following hypothesis can therefore be devised.

H3d) *If the EU wants to increase its prestige at the international level when working with China, then playing the Chinese face-game is the most gratifying strategy because China rewards face.*

Figure 16: Prestige Diplomacy Hypotheses

Q2: Why do they choose the bilateral/multilateral fora of negotiation?	
INTERACTION	UNIT
H3a) If one of the two players is at risk of losing face, the EU and China prefer to resort to the bilateral forum to negotiate in order to avoid losses of prestige.	H3c) If China’s face is kept at the international level, then the Chinese Communist Party does not lose legitimacy at home.
H3b) If China and the EU are engaged in a multilateral negotiation, then they engage in	H3d) If the EU wants to increase its prestige at the international level when working with China, then playing the Chinese face-game is the most gratifying strategy because China rewards face.

face-giving strategies in order to mutually enhance their international prestige.	
---	--

4. Case Description

The empirical fieldwork will test the different theories on four cases: the textile and solar panel disputes and the food safety and geographical indication negotiations. The study will use a combination of cross-case and within-case analysis, which according to some authors greatly reduces the risks of inferential errors that can arise from using either method alone (George & Bennett, 2004:234). The research design includes both disputes and regular negotiations to mirror the different aspects of the relationship that encompass both cooperation and confrontation. With this aspect in mind, the cases were chosen on three criteria. 1) The cases ought to pertain to the trade realm of the EU-China trade relationship for both intellectual and pragmatic concerns. Theoretically speaking, cases must be part of one realm of negotiation. A difference in the nature of these cases might play a great part in creating variation on the dependent variable – i.e. the EU and China's choice of forum to negotiate an issue. Pragmatically speaking, security and “soft-issues” (such as environmental protection, education or human rights) are extremely sensitive. As a means to avoid tension and utter silence on the side of Chinese elites, it was preferable to resort to cases that, at first glance, seemed less problematic. 2) The second criterion shows that the overlapping multilateral and bilateral institutions ought to be held constant across cases. In other words, the bilateral forum should pertain to the institutional limits of the EU-China Strategic Partnership while the multilateral forum with which it overlaps should always be the WTO. Other international economic institutions such as the International Monetary Fund were not included in the research design to avoid multiple institutional designs having an effect on the dependent variable. 3) The last criterion posits that the issue under scrutiny should have the potential to be both multilaterally and bilaterally negotiated. In other words, they should be part of the competences of both the bilateral and the WTO institutions

To clarify, each one of the four chosen cases are described in the following section. First, light will be shed upon cases pertaining to regular negotiation – food safety and

geographical indications. Second, the section will outline the dispute cases, namely the textile and solar panel disputes.

4.1 Regular Negotiations: Food Safety and Geographical Indications

Both the food safety and geographical indications cases involve the agricultural domain in that they consist of negotiations on the trade standards of agricultural and food products. Both food safety and geographical indications are part of economic negotiations between the EU and China, and to a greater extent, in multilateral forums. Both issues are both negotiated within the bilateral Strategic Partnership and within the WTO Doha Round. However, within the latter institutions, if food safety is indeed negotiated within the agricultural section of the general negotiations, geographical indications is negotiated within the TRIPS section of the Doha Round (Trade Related aspects of Intellectual Property Rights).

Agricultural cases were chosen for this research because they are important at both the multilateral and bilateral level for China and the EU. In current multilateral negotiations, agriculture is considered to be the “cornerstone of the Doha Round” (European Commission, 2015b). At the bilateral level, the agricultural exchanges between China and the EU have soared at a pace sometimes exceeding 30% a year in the last couple of years, according to DG Agriculture and Rural Development (European Commission, 2013b).

At the multilateral level, negotiations deal with domestic support (subsidies), market access (import regimes including tariffs), and export competition (export refunds, export credits, food aid, and state-trading enterprises) (European Commission, 2015b). As agricultural issues are the most sensitive subject of the entire WTO negotiation, the EU and China have set the objective of holding pre-negotiations together, as well as jointly pushing forward multilateral negotiations on this specific issue. On that matter, the “EU-China 2020 Strategic Agenda for Cooperation” document clearly stipulates “The EU and China will strive to get WTO members to reach agreement on trade facilitation and some agriculture and development-related subjects at the ninth WTO Ministerial Conference and lay out a roadmap for further negotiation.” (European Commission, 2013c:6). The two spheres of negotiation – bilateral and multilateral - are therefore theoretically closely intertwined.

The bilateral level took up agricultural negotiations in July 2005 through the creation of an EU-China dialogue on agriculture. Since then, another dialogue was launched in 2013 to

generate consensus between EU and Chinese positions on food safety: the flagship initiative on research and innovation in food, agriculture and biotechnology. Food safety is at the heart of regular disruptions in agricultural trade between the two powers. In fact, food safety issues, also called Sanitary and Phytosanitary (SPS) measures by the WTO, is currently the only legally valid reason for a state to refuse market entry to a third country's product. It is widely used by all actors in the international arena with fairly good reason to do so; more often than not it is diverted to serve protectionist purposes. For example, the Chinese ban on beef and beef products from the EU since 2003 because of the BSE⁵⁴ disease, is no longer justified on food safety grounds, according to EU officials (Schibler, 2014:55). The research and innovation flagship on food, agriculture, and biotechnology between China and the EU enabled a "science based" discussion on food safety between experts on both sides.

To dig deeper into the details of these two cases, the following sections will firstly examine the food safety cases and secondly describe the main events of the geographical indications issue.

4.1.1 Food Safety

Behind the negotiations on food safety, there are a number of issues. The first is the legal framework China chooses to implement its WTO obligations⁵⁵. There is fierce competition between the EU and the U.S. to outsource their food safety legal framework to China. Indeed, getting China to adopt one's framework has significant implications. First of all, it means that China is more likely to import one's products because they would be a better fit with China's new import criteria and thus fewer checks would be necessary to enter the Chinese market. This allows for crucial time and money savings on both sides. It also means that China would reject a certain number of imports that are produced by competitors and that are rejected by one's authorities. For example, the EU is still reserved on the question of genetically modified organisms (GMOs) while the U.S. is fully in favor. If China adopts the EU's legal measures on food safety, it would favor products that have not been genetically modified, clearly restraining the U.S. capacity to export such products to China. On that note, according to Schibler, "China has made an informed choice by deciding to follow the EU's path, officially preferred to the U.S. one" (Schibler, 2014:29). Although EU personnel on the

⁵⁴ Bovine Spongiform Encephalopathy (BSE), more commonly known as the mad cow disease.

⁵⁵ When China negotiated its access to the WTO, it had a number of obligations to comply with. Among these, China had to bring its legal system in line with Sanitary and Phytosanitary measures that set out the basic rules on food safety in the organization.

ground is rather scarce, Schibler explains that China “copies the EU framework and sometimes even literally” (Schibler, 2014:29).

This case clearly puts the EU and the U.S. in competition for legal framework transfers. In order to abide by its WTO obligations, China must choose a framework to comply with the agreement signed. Since regarding the rule of law, China is an apprentice-state, it often chooses a legal system on which to base its own regulations. This case is most suited to test the realist theory and therefore uncover the motivations of China’s choice for the EU’s system.

4.1.2 Geographical Indications

Geographical indications are a well-worn subject of the international trade agenda. It already featured in the Uruguay round negotiations of the GATT/WTO (1994), where it became a divisive issue in the TRIPS agreement negotiations. Briefly, geographical indications (GIs) “prevent firms from outside a given region from producing a perfect substitute if the production relies on immobile, region-specific inputs” (Fink & Smarzynska, 2002:404). For instance, if geographical indications were respected, Champagne would only be allowed to bear its name if it is produced in the French Champagne region.

Today, in WTO negotiations, geographical indications oppose two groups of states led by the EU on the one side and the United States on the other. During the Uruguay round, the European side won the first battle by implementing a protection in geographical indications for wines and spirits (articles 22 to 24 of the TRIPS agreement). Article 23 even sets a “built-in agenda” for future negotiations to tackle the question of establishing a multilateral system for registering geographical indications for wines, as well as the scope of protection for geographical indications (Goldberg, 2001:125-126). Therefore, although the current international agreement only protects geographical indications for wines, there is the possibility enshrined in the treaty to expand it to other agricultural products. The ongoing Doha Round negotiations - the TRIPS-plus - consist of negotiating the type of system of notification and registration that will be used for wines and spirits as well as whether to expand the reach of the protection to other agricultural products. The EU has tried to introduce the notion of geographical indications in the agriculture negotiations, making it part of the “package” other countries could adopt in exchange of the effective end of EU export subsidies (Josling, 2006:358). However, the U.S. has managed to circumscribe the discussion

of GIs within the TRIPS negotiations and has kept the geographical indications –that they do not want – out of the general negotiations on agricultural products (Josling, 2006:358).

China's position on the subject is difficult to deduce from its position in the WTO because it has mainly kept silent during the debates (Wang & Kireeva, 2007:93). Nevertheless, by adopting both, its legal system shows China's inability to choose between the trademark system⁵⁶ (the American version) and the *sui generis* system of protection of geographical indications⁵⁷ (the EU proposal). In 2001, China amended its trademark law to include a definition of geographical indications to comply with the requirements of the TRIPS agreement (Kireeva & Vergano, 2006:100). By doing this it fulfilled its WTO obligations. In addition, however, China adopted provisions on the protection of GIs in 2005 (Wang and Kireeva, 2007:83). These two laws appeal to different institutional bodies and do not hold the same definition of what a geographical indication means, leading the two to either overlap or clash (Wang & Kireeva, 2007:87).

In terms of interest, China is sitting on the fence. Selling low-end Chinese wines under European GIs⁵⁸, makes China's short-term economic interest in favor of a low protection of GIs. On the other hand, China is a large developing country with large GI resources and a potential to export them, although these exports are currently circumscribed to the East-Asian region. For example, China has had an issue with Japan and Taiwan owning large shares of exports of Shaoxing yellow wine (the most prestigious Chinese yellow wine, widely used in Chinese cuisine) (Wang & Kireeva, 2007:90). This example has revealed the positive outcomes Chinese products could benefit from if there were an international binding agreement on GIs.

There have been a number of EU moves to help China hop on its boat at the domestic and multilateral level. First, before the Chinese trademark law was adopted in 2000, the French government supported China in the adoption of provisions on the protection of designation of origin (replaced by the 2005 provisions on geographical indications) with obvious influence from French laws on the matter (Wang & Kireeva, 2007:90). Likewise, the

⁵⁶ As explained clearly by Kireeva and Vergano, "the main function of trademarks is to put emphasis on the producers of the good and not on where the goods were produced" (Kireeva & Vergano, 2006:98).

⁵⁷ Wang and Kireeva explain "the term *sui generis* implies protection of geographical indications in particular, recognizing their features and providing protection to a separate intellectual property" (Wang & Kireeva, 2007:83).

⁵⁸ Although Chinese protection of GIs is clearly improving with the new legislations, the EU has created a helpdesk for Chinese geographical indications to help European producers to sell their products on the Chinese market and adequately protect themselves. This example was given in the EU guideline retrieved September 28th, 2015 from http://www.china-iprhelpdesk.eu/sites/all/docs/publications/EN_GI_online.pdf (pp.6).

EU launched the “10 plus 10 project” with China in 2007 wherein the two actors lodged formal applications for the protection of ten agricultural GIs in each other’s territories (European Commission, 2012). On the EU side, these include Parma Ham and Roquefort, among others. On the Chinese side, Jinglong Cha⁵⁹ – one of China’s most renowned and expensive teas – is now a protected GI in the EU.

Geographical indications and food safety enables us to look at the EU and China’s bilateral and multilateral cooperation on a subject where the EU has a strong interest and where China’s position is not yet clearly defined. In fact, although China has a potential for becoming a country strongly in favor of GI protection at the international level, it also has a tendency to try to produce products from foreign GIs and use that name to sell the product on its own market (for example, Champagne). This current practice makes the country closer to the American position. Both the food safety and the geographical indications cases are well suited to test the theories developed earlier in the chapter. There is a clear overlap in both instances of bilateral and multilateral negotiation venues. Furthermore, the soft-balancing hypotheses, unlike the other two theories, requires specific conditions to be tested, showcase a clear and fierce competition between the EU and the U.S., giving China a clear possibility to choose between either approaches. These two cases have the necessary conditions to explore China’s behavior when the U.S. and the EU fight for China’s vote at the multilateral level.

However, scrutiny of EU-China behavior would be incomplete without the specific analysis of another aspect of their relationship: the turmoil they also experience with each other. The following section will outline the two dispute cases under investigation in this research: the textile and solar panel disputes.

4.2 The Disputes: Textile and Solar Panels

When a trade issue arises, actors have a number of tools in their hand to counter the effects of trade dispute. At the bilateral level, the most common trade defense mechanism used and invoked is anti-dumping investigation. International trade law authorizes states or international organizations, like the EU, to launch investigations on certain products from a given country if they fear that they are being dumped – sold on their market a price below their production cost. Where the investigation concludes that a product is being dumped, states are allowed to impose quotas or other counter measures on the product provided that

⁵⁹ 京龙茶 (Jing Long Cha)

they inform the other party of their action. However, this very tool is regulated and anti-dumping procedures can be challenged in the World Trade Organization's Dispute Settlement Mechanism (WTO DSM). States can also directly go to the other party to find a solution or file a complaint in the WTO DSM.

Therefore, when faced with a trade issue states can launch an anti-dumping procedure, negotiate a compromised solution at the bilateral level, challenge the procedures of others, or file a complaint at the multilateral level. It is important to note that there can be *both* a multilateral and a bilateral procedure launched at the same time. It is, for example, not uncommon that a state files a complaint at the WTO DSM against another state while simultaneously carrying out bilateral negotiations. Actors also often switch from one tool to the other for the same case.

Figure 17: Trade Dispute Tools at the Disposal of States and the EU

The solar panel case is an example of the use of the anti-dumping procedure by the EU against China followed up by a bilateral negotiated solution. The textile case is an example of a bilateral negotiated solution without resorting to anti-dumping. Within the agriculture case, the DS492 case – a Chinese complaint at the WTO DSM against the EU on certain measures affecting tariff concessions on certain poultry meat products - is an example of a case filed at the WTO DSM after bilateral talks. The direct complaint to the WTO DSM is not a tool regularly used by China and the EU against each other, which is why it does not

appear among the cases here. Nevertheless, China did file a complaint that it withdrew in the solar panel case.

4.2.1 The Solar Panel Case

The solar panel dispute is widely considered to be one of the most contentious and sensitive trade issues the EU and China have confronted so far. It began in September 2012 when the European Commission launched an anti-dumping investigation⁶⁰ on solar panels and their components imported from China, following a complaint of a European association of solar industries (EU Pro Sun) in July of that same year. International trade law allows governments and organizations like the EU to establish counter measures (under the form of quotas or duties) in case the anti-dumping investigation indicates that another party is dumping a product.

Nine months after the instigation of the investigation, the EU concluded that Chinese solar panels were being dumped on the European market due to an over-production compared to Chinese and world demand (the EU Commission evaluates China's solar panel production to amount to 150% of world demand for the product). Although the six or seven Chinese products investigated per year by the European Commission solely adds up to 2% of their trade, the solar panel issue is a specific case because Chinese exports of the product on the European market amounts to 21 billion euros a year. Additionally, the European market constitutes 80% of Chinese solar panel sales (European Commission, 2013:1-2). Namely, this investigation highly threatened an important sector of the Chinese economy while Chinese exports threatened EU production of solar panels. Concurrently, the European Commission explained that Chinese solar panels were sold 88% below the price that should apply to protect European production of the same product.

In June 2013, Trade Commissioner Karel De Gucht stated that there would be a phased increase of duties on Chinese imports of solar panels, the applied rate rising from 11.8% until August 2013 to 47.6% from August 2013 to December 2015. However, De Gucht's intervention sharply stressed the Commission's will to negotiate with China instead of applying tariffs. In his June 2013 speech, he reiterated five times his preference for a

⁶⁰ Dumping takes place when a product is sold at a price that is lower than the production costs. It is an illegal practice in international trade law (Article IV of the Uruguay Round agreement, 1994). However, the WTO does not regulate how a country or organization like the EU establishes that there has been dumping on a product or not. It is up to each entity to establish its own procedure.

negotiated solution with the Chinese over an application of the higher tariffs (De Gucht, 2013).

In this situation, China had three possible options. First, it could refuse to negotiate with the EU and let the higher tariffs apply to its solar panel exports. Second, it could file a complaint against the EU for “countervailing duty measures on certain products of China,” which it did against the United States when it applied tariffs on its solar panel (World Trade Organization Dispute settlement case DS437⁶¹). Finally, China could choose to negotiate with the EU bilaterally to reach a compromise agreement with the Commission. China pursued the latter option the European Union although some forms of retaliation measures were enacted before the agreement between the two actors was signed in August 2013⁶².

In the end, the EU and China managed to settle an agreement on a minimum price at which China would sell the solar panels and parts on the European market. This deal rejected imposed tariffs on those Chinese firms that respected the agreed price while imposing tariffs on the firms that did not respect the agreement.

This case allows one to easily understand the reasons why China and the EU have opted for the bilateral level to deal with thorny issues. China could have filed a complaint at the WTO on the EU’s anti-dumping measures, while the EU could equally have filed a complaint in the same instance for Chinese dumping of solar panels on its market. Although the EU has a clear advantage at the WTO DSM because it has used the device far longer than China (Busch, 2007), it still pushed for a bilateral compromise settlement with the country and the Chinese were more than happy to oblige.

4.2.2 The Textile or “Bra-Wars” Dispute

The “bra wars” between China and the EU got its name from UK tabloids, although bras were not the major product affected by the dispute. Furthermore, some researchers argue that the true dispute was of a “civil” nature – among member states of the European Union – rather than opposing the EU to China (Curran, 2009: 1285). The issue arose on January 1st

⁶¹ This case was solved at the WTO on the 18.12.2014 by supporting China. In this case against the United States, China filed a complaint against the procedure through which the United States establishes that a product is being dumped in its market.

⁶² China launched an anti-dumping inquiry on European wine sales to China on the 5th of June 2013, one day after De Gucht’s intervention explaining the EU’s intention to impose tariffs on Chinese solar panel exports in case an agreement wasn’t reached by August. The trade probe was dropped by China once the two parties reached an agreement.

2005, the date at which the Multi-Fiber Arrangement (MFA)⁶³ came to an end and let the textile and clothing sector enter the realm of the World Trade Organization regulations. This had been negotiated and was part of the Uruguay Round agreement of 1994. Many analysts saw the Multi-Fiber Agreements as a very protectionist means used by developed countries to limit imports from low wage countries (Heron, 2007:194). Its termination was bad news for European retailers because the prices of clothes from abroad were much more competitive than those applied on the European market until then. The winner of the agreement was China, whose clothing and textile industry prepared for the forced opening of the European market by investing in infrastructure allowing it to drastically increase production for exports. In a five-month timespan after the expiry of the MFA, Chinese exports of textile to the EU surged by between 71 and 534 per cent depending on the product category (Camino, 2007:830). This made it difficult for the European market to absorb the goods and even more difficult for European industries to remain competitive on their own market. Many authors argue that the EU's incapacity to deal with China's export increase was due to the EU's unwillingness to reform and prepare for the arrival of new textile players on their market in the decade that separated the signature of the Uruguay round and the expiration of the Multi-Fiber Agreement in 2005 (Camino, 2007:837). Louise Curran describes Chinese increase of textile exports towards the EU as predictable: "The increased exports from China following the liberalization were perfectly consistent with what would be expected to happen when a highly competitive producer emerges from a context of heavy restrictions" (Curran, 2009:1285).

The European Union was not the sole target of soaring Chinese textile exports: the United States also encountered problems with Chinese textile goods flooding its market. However, the EU and the U.S. did not at all react in the same way. If the United States decided to unilaterally put up quotas without engaging into direct negotiations with Beijing (Stumbaum, 2009:144), the EU favored a bilateral approach where it managed to settle an agreement with the Chinese, implying a momentary curb of Chinese exports for the European market to adjust (Camino, 2007:831). Reaching an agreement between the two parties was not easy however; it took eight rounds of negotiations to strike a deal. The willingness of the European Union to negotiating a solution with the Chinese did not go unnoticed on this specific occasion, leading Bo Xilai, the then Chinese Minister of Commerce to stress the

⁶³ The Multi-Fiber Arrangement was signed in 1974 and limited the amount of textiles exported to developed countries through quotas by countries that had a comparative advantage in this specific sector. These measures were meant to protect momentarily the textile sectors of developed countries for them to adapt. It came to an end on the first of January, 2005.

motivation for China to voluntarily accept the new deal. He said: “We have demonstrated that we can solve problems together. Contrary to other countries, the EU has not taken unilateral steps” (Bo Xilai in Stumbaum, 2009:144). This was a direct criticism of the non-negotiated quotas the U.S. had put up following the soar of Chinese goods at its ports.

In other words, through the Shanghai Agreement, China agreed to restrain its own exports to the EU on ten product categories from 8 and 12.5% per year for two years (Camino, 2007:831). Although these came to an end in 2008 and some feared that the EU would replace it by investigating anti-dumping measures on Chinese textile products, no such thing happened. According to European Commission statistics, no anti-dumping cases have been instigated in textiles and allied industries (Curran, 2009:1289).

The textile dispute is interesting in this research because it shows an instance where the EU is clearly at fault and China still avoided filing a complaint at the WTO, dealing with the issue within the bilateral sphere, and what’s more, making major concessions to accommodate Europe. It provides insight into a case dealt with through negotiations alone and where the EU was clearly at fault. It is a case that China would surely have won if it had filed a complaint at the WTO DSM.

To conclude, the four cases chosen within this research design all follow the three selection criteria: they all belong to the economic realm, they all were potentially negotiable at the bilateral and the multilateral levels and the bilateral and multilateral institutions are constant across cases. Two regular negotiations and two dispute cases were chosen in order to give insights into all aspects of the EU-China relationships.

5. Conclusion

Diplomats and experts were interviewed through two different fieldworks (Beijing and Brussels) to shed light on the EU and China’s choice of negotiation forums despite scarce availability of materials on the issue in both capitals. The empirical fieldwork digs into four cases: two disputes (the solar panel and the textile case) and two regular negotiations (food safety and geographical indications). The first question under scrutiny in this research will be inferred from the result of the second. Indeed, the motivations to choose between a private forum (the bilateral one) and a public forum (the multilateral one) for negotiations reveals the EU-China partnership’s intentions. Therefore, the force behind the relationship will be

deduced from the theory that does best when tested empirically. To clarify further, the following table puts side-by-side the three competing but non-mutually exclusive hypotheses explaining the deepening of the EU-China relationship (Question 1).

Figure 18: Hypotheses Explaining the Deepening of the EU-China Relationship

Q1: Why do the EU and China Deepen Their Relationship?		
GOAL		
SOFT-BALANCING	FORUM-SHOPPING	PRESTIGE DIPLOMACY
H1: If China and the EU use the multilateral and bilateral forums as instruments to better soft-balance the United States, then the deepening of the EU-China relationship can be understood as motivated by the limitation of American power.	H2: If China and the EU use bilateral and multilateral forums depending on which is most efficient to negotiate an agreement or solve a dispute, then the deepening of the EU-China relationship can be understood as motivated by the maximization of absolute gains.	H3: If the EU and China use bilateral and multilateral forums depending on which is most likely to enhance their profile or least likely to harm their image, then the deepening of the EU-China relationship can be understood as driven by a mutual wish to enhance their prestige.

IV. SOFT BALANCING

1. Introduction

The soft-balancing theory predicts that China balances the U.S. in multilateral non-security environments by pushing forward the European position. In the trade sector, favoring the European position entails a loss of relative gains for the U.S. when compared to those of the EU. The ultimate goal of such a strategy – if it does take place in the empirical world – is to sideline the U.S. by making the EU stronger. The testing of the soft-balancing theory is centered on a hypothesis (H1c) that states China soft-balances the U.S. in multilateral settings by siding with the EU when it does not have a strategic interest at stake. It is the only original hypothesis of the realist system of hypothesis. This means that solely this hypothesis pertains entirely to the balance-of-threat theory. The others strengthen the Soft-Balancing theory if proven on the side of H1c. However, if H1c is not supported by empirical data, the Soft-Balancing theory cannot be validated altogether.

Therefore, specific attention will first be given to testing hypothesis H1c. If H1c is validated the rest of the hypotheses will be tested in order to strengthen the findings. However, if the H1c hypothesis is invalidated, the soft-balancing theory can be discarded as an explanation of the EU and China's choice of negotiation forum or dispute settlement arena.

A two-step strategy will be adopted in order to test the soft-balancing theory. Two crucial cases for the theory, food safety and geographical indications, already exist. These two cases were chosen because the EU and the U.S. emerge starkly opposite on these issues. In that regard, food safety and geographical indications are zero-sum cases in that either the United States or the EU would lose out if China supports the other's position. Finally, China's interest is relatively neutral regarding geographical indications and food safety. Testing the soft-balancing hypothesis on these two cases will determine the explanatory power of the theory. According to George and Bennett, "a crucial case is one in which a theory that passes empirical testing is strongly supported and one that fails is strongly impugned" (George and Bennett, 2005:9). The results of these tests make it clear that soft-balancing does not take place between the EU and China. Rather, the in-depth study of the two cases reveal China's sympathy with the EU to not limit American relative gains, but to serve Chinese veiled domestic interests not visible unless given a closer look. These probable cases for the theory

give a strong blow to the soft-balancing hypothesis as an explanation of the rationales behind the EU and China's choices of negotiation forums.

On top of testing the validity of the central hypothesis, this chapter takes a further step by testing the viability of the soft-balancing theory by adopting a larger realist perspective. Taking this second step shows the unlikelihood of the Soft-Balancing explanation on a greater scale than simply the two cases investigated in the study. It reveals that even if a broader realist perspective is adopted – that of classical realism – which takes the actor's mutual perception into consideration, the theory fails to be plausible on other cases but also in the future. The test consists in analyzing the degree of trust that exists between the EU and China, and more importantly the degree of trust that China warrants to the EU. If China is logically to side with the EU on other cases or in the future when it does not have a strategic interest at stake, it should at minimum trust the EU not to change its position toward the U.S., leaving China alone to push forward a position that wouldn't necessarily serve its best interest. Here, trust is evaluated through two indicators supported by literature on trusting state relationships: interpersonal trust between the Chinese and European leaders and "basic trust" which consists of a mindset that assigns enemy of amity status to a third state or entity depending on preconceptions.

The study shows a lacking interpersonal trust between the EU and China because of the EU's structural features and the regular changes in leadership caused by its political regime. On the one hand the EU considers China to have an "imperialistic" behavior and seldom believes its intentions to be genuine. On the other, China believes the EU's closeness with U.S. cannot be trusted. The lack of interpersonal and basic trust between the EU and China prevents them from achieving cooperation that goes beyond "agreements of small scope" (Welsh Larson in Wheeler, 2013:486). Considering the evidence drawn from the two case studies under investigation and the lack of trust between the EU and China, the soft-balancing act between China and the EU seems highly unlikely.

2. Geographical Indications and Food Safety as Crucial Cases

Two cases appear particularly crucial when testing the soft-balancing theory: geographical indications and food safety. In the specific undertaking of testing the soft-balancing hypothesis, "the most-likely case [seems especially tailored] for invalidation" (Eckstein, 1975:119). According to Eckstein, if a "crucial case" study fits closely the theory and more so than to any other, it can be used to invalidate a theory (Eckstein in George,

1979:53). John Gerring explains “the strength of this test is the extraordinary fit between the theory and a set of facts found in a single case” (Gerring, 2006:118). The following section will make the case for food safety and geographical indications as crucial cases for testing the soft-balancing theory.

2.1 Food Safety and Geographical Indications as Crucial Cases

In order to be crucial cases, the food safety and geographical indications cases must meet two conditions. First, they ought to showcase a strong opposition between European and American positions (zero-sum cases) making it possible for China to make a choice between the two and side-line one of the two. Second, China’s direct interest must be either closer to the American position or neutral in the negotiations. Since the literature shows that Chinese behavior in the WTO is primarily interest driven, it would be rather hard to differentiate Soft-Balancing attitudes from Chinese positions where China and the EU have a common interest. If China opposes the United States or joins a coalition opposed to American interests on an issue where the China and the U.S. have different interests, it is difficult to determine whether a soft-balancing attitude or a simple interest defense is at play. For example, it is hard to argue that China tries to soft-balance the United States when the two states enter in disputes over textile issues. It is more rational to say that China is simply defending an overriding interest of opening up others’ markets for its goods. On the contrary, things are a lot clearer when China does not have an interest in an issue.

If these the two cases meet both criteria –constituting zero-sum cases and Chinese interest is either neutral or closer to the American position – then food safety and geographical indications can be considered as “crucial cases” for testing the soft-balancing theory.

2.1.1 Condition 1: Zero-sum Cases

These two cases pertain to the agricultural domain and which happens to be the most sensitive theme discussed in the on-going Doha Round in the WTO. Geographical indications (GI) and food safety negotiations⁶⁴ are subjects which the U.S. to the EU are in strongly opposition to within the agricultural realm of the Doha Round but also where the EU and the U.S. compete to get China to adopt their position bilaterally. Since China is uncommunicative in multilateral trade negotiations and well-established for following its interest, the framework it adopts at home is most likely going to be defended in the negotiation. Therefore, looking at

⁶⁴Food safety is designated under the name Sanitary and Phytosanitary Measures –SPS- in the WTO negotiations.

the regulatory framework adopted by China gives clear insights into a discreet positioning at the WTO. As explained by an EEAS official:

“When it comes to foodstuff and the regulations around these products, we are in an outright economic war with the United States” (EE1).

Indeed, the degree of opposition between the EU and the U.S. can be looked at by the number of complaints linked to agriculture filed since the setup of the dispute settlement mechanism along with the creation of the WTO in 1995. Seven out of thirty-two EU complaints against the United States and ten out of nineteen American complaints against the EU are linked to agriculture⁶⁵, the very first one dating back to the signature of the treaty of Rome.

Furthermore, these two cases are serious points of contention between the EU and the U.S. Because they represent huge potential losses or gains of money for the two actors, this is when relative gains come in play. In other words, if China pushes forward the EU’s position, the U.S. would seriously lose out and *vice versa*. For example, in the case of geographical indications, if the European position – implementing geographical indication laws worldwide on all types of food products – were to prevail, a whole part of the Northern American food industry which consists of creating similar products locally (such as Parma ham in Canada⁶⁶) would become illegal to export and produce locally. This would entail great economic losses for the U.S. as they would suddenly be unable to sell them on the world market. The reverse is, of course, also true. They are “zero-sum cases” in the sense that whatever position China adopts will put the other actor in great difficulty.

This is the first condition needed to adequately test the soft-balancing theory. In both cases, the EU promotes quite restrictive laws while the U.S. adopts a more flexible approach. This is a necessary condition to test the soft-balancing hypothesis in acceptable conditions because China needs to have the possibility to choose for soft-balancing to take place.

⁶⁵ EU complaints against the United States on agricultural matters : DS100, DS152, DS165, DS166, DS200, DS 212, DS 320; U.S. complaints about the EU on agricultural matters: DS7, DS13, DS16, DS26, DS27, DS104; DS158; DS174; DS223; DS389. Description of the cases available online on the following link: http://www.wto.org/english/tratop_e/dispu_e/dispu_by_country_e.htm.

⁶⁶ There is an on-going disagreement between the EU and Canada over Parma Ham. In 1999, the Canadian local meat producer company Maple Leaf Meats, Inc., registered “Parma” as a trademark for its hams instead of a collective or certification mark. This entails that the Italian producers’ consortium “Prosciutto di Parma” is unable to export its products to Canada because of a breach of Intellectual Property Rights. Although this case is not fileable under current WTO law (because international GI laws currently solely protect spirits and wines), this case shows the type of problem that can arise at the international level when GIs are not protected. This is why the EU is pushing so intensely for GI laws to be extended to all types of food products.

2.1.2 Condition 2: Neutral or Opposition of Chinese interest to that of the EU

The second condition for geographical indications and food safety to be crucial cases entails that China's primary economic interest be either more in favour of the American position or neutral. In both cases, China's primary economic interests are not clear-cut but have a tendency to approximate the American position. In the case of geographical indications, Chinese industries have had a practice of "forging European geographical indications." The best-known case here being the forgery of a large chateaux winery from Bordeaux by putting the brand, the logo and the appellation on bottles of low quality, locally produced wines (China IPR SME Helpdesk, 2014:6). Therefore, logically, China does not have a strong interest in advancing the country toward a rigorous enforcement of geographical indications and protection laws worldwide on agricultural products. Considering aspects of China's industry practice one would expect it to prefer the flexible American initiative favouring sole protection of brand names and logos and making it possible to produce Roquefort anywhere in the world as long as it follows the initial recipe. In any case, geographical indications do not constitute one of China's economic strategic interests.

Just like in the case of geographical indications, food safety is also not part of China's strategic interest, unlike food security. According to an EEAS official:

"They are first and foremost looking for food security rather than food safety, which makes sense considering the number of mouths they need to feed" (EE4).

Food security is a prime interest for China. It is all the more so the case since China has become a net importer of food and agricultural products over the years. In 2014, food and agriculture products amounted to respectively 5.4 and 8.7% of China's total imports (see figure below for evolution). Considering the population of China, it is logical that China should favour food security over food safety in general. Considering the important amounts of food China imports each year, strict international food safety laws could prevent the country from buying large amounts of foodstuff at low prices. Therefore, China's position is at the very least neutral on the question of food safety and just like every other developing country, its rational position is against strict food safety laws implemented in the international trade realm.

Figure 19: Share of Agriculture and Food in Chinese Imports (2000-2014)

Source: WTO statistical database (own table).

To conclude, both the geographical indications and the food safety cases are crucial cases to test the soft-balancing hypothesis because they are the closest to the theory in two major aspects: they starkly oppose the EU to the U.S. in the World Trade Organisation and China does not have a strategic interest in either of them, in fact, China is closer to the American position in both cases. According to the soft-balancing theory, China could therefore soft-balance the United States by pushing forward the European position in the WTO with a clear intention of lowering American relative gains compared to those of the EU.

3. Food Safety and Geographical Indications invalidate the Soft-Balancing theory

At first glance, it seems like soft-balancing presents itself at the multilateral level because, in both cases, China chose to follow the European position. In the food safety and geographical indication negotiations, it chose to side with the EU in multilateral negotiations and started to review its legislative framework at home with the use of European expertise. In the case of food safety, European negotiators consider it extremely important that China adopt a legal system reflecting its own:

“We consider that we have a key role to play with China. If China copies our regulatory framework, there will be less compatibility issues for imports and exports” (EEI).

Furthermore, food safety experts and European EEAS officials were astonished with the ability the European legal framework was imposed as the major source of inspiration for legal writing and implementation for the Chinese food safety system. This is surprising when one considers the small staff and resources dedicated to lobbying Chinese institutions. One of them explains:

“Although the Americans have 35 people representing U.S. agriculture while there is only 4 of us in Beijing, we still manage to have them quasi copy-pasting our legal framework on food safety” (EE3).

Furthermore, the EU and China have stated in their 2020 Agenda for cooperation that they intend to intensify their cooperation in the food safety domain:

“With regards to food safety, intensifying cooperation with the objective to protect consumer health, recognizing the importance of food safety as a key element for consumer health, sound food markets, economic development and social welfare, highlighting the continuous and already fruitful cooperation between the EU and China on food safety” (EU and China, 2013:8).

China has also adopted the European position regarding geographical indications negotiation and the two are currently arranging a bilateral agreement on the issue. However, after four years of discussions and pilot projects such as the 10 + 10 project which “since 2007 [...] has aimed to register 10 Chinese and 10 EU agricultural geographical indications in each other’s territories” (EUCTP, 2011), no agreement has yet been reached. According to an EU negotiator for the commission, there are two reasons for the slowness of the process: the number of Chinese administrations involved and the Chinese reluctance to sign detailed agreements.

“We have been negotiating GIs for four years now and there are two cultural reasons that prevent us from reaching an agreement: first, there are four Chinese administrations involved and they cannot reach an agreement among themselves and second, they refuse to go into detail in the agreement, they prefer “on the go” agreements, as things come, depending on the evolution of their interest” (EE15).

However, arriving to an agreement on geographical indications still remains on the EU-China strategic agenda for 2020:

“Strive to conclude their negotiations for a comprehensive agreement on Geographical Indications (GIs), strengthen cooperation in the field of GI protection and supervision and combatting counterfeiting in GI protected products” (EU and China, 2013:7)

It will most likely be signed eventually as *“China and the EU agree on the bottom line that GIs ought to be protected” (EE15).*

Yet, the mere fact that China followed EU interests by adopting their inspired legislation on food safety and by currently negotiating an agreement on GIs with the EU instead of siding with the United States in multilateral fora does not yet prove the soft-balancing hypothesis. The reasons behind China's positions need to be investigated in order to confirm the theory. If China soft-balances the U.S. by giving support to the opposing EU position in economic multilateral institutions when it has no strategic interest at stake, we expect China to, at least, voice *political discontent* with the United States as a reason to side with the EU. However, only one interviewee voiced Chinese positions linked to political distrust in the U.S. (EC8). A former European WTO negotiator even goes as far to say:

“Those that say that there is a tacit alliance between China and the EU against the U.S. in the WTO live in a fantasy world” (EE13).

3.1 A Closer Look at Motives: Chinese Domestic Politics Over-ride Concerns About the U.S.

In the cases on food safety and geographical indications, a number of reasons drove China to side with the EU. According to the interviewees the chief factors were Chinese sensitivity to the good reputation of European agricultural goods and the Chinese desire to not be the principle force pressing such an outcome that runs counter to other developing countries' interests. Finally, the numerous food scandals put on the shoulders of the Chinese government have constrained them to adopt a food safety system in line with the demands of its population.

When it comes to food safety China has known a multitude of food scandals in the last decade; the milk scandal of 2008 being the most well known case. During the incident Chinese authorities announced a total of 290,000 victims and did their best to water down the incident. It attracted international attention when the World Health Organisation and UNICEF made a joint statement urging Chinese authorities to take measures to improve its food safety apparatus. Other instances of food safety incidents include the tainted baby formula in 2004, the gutter oil scandal of 2012 or strawberries in 2013⁶⁷. These recurrent incidents often make it to the headlines despite the government's efforts to cover it up. They contribute to the Chinese consumer scepticism with China-produced foodstuff. These scandals and their consequences (drastic increase in the Chinese consumption of European milk products and baby formula for instance) have brought food safety to the attention of Chinese policy makers

⁶⁷ These are far from being isolated incidents. For example, for the sole year of 2011, China had to face scandals on pork meat, beef meat, recycled out-of-date food, fake beef and cat meat.

as a matter that needed improvement. It triggered increasing interest in how other countries and organizations such as the EU implement early alarm systems and food safety legislation so to not confront Chinese public opinion. Genetically modified organisms (GMOs) are a good example of this dual interest of the Chinese public on one side and the government on the other. While the Chinese elite is in favour of GMOs because they can help in reaching overriding interest in food security, the Chinese public at large is extremely wary of GMOs because of the “precautionary principle” and the lack of scientific evidence proving safety on the long term. As explained by a European diplomat:

“When it comes to GMOs, the Chinese position is halfway between that of the Europeans and that of the Americans: scientists and government officials are in favour while the public opinion is against it.” (EE4)

In other words, the Chinese elite has been pressured by its population to reform both its food safety and geographical indications legal apparatus internally and to stand by the EU on these issues internationally. In the case of food safety, the very vocal domestic demand for more food safety supervision following the multiple food scandals is the prime reason why China did not follow its economic interest by siding with the U.S.. The elite’s acknowledgement of the population’s wishes is discerned from the *China Daily*, a government controlled international press media that admitted, “new scandals were fresh blows on already sensitive Chinese consumers” (China Daily, 2016). The Chinese government is mindful that any problems related to the quality of food is ill perceived by the Chinese population and puts the legitimacy of the ruling party in question.

Domestic discontent with the internal food safety condition is so extreme it has constrained Chinese authorities to switch sides and urge for stricter food safety laws at home. In order to protect its own market from the invasion of low quality products farmed elsewhere, China has thus adopted a position favouring strict food safety laws within the realm of international trade. This move explains why China has not joined the American position against strict food safety standards in the WTO although analysis of its economic interests dictates otherwise. Therefore, in the case of food safety, it is domestic reasons that have prompted China to take sides with the EU rather than to balance the United States.

In the case of geographical indications, although China’s interest is better reflected by the American approach, it is a large developing country with large GI resources – as well as a potential to export although currently circumscribed to sell to the East-Asian region. For China, the prime competitors in terms of GIs are not the EU or the U.S. but other Asian

competitors such as Japan and South Korea because of the intimacy of their food cultures. For example, China has had an issue with Japan and Taiwan owning large shares of exports of Shaoxing Yellow wine (the most prestigious Chinese yellow wine, widely used in Chinese cuisine) (Wang & Kireeva, 2007:90). Shaoxing is a Chinese region and, by implementing the geographical indications' legislation, China has started to bear the fruits of the *sui generis* system (the European approach), witnessing firsthand the positive outcomes Chinese products could benefit from if there were an international binding agreement on GIs. This potential to export GI products from its own territory to other Asian nations is one of the reasons behind China's choice to support the European position both at home and at the multilateral level in the case of geographical indications.

Moreover, the good reputation of EU products is another argument championed by Chinese interviewees in sympathizing with the EU on food safety and geographical indications. Indeed, both food safety and GI legislations amount to restricting imports. These food safety and GI rules, if applied, prevent goods that do not reach the implemented standards to enter the market. In other words, goods that do not reach a certain level of quality will not be allowed onto the plates of the Chinese population. By choosing to abide by European standards in food safety and geographical indications, the Chinese apply a very high standard to the type of food that appears at their table. A Chinese interviewee explains that:

“When it comes to foodstuffs, we only want European products; we do not want American products because of their bad quality” (EC2)

In other words, the Chinese prefer to side with the Europeans partly because they perceive European foods to be of better quality than equivalent American products.

Another Chinese interviewee goes as far as arguing:

“One of the main goals of the Silk Road would be to import perishables from Europe because the Chinese consumers now want European perishables” (EE3)

The perception of European products as being higher quality has partly driven China to adopt the European position in the WTO and in its own legislation. This is supported by the significant growth of Chinese imports of European agricultural products in recent years.

Figure 20: Evolution of EU Exports of Agricultural and Food Products to China in Million Euros (2011-2015)

Source: DG Trade, EU-China Trade Statistics (own table).

In the past five years, Chinese imports of agricultural products have soared, with a mean annual growth rate of 20% per year. Agricultural and food product amount to 6.1% of total EU exports to China in 2015. That is to say the change in Chinese legislation has opened the door to European products in the agricultural sector.

The second reason invoked by the Chinese to follow the European position was to follow the demands of its population without having to pay the price *vis-à-vis* other developing countries. Indeed, most developing countries wish to avoid strong food safety and geographical indication standards they are unable to reach and thus stand behind the U.S. position. Therefore, in order to avoid being badly perceived by other developing countries, China hid behind the EU's position without voicing their action. One European WTO negotiator explained:

"The Chinese have relied on us in order to avoid being at the forefront notably in relation to other developing countries" (EE13).

To conclude, because of domestic demands and perceived unfair regional competition, China eventually joined the European coalition on food safety and geographical indications. On the one hand, food safety scandals in China triggered such a violent reaction from consumers the Chinese elite had its back against the wall and could not possibly uphold a

loose position abroad. Additionally, in order to prevent strong competition from abroad, China adopted the European position at the multilateral level. In terms of geographical indications, China opted for a position favouring a wide application of GI laws at the international level to avoid having other Asian countries produce its locally farmed products. Therefore, Chinese motives emerged from domestic issues and not from a desire to defy the United States.

4. Trust Necessary for Long-Term Soft-Balancing Coalition

The two cases under scrutiny indicate no sign of a soft-balancing act between the EU and China within the WTO, where, according to the Soft-Balancing theory, it is most likely to take place. However, if this in itself is sufficient to state that soft-balancing does not take place within the WTO, Classical Realists could argue that a closer look should be granted to how the EU and China perceive each other to see if soft-balancing in other realms (security, environmental issues, etc.) could take place now or in the future.

Soft-balancing against the United States, or –“the conscious coordination of diplomatic action in order to obtain outcomes contrary to U.S. preferences – outcomes that could not be gained if the balancers did not give each other some degree of mutual support” (Walt, 2005:126) – requires a minimum level of trust between the EU and China in the long run. A lasting soft-balancing relationship beyond the food safety and geographical indications cases should be strengthened by trust. Trust should at least stem from China since it is the actor which, according to the theory, pushes forward the EU’s position when it doesn’t have a strong interest at stake so as to weaken the American relative position. For that reason, an indicator for the long-term tacit alliance building at the multilateral level is the degree of trust that each actor gives to its counterpart.

At first glance, the degree of trust between two actors might sound counter-intuitive as an indicator for soft-balancing. First, neo-realist scholars argue that there is “little room for trust in international relations because a state may not be able to recover if its trust is betrayed” (Mearsheimer, 1991:148). Second, in this case soft-balancing takes place through the action of only one of the two actors, therefore seemingly not requiring trust. However, in order to turn this “soft-balancing policy” into concrete action within multilateral fora in the long-term, China and the EU must at least minimally trust each other. Other realists of the classical and neo-classical tradition have a broader approach than Neo-Realists who solely take into account structural factors. As explained by Kirshner, “Classical Realists also places great

emphasis on politics, domestic and international, and even consider the role of things like ideas, norms and legitimacy” (Kirshner, 2012:68). They do take into account perceptions as an important factor in international relations (Wolfers, 1962; Jervis, 1976; Kirshner, 2012). This section will therefore adopt a broader Realist perspective – by seeking for indicators of trust within the EU-China relationship – to hammer the final nail on the Soft-Balancing coffin.

According to Aaron Hoffman, “trusting relationships develop when leaders enact policies that delegate control over their state’s interests based on the belief that those interests will not be harmed” (Hoffman, 2002:377). Furthermore, Deborah Welsh Larson explains that “trust is the key to achieving cooperation that goes beyond “agreements of small scope” where the penalties for defection are less severe” (Welsh Larson in Wheeler, 2013:486). In other words, longer term agreements or coalitions need a minimum degree of trust between the two players in order to endure with time.

Soft-balancing the U.S., whereby China advocates the EU’s position to undermine American power when China does not have a strong strategic interest to defend, leaves China to entrust the EU in keeping a counter-U.S. position throughout negotiation. In this case, “trust” for China means that it believes the EU – once it is backed up by China in the WTO – will not turn against China’s interest by joining a coalition led by the U.S. and leaving China in a lone counter position that does not necessarily favor its economic interests. Trust for the EU means that China, once it backs its position, will continue doing so throughout the negotiation. If the EU’s trust in China is desirable, China’s faith that the EU will not betray it is vital for soft-balancing to take place. By making a soft-balancing act, China does not necessarily do what is best for its economic interest.

In a 2013 article, Nicolas Wheeler has worked on the concept of trust in international relations. He argues, “trust can only exist at the interpersonal level” (Wheeler, 2013:480). He highlights that the main interference on trusting relationships is “ideological fundamentalism” which he defines as “a mindset which assigns enemy status because of what the other *is*” (Wheeler, 2013:485-486,). However, what Wheeler calls “ideological fundamentalism” could also be understood as a potential agent of trust if the clichés attached to the other, real or perceived, are positive. Robert Jervis gives a neutral name to this concept: “perceptual predispositions,” defined as “when a statesman has developed an image of a certain country he will maintain that view in the face of large amounts of discrepant information”(Jervis, 1976:146). For instance, France has a positive perceptual predisposition – otherwise called

bias - towards Germany. This is most stunningly perceivable when the French and the German heads of state are at opposite ends of the political spectrum, like in the case of François Hollande and Angela Merkel. In other words, French policy-makers hold a positive bias towards their neighbor because of the social construction of Germany in French schools and society at large since the start of the European project. Instead of calling it “ideological fundamentalism” or “perceptual predisposition,” I label this type of trust as “basic trust” within this section because it is the link between the deeply rooted positive or negative perception of a country and trust of interest here. This section will check for both the existence of interpersonal trust and essential trust between the EU and China. A high degree of trust – should it be interpersonal or basic – could indicate the need for further research on soft-balancing either in the future or on other cases. If no degree of trust exists between the two, the existence of a long-term soft-balancing act within the EU-China relationship would be rather unlikely in other cases and in the future.

In order to measure the degree of trust between the two actors, questions were asked to both European level and Chinese policy-makers to investigate the way they perceive one another and determine if a minimum degree of trust exists mutually. The findings show that on top of the non-existent interpersonal trust between the two actors, the EU does not trust China. It considers China to have an “imperialistic” behavior towards the EU and seldom believes China has good intentions. However, while China perceives the EU in a generally positive light, it is always suspicious that the EU will at any moment thwart relations in order to give in to the United States. In fact, China is very skeptical of the transatlantic relationship. Overall, the interviews show that the EU-China trust level is rather low, thus rendering the possibility of soft-balancing unlikely.

4.1 The Lack of Interpersonal Trust between the EU and China: Structural Factors

As stated by Wolfers, “friendly personal feelings and sympathies either between the statesmen or between the people of two nations facilitates the conduct of amicable interstate relations and also tend to be developed as a result of such conduct” (Wolfers, 1962:32-33). He also argues that it “can lead to mutual confidence” (Wolfers, 1962:33), in other words: trust. This is also argued by Wheeler who considers “a key enabling condition [...] for setting in motion a process of diplomatic transformation (as against limited and temporary episodes of cooperation) is trust at the interpersonal level between policy-makers on the two opposing

sides (Wheeler, 2013:481). The prime interest of this section is to look for evidence of interpersonal relationships between the European and Chinese policy makers.

European interviewees, on the one hand, emphasize that personal relationships are very important to the Chinese. They state that it is one of their peculiarities compared to other actors while stressing that they themselves are not attached to those personal relationships.

“We meet very often [with the Chinese]. We don’t necessarily get to revolutionary deals but we meet very often. It’s very important for them. Their moto is to meet regularly when things are well, not only when there are problems. They are very involved in personal relationships” (EE15).

The Chinese, on the other hand, accentuate the constantly changing leadership of both member states of the European Union and leaders of European institutions. The emphasis on the leadership of the member states underlines democracy as a hindrance on the capacity to build a strong relationship with countries because of the regular change of leadership of those countries. This is a general complaint China regularly makes to democracy.

“One of the things that does bother us with the EU is the instability of the member state’s governments. We hope that things will later be more stable. For example, the difference in style between Chirac, Sarkozy and Hollande make it difficult for us to sustain a steady relationship with France” (EC3).

The other Chinese complaint is linked to the lack of single leadership of the EU and can be directly related to the famous quote attributed to Henry Kissinger: “Who do I call if I want to call Europe?”. This also alludes to the recurrent changes in leadership of EU institutions, should it be the Commission, the European Parliament, or the Council.

“The leaders that go there [EU-China summits] cannot get to know each other because of the constant change of leadership on the EU side” (EC6).

Therefore, the multi-level EU, with democratic member states regularly undergoing changes in their leadership, added to the multi-institution EU lacking a clear leadership, is considered by China to be an obstacle to the establishment of personal relationships between the European and Chinese executives so dear to them. This structural aspect of the EU prevents the establishment of long-term and repeated interaction between European and Chinese leaders; a central element of trust-building between two foreign entities according to existing literature. However, if interpersonal trust is non-existent between the two sides, “basic trust” nourished by reciprocal positive clichés could serve as a foundation for a confident relationship between the EU and China.

4.2 The Basic Distrust of the EU: The “Tian Xia”⁶⁸ Mentality

Three European interviewees (EE4, EE10 and EE11) have argued specifically that Chinese behavior recalls imperial China’s “Tianxia” system. “Tianxia” in Chinese, literally means “everything below the sky” and usually refers to “the earth” or “the (Chinese) world” (Callahan, 2008:751). The Chinese believed that two types of people occupied Tianxia, the *Hua* (the Chinese) and the *Yi*⁶⁹ (usually translated as “barbarian”) (Wang, 2012:42). The Chinese therefore believed to be culturally superior to any other civilization or state in the world. Two European interviewees emphasized this as one of the points they found irritating while dealing with the Chinese informally. Although they do acknowledge that the Chinese never bluntly mention their perceived cultural superiority in negotiations:

“One of the things I found challenging with the Chinese was the constant repetition that they had 5000 years of history, and more importantly culture. However, since we always approached them with respect, there was no reason for them to bring that up in negotiations” (EE10).

This argument was also pushed forward in the speech Chinese president Xi Jinping made during its first visit to the European institutions in 2014. While at the College of Europe in Bruges he explained that:

“First, China is a time-honoured civilization. Of the world’s ancient civilizations, the Chinese civilization has continued uninterrupted to this day. In fact, it has spanned 5000 years” (Xi, 2014).

However, a “Tianxia” mentality is not only a display of cultural superiority but also a tendency to “convert” foreigners to Chinese thinking. Indeed, according to the Tianxia theory, all is not lost if you are a barbarian: Wang Jianwei explains that if foreigners adopted the “Chinese way,” they could become *Hua* and eradicate their barbarian ways (Wang, 1999:28). According to Wang Zheng, ““using the Chinese ways to transform the Barbarians”⁷⁰ was strongly advocated” by the ruling elite in ancient China (Wang, 2012:42). Applied to current affairs, the Chinese Tianxia approach means that any state not sharing an interest with China is barbarian. As one EEAS official says:

“China follows Tianxia politics in Asia but also when dealing with us. It follows its interest in an absolute manner” (EE4).

⁶⁸ 天下 (Tian Xia)

⁶⁹ 华 (Hua); 夷 (Yi)

⁷⁰ 用夏变夷 (Yong Xia Bian Yi)

On China's total inflexibility, one European EEAS negotiator even recalls a difficult experience with the National Development and Reform Commission (NRDC, one of the many Chinese institutions in charge of economic issues):

"The NRDC was the most arrogant institution we had to deal with. With them, there was no way of negotiating. Their speech went something like: 'if you do not give us what we want, then you do not understand China'" (EE10).

The NRDC therefore used – in a very clear manner – a cultural argument to push forward its economic interest, seeing China as a priority for the EU as well as for any state or a necessary precondition to any negotiation with China. This implies that the Chinese way of perceiving the world needs to be understood and their codes adopted in order to negotiate with them. China often exercises what it believes to be its cultural superiority to push forward its interest. Often, China implicitly points to their counterpart as "barbarian" if they do not support China's interest. Moreover, it is often believed that the other party should go so far as to adopt Chinese interest. To give a very concrete example, one of the Chinese interviewees interprets how China and the EU's opposed interests on the reform of the WTO should be solved:

"[The EU] is not at all prepared for the change China wants. The EU and China should cooperate more for the EU to accept the reform of the system China wants" (EC6).

This is also supported by concrete negotiations where Chinese negotiators often come to the table with a very limited capacity to negotiate due to extremely narrow mandates. For instance, one interviewee in the European Commission explained that on the solar panel case:

"Some of them [the Chinese negotiators] came and said: 'I am supposed to go back with this and that.' And if we disagreed to give it to them they just couldn't negotiate because that was all their mandates allowed them to do" (EE16).

EU negotiators, who normally understand this as a Chinese display of arrogance, view this very negatively.

On top of the "converting Yi into Hua" attitude, European interviewees point out Chinese coercive methods to meet its ends, mostly through pressuring the member states. In fact, the European Commission is difficult to pressure for a partner country because it does not engage in trade promotion activities. The Commission does not sign contracts for member states with China; heads of states or governments do it individually. Although applying pressure on the member states is a widespread strategy used by the EU's major partners, the Chinese way of pushing it through is seen as mere blackmail by both the member states and

the European Commission. Be that as it may, all of the EU's main trading partners put pressure on member states of the EU in order to gain concessions from the Commission. However, interviewees perceive it negatively when China uses that strategy. An official from DG trade explained:

“Like every other big partner of the EU, the Chinese try to divide us. So, when they are not happy with the Commission, they pay a visit to the Member States. But this is not well perceived by the Member States – at least this is what they tell me – generally speaking, they perceive it as unfriendly, a lot more so than with any other partner. Often enough, it is simply blackmail; the Chinese just threaten the Member States. They say things like: ‘if you do not do this, we will cancel this or that contract’” (EE11).

One DG trade negotiator for the solar panel case describes that prior to the negotiations they were directly threatened by their Chinese counterparts. The interviewee reports that, before the review of the solar panel case at the end of 2015:

“The Chinese have already told us to be ‘prudent,’ this is a direct threat” (EE16).

The brutal methods do not just stop here, according to EU interviewees. They repeatedly argued that there was no possibility to actually engage with the Chinese in negotiations because they refuse to negotiate altogether. They explain, *“what they put on the table are ‘take it or leave it’ offers” (EE11)*. In trade disputes, such as in the solar panel case, European interviewees reported that the Chinese indulged in aggressive tit-for-tats by *immediate retaliation* – filing anti-dumping cases against EU products to put pressure on sensitive European sectors. One EU negotiator even states that the Chinese retaliation attacks are *“sudden and random in terms of the product sector they impact” (EE1)*. In the solar panel case the Chinese chose the wine sector. One European Commission interviewee explains the mechanism used by the Chinese:

“For example, if you block one of their products – butter for instance – they come to you and say: ‘we have a problem with your mushrooms’ and by doing that they force you to negotiate and reach a deal on things that you had no intention to discuss with them in the first place” (EE15).

To conclude, because of the Tianxia mentality displayed by Chinese negotiators, which includes a demonstration of cultural superiority and attempts to “convert” European negotiators to Chinese interests, usage of brutal negotiation methods such as blackmailing member states or using aggressive tit-for-tat strategies, the degree of trust of the EU in China is low. As one European interviewee elucidated:

“We don’t trust the Chinese. They always find something to hold against us” (EE15).

This lack of trust the EU has in China makes the possibility of an EU-China tacit alliance in the WTO unlikely. However, it does not make it completely impossible. If China were to make a move; therefore the degree of trust of China in the EU is the true determinant in the likelihood of an EU-China soft-balancing action against U.S. interests in the multilateral forum of the WTO.

4.3 The Basic Distrust of China: The EU's Dependence on the U.S.

The perception of the EU by China is not as negative as the former's perspective. On the surface, the level of trust China demonstrates towards the EU is quite high. Yet, because of the strength of the transatlantic relationship and the launch of the Transatlantic Trade and Investment Partnership (TTIP) negotiations, the Chinese now constantly anticipate the EU to break deals with China in order to align itself with the United States.

Unlike the EU, the Chinese believe that the EU is trustworthy notably because the Chinese perceives them as an entity that shares core interests with China. One of the Chinese interviewees stressed the existence of an "interest community" between them:

"The 'interest community' means that there is political cooperation in the economic sector. The 'interest community' part also means that we have similar worldviews, we care about international law, we emphasize the UN as the legitimate decider in international affairs. We share a lot of opinions in terms of international relations" (EC8).

Although these interests – often summed up as the "democratization of international relations" by China – are always involved in the discourse on common interests with the EU, the major interest China considers to hold with the EU is the wish for a multipolar world order. According to one interviewee,

"The EU and China agree on a range of things, the most important being that both the EU and China wish for a multipolar world. This feature is not shared between the EU and the U.S. Even though the EU and China do not agree on everything, they agree on this and this is probably the most important feature" (EC7).

The Chinese even venture to say that the EU is part of their multipolarity plan. As argued in chapter 2, China has a very clear viewpoint on the type of world order it wants. It calls this "yi chao, si qiang", which translates to "one superpower, four great powers" (Womack, 2004:354). In other words, the United States would not be the only actor to make decisions in the world but would have to cope with four other medium range powers. Womack explains that the EU is theoretically one of the poles China would like to see emerge alongside itself. This notion was confirmed by two Chinese interviewees:

“China really hopes that the EU will continue to develop as one of the counter-powers of the U.S. China does not wish for a bipolar but a multipolar world order. [...] It is why China has wishes in the EU as an American counter-power. In the hope of a multipolar world, China wants the EU” (EC7).

Despite perceived common interests between the EU and China and an explicit Chinese wish for the EU to become a U.S. counter-power alongside itself, it does not mean the Chinese are not wary of the EU-U.S. relationship. China acknowledges that they have much more in common than either the EU and China or the U.S. and China (EC2; EC4; EC7). This is confirmed by European interviewees (EE13; EE4) and is a major point of contention and frustration for China regarding the EU. The Chinese interviewees clearly state they would like the EU-China relationship to resemble the transatlantic relation and pity the fact that it is currently not the case:

“We want a transatlantic type of relationship with cooperation on everything” (EC6).

These two features of the transatlantic relationship – that the EU and the U.S. have more interests in common than the EU and China and that the transatlantic relation is stronger and broader than EU-China relations, cast a shadow on China’s trust in the EU.

For example, some Chinese interviewees believed the EU and the U.S., despite holding opposed interests, “worked together in the WTO” (EC2). Furthermore, two interviewees insisted that the TTIP was an alliance of the EU and the U.S. to circumvent the multilateral system and prevent China from participating in the rule-making realm of international trade⁷¹:

“The EU today supports the “two ocean strategy” which includes the TTP (Trans-Pacific Partnership agreement) and the TTIP – of which China is purposefully not part of – which allows Americans to overcome the multilateral system. They mainly follow American interests” (EC2).

Another Chinese interviewee emphasized:

“The Europe-U.S. regionalism is a threat to China (TTIP); China is afraid that this agreement might change the rules of trade around the world, it has been worried about that” (EC8).

They perceive it as a direct threat to their economic model and current way of functioning in the world trade system:

⁷¹ All interviews were carried out before Donald Trump’s election as president of the United States. Therefore, during the interviewing period, the TPP and the TTIP were still ongoing negotiations.

“If the U.S. and the EU agree on new rules, their new set of standards will also soon apply to everyone and China is afraid it will not have time to adjust and will be disadvantaged in world trade because of this” (EC8).

China is therefore doubtful of the possibility of alliances with the EU in multilateral settings because of the shadow cast by the transatlantic relation. An EU former negotiator at the WTO expressed that the Chinese were always sceptical of a potential alliance between the EU and the U.S., even when China and the EU had a common interest to defend:

“They imagined that Westerners would always take each other’s side, even if we had agreed with the Chinese on a common position” (EE13).

China’s degree of essential trust in the EU is initially quite high because they believe they hold common fundamental interests with the EU, like an interest in multilateralism, the democratization of international relations, and multipolarity. However, the transatlantic relationship and China’s perception that the EU-U.S. prioritize their relationship even when they hold opposing interests greatly hinder confidence. China, therefore, does not effectively trust the EU even within trade institutions such as the WTO.

In conclusion, when it comes to the EU-China relationship, both interpersonal and basic trust are not to be found on either side. The very structure of the European Union and the democratic nature of its regime curbs interpersonal trust. The member states experience a regular change of leadership, which, according to Chinese interviewees, prevents the establishment of long-term trusting relationships between the Chinese elite and member state leaders. Furthermore, the lack of clear leadership in the EU, the pluralism of institutions, and their own rotating leaderships contributes to the difficulty to establish interpersonal relations. Therefore, due to EU structural factor, interpersonal trust is therefore rendered impossible between the EU and China.

Basic trust between the EU and China is also low when considered from either side. The EU perceives China’s ways as imperialistic – stemming from the ancient Chinese “Tianxia mentality”- The intimacy of the EU- U.S. relationship is too close for China’s comfort. Therefore, the low degree of trust makes the potentiality of an EU-China tacit alliance quite unlikely. Indeed, China’s low degree of trust makes it difficult to believe that it would favour the EU’s position to undermine American interests in that China believes that the EU-U.S. already hold an all-encompassing alliance.

The degree of trust between the two actors is rather poor and, more crucially, China does not trust the EU to keep its position when facing strong opposition from the United States, therefore, it is unlikely that the soft-balancing hypothesis presented here explains the rationales behind China and the EU's choice of negotiation fora and dispute settlement arenas. Trust, integral to the establishment of a long-term balancing act counter to United States, is absent from the relationship. It is unlikely currently, or in the near future, that soft-balancing between the EU and China takes place either in the WTO or other institutions.

5. Conclusion

The soft-balancing theory is not a convincing explanation regarding the choice of negotiation forum for the EU and China. It seems unlikely that the EU and China use the economic multilateral fora to carry out a soft-balancing act. The two most likely cases investigated in this chapter show that China's motives for switching to the EU side are linked to the Chinese domestic situation and regional competitive environment. In the case of food safety, the numerous food scandals in the last decade have prompted the Chinese population to vocalize their food safety concerns and the necessity for the Chinese government to act in accordance with their basic human rights. This prompted the Chinese government to move away from its preference for food security over food safety and adopt a framework very similar to that of the EU domestically and not oppose the European position of food safety issues in the multilateral forum.

Regarding geographical indications, although the Chinese implementation of current GI international protection laws on wine still require some work, China ultimately decided to follow the European position most notably because Asian competitors sell Chinese locally produced items on the international market. In both cases, China's relative silence in international institutions is more convincingly linked to its fear of retaliation by other developing countries whose interests are much better served by lower standards in both food safety and geographical indications rather than by a silent soft-balancing act that attempts discretion.

Furthermore, the chapter has shown that when a broader realist perspective is taken, a long-term EU-China soft-balancing act in international institutions requires a minimum and mutual level of trust. This trust does not exist at the interpersonal level on both sides nor at the "basic" level by which we mean an enemy or amity mindset. China and the EU's statesmen do not interact with each other on a long-term basis because of the turnover in

Europe linked to the democratic regimes of both the member states and the European Union. On the “basic” level, the EU does not trust China because it believes the latter acts imperialistically and does not necessarily hold genuine intentions. China believes the EU is too dependent and obedient to the United States. There is therefore no sign of trust between the two.

On the one hand, there is no evidence of a soft-balancing act between the EU and China in the WTO on the two cases under investigation. On the other, the lack of EU-China mutual trust shows that long-term soft-balancing action on other cases and in other fora is highly unlikely. From this data, I conclude that the rationale behind the EU and China’s choices of forums for negotiation is not dependent on a supposed wish to hinder American power. The empirical fieldwork presented concludes that the EU-China relationship is not chiefly propelled by a reciprocal wish to soft-balance the United States.

V. FORUM-SHOPPING

1. Introduction

This chapter now tests the forum-shopping theory on its home turf: economic organizations and relationships. Unlike realism, which best applies to military exchanges and security cases, the liberal tradition has extensively explored the economic realm. In explaining the rationale behind the EU and China's choice of negotiation forum, the forum-shopping theory argues that they choose to negotiate at the bilateral or multilateral level depending on goal-reaching efficiency and maximum benefit. This theory is based on two fundamental assumptions. The theory assumes that reaping maximum benefit from cooperation regardless of relative gains is top priority. Second, the theory assumes an instrumentalist view of how actors choose a forum to negotiate an issue. Thus, forum choice is made according to its degree of efficiency in reaching the supposed goal. This chapter proposes that not all institutions (bilateral or multilateral) are equally efficient. Some might better serve certain purposes while other objectives could be reached through other institutions.

The forum-shopping theory hails from the legal studies domain. The initial definition materializes "when a party tries to have his actions tried in a particular court or jurisdiction where he feels he will receive the most favorable judgment or verdict" (Busch, 2007:736). Applied to the international arena, when a state chooses the institution among overlapping organizations most efficient at reaching an alleged goal, forum-shopping happens. The overlapping institutions under scrutiny are the EU-China strategic partnership and the Dispute Settlement Mechanism of the World Trade Organization (WTO DSM).

On one hand, the theory predicts that when China and the EU have a common interest to defend, they favor the multilateral forum to widen their common position and limit the implementation transaction costs (H2a). On the other hand, when the EU and China disagree on a given issue, the theory anticipates that EU-China opt for the bilateral route due to material and time gains the forum allows (H2b). The forum-shopping theory does not provide unit-level hypotheses like the soft-balancing and prestige diplomacy theories. It considers that the ultimate goal of both actors is reaping maximum benefit in both regular negotiations and dispute settlements.

1.1 Common Interests Versus Divergent Interests

China and the EU are far from agreeing on everything. All realms of negotiation have experienced tensions: the arms embargo case in security, the solar panel crisis in the economic realm or even the Chinese refusal to make any binding commitment to tackle global warming prior to the COP21 negotiations. All these instances saw China and the EU in fierce opposition bilaterally, and in instances, multilaterally also. Opposition between two such powers is far from puzzling. The EU-China relationship also comprises many instances of cooperation and common interests. In the strategic domain, China and the EU are both favorable to more cooperation on military training. China is increasing environmental laws drawn from European legal packages to fight air and water pollution. Just like any other power relationship, they have their ups and downs, their moments of communion and battle. Taking this reality into account, the liberal theory identifies two different potential paths for negotiation: the first applies when China and the EU must defend common interests; the second where the EU and China hold opposed interests.

In the first case, the theory suggests the two actors take steps to reach their common position. These steps include making prior agreements at the bilateral level to grow a stronger position for multilateral negotiations and staying on the same side during negotiations in the WTO. In the case of EU and China's opposed interests, the theory assumes they will deal with issues within the bilateral forum of negotiation to reach a settlement in an efficient manner. In other words, H2a is tested on cases where China and the EU have a common interest to defend, while H2b is tested on cases where interests are in opposition.

1.2 General Findings

The empirical fieldwork shows that the EU and China do not use the WTO to widen their scope of common positions but, because it is more efficient, the bilateral arena is preferred. Empirical facts support H2b but not H2a; in other words, it works when China and the EU have diverging interests but not when they have a common interest. The bilateral forum –less time consuming and requiring less material costs –is the preferred forum in dealing with disagreements, according to interviews with Chinese and European negotiators. Although it would be more efficient to widen the application scope surrounding common EU-China positions through multilateral fora, the two actors do not from negotiate from common positions prior to multilateral negotiations, indicating that their use of WTO is not linked to a wish to find efficient solutions. While the forum-shopping theory explains the preference for the bilateral route in cases of dispute settlements, it fails to explain why the two entities kept

up multilateral negotiations. Although the forum-shopping theory provides a good explanation for the rationale behind the EU and China's choice for the bilateral forum in cases of dispute, it does not explain why the EU and China choose to negotiate multilaterally in other instances.

2. A Common Interest to Defend

This section will analyse the behaviour of China and the EU in cases where the two partners have a common interest to defend. The cases of geographical indications and food safety were chosen because the two actors are both – to varying degrees – in favour of a stricter world-wide food safety system and are favorable to some protection of geographical indications at the international level. The scrutiny of these two cases will be reinforced by a general analysis of China and the EU's behaviour in the WTO as well as documents issued publicly on strategies on each other.

Efficiency Indicators: Coordination, Bridging Adversary Positions and Efficiency of the Forum in Fulfilling Chinese and European Interests

When China and the EU champion a common interest, the liberal hypothesis tested here predicts that they advocate for common position in multilateral fora to widen application scope and limit transaction costs. According to James Caporaso, multilateralism has three properties: indivisibility, generalized principles of conduct, and diffuse reciprocity (Caporaso, 1993:53). An efficient outcome makes use of the specific features of the multilateral forum in order to reach its alleged objective. Specific attributes of multilateralism theoretically allow EU-China positions to shift to “generalized principles of conduct” without the two actors bearing the burden of implementation costs.

Generally speaking, there are a number of indicators that act as good “measurers” for such “efficient” multilateral behaviour from the two actors. Observable coordination of the EU and China at the bilateral level before, or in parallel to, multilateral negotiations is the first. Indeed, coordination of positions prior or during WTO negotiations indicates that the EU and China endeavour to find a common position that can ease difficult multilateral negotiations.

A second indicator is China's role as a bridge between developed and developing countries. In fact, the ongoing Doha Round negotiation of the WTO is meant to shift the benefits of liberalization towards developing countries. However, a strong opposition between developed and developing nations has emerged from the round. China with its specific development path could theoretically be a bridge between the two, easing multilateral

negotiations towards an agreement. With China's accession to the WTO in 2001, both the EU and China hoped the latter would become a negotiation broker by bridging the opposed positions of developed and developing countries. China is indeed at the crossroads of developing and developed nations. If the country is well perceived by developing nations and takes the lead when pushing forward EU-China common positions, China could help assuage developing countries' scepticism on adopting a joint China-EU position. In turn, this would increase the likelihood of EU-China common positions implementation in the overall multilateral agreement.

A third indicator points to multilateralism as a forum able to fulfil the practical negotiation needs of the EU and China. This includes the perspective of a general agreement follow-up on negotiations and the capacity of the WTO to sit all the parties at the negotiation table.

Therefore, in order to see if the negotiations provides evidence of China and the EU using the multilateral forum to push forward common positions in order for them to become generalized principles of conduct, three aspects will be under scrutiny in the next section: China and the EU's ability to coordinate at the bilateral level either before or during the negotiations; perception of China by other developing countries and China's capacity to take the lead on EU-China common positions and finally the capacity of multilateralism to fulfil practical negotiation needs of the two partners.

2.1 Lack of Prior Bilateral Coordination

When the strategic partnership was established in 2003, both China and the EU made declarations putting the WTO Doha Development Round of at the heart of their common endeavours. For example, the European Commission explains in its China strategy paper, "A Maturing Partnership – Shared Interests and Challenges in EU-China Relations," that: "China, as the EU, should do its utmost to help make the new round of negotiations under the Doha Development Agenda a success" (European Commission, 2003:15).

In order to do so, both actors advocate for an increased cooperation at the bilateral level in their respective papers. The bilateral sphere of negotiations is meant to serve as a coordination forum between the EU and China with a view to finding common positions for the multilateral arena. The European Commission explains that one of the main objectives for EU-China relations is to "Reinforce bilateral dialogue and coordination related to the new round of multilateral negotiations under the WTO Doha Development Agenda [...] with the

aim of facilitating China's participation in a forward looking WTO agenda" (European Commission, 2003:18). However China, in its 2003 EU policy paper, also pushed forward the need to "Boost China-EU coordination and cooperation in the new round of WTO negotiations and work together for the success of the negotiations" (Government of the PRC, 2003, part III.2).

Even so, this common wish for coordination at the bilateral level ahead of multilateral negotiations never took place. China and the EU do not negotiate common positions at the bilateral level to push them forward at the multilateral level. Both the 2013, 2014, and 2016 China's EU policy paper and the European Commission's China strategy still making bilateral coordination a goal and in 2013 their joint declaration "EU-China 2020 Strategic Agenda for Cooperation," in which EU-China declare their need to "step-up coordination at the multilateral level" (European Commission, 2013:6) shows this fact. In the 2013 EU Strategy Paper, China explains that itself and the EU need to: "Step up coordination and work actively for the success of the WTO Doha Round negotiations" (Government of the PRC, 2013: Part IV). The fact that in 2013, the coordination in the multilateral sphere remained an objective for both parties shows that they have not been successful in establishing such collaboration.

Despite repeatedly promoting coordination at the multilateral level, the EU and China have not fulfilled that goal. Coordination in multilateral negotiations occurs neither at the bilateral nor at the multilateral level. Therefore, the lack of coordination between the two before or during multilateral negotiations weakens the hypothesis in which China and the EU push forward their common positions at the multilateral level. However, China's role as a bridge between developed and developing countries within the Doha Round require scrutiny. If China plays this role, EU and Chinese common interests could be brought forward during negotiations despite a lack of coordination on their part.

2.2 China Incapacity to be a Vector of EU-China Positions

Despite China and the EU's lack of coordination on subjects of common interest, the two actors could still push their common positions during negotiations by using China's status as a "moral guarantee" within the "developing countries' oriented" current round of negotiations. This section will show that common EU-China positions have little probability of being implemented in the final agreement for two reasons. First, China is ill-perceived by fellow developing countries, preventing it from "bridging" developed and developing

countries' positions. Second, because of a long-run policy rooted from the Deng era, China's line of conduct prevents it from taking the lead of coalitions.

2.2.1 China's Lack of Legitimacy as a Developing Country

Both China and the EU have made declarations emphasizing their wish to work together in the WTO when they have a common interest. However, a closer look at the ongoing negotiations as a whole show that China and the EU struggle to harmonize in the multilateral arena. Indeed, China's announced role as a "bridge" between developed and developing nations never took shape; other developing countries consider China more as a competitor than as a fellow developing nation. The same goes for developed countries that believe China should bear the more demanding developed country status. Furthermore, China's thirty-year-old policy to not take the lead is still put into practice by Chinese negotiators, thereby preventing it from making the link between the two opposing sides of the negotiation and pushing forward common EU-China interests.

In its 2003 China paper, the European Commission called to "build alliances [with China] in areas of mutual concern, and jointly building bridges between developed and developing countries" (European Commission, 2003:18). The idea of "alliance building" in areas of common interest stemmed from the European belief that China would become a "bridge" between developing and developed nations within the Doha Round. These "alliances" with China would allow the two actors' common interest to advance while avoiding an outright veto from other developing countries.

This developed/developing country opposition is central to the ongoing Doha negotiations as this round was set up to tilt the benefits of liberalization in favour of countries from the big "South." Once it gained membership in the institution, China declared that it would serve the purpose of helping developed and developing nations reach common ground. In its first speech at the WTO, China said it would work at being a bridge between the developed and the developing members to reach an agreement for the Development round (Pearson, 2006:252). However, Chinese intentions of being a "bridge" between developed and developing nations, as well as European encouragements in doing so, were frustrated by the negative perception both developing and developed countries have of China.

First, even though China claims to be a developing country, many scholars argue that behaves like a developed nation. First of all, its economic interests are closer to those of developed members such as the United States, the European Union and Canada (Pearson,

2006:247). Many developing countries even perceive China as a member with more competing than complementary interests to their own (Pearson, 2006:253). For example, Marcia Harpaz explains that open discord between China and other developing countries are the rule in negotiations related to textiles (Harpaz, 2007:63). China's developing country status in the WTO was also a problem for developed nations afraid of China's tremendous export capacities. Researchers agree that in China's accession process, both the U.S. and the EU objected to China's developing country status (Eglin, 1997:489; Harpaz, 2007:11). Concomitantly, Chinese strategists increasingly see their interest as akin to major powers and less associated with developing countries. This constitutes a major turn in Chinese diplomacy compared to the 1990's where China vouched for a coalition of developing countries (Medeiros & Frevel, 2003:32). Despite their interest being more in competition with those of other developing countries at the multilateral level, China continues to claim its developing country status. One of the Chinese interviewees explained:

"In any case, we are still a developing country although you guys don't believe we are anymore." (EC3)

This type of reaction stems from the fact that Western countries have long challenged China's status as a developing country.

Despite officially holding the "developing country" status in the WTO, China is neither considered a developing country by other developing countries nor by developed nations. Therefore, the lack of China's perceived legitimacy as a developing nation prevents it from being an efficient and recognized bridge between the two major opposing coalitions in the current Doha Round negotiations, undermining the EU and China's capacity to successfully push forward common positions.

2.2.2 China Never Takes the Lead in the WTO

The first few years of China in the WTO also showed that China does not position itself as a leader nor play an active role in coalition building in WTO negotiations. This Chinese specificity undermines potential China-EU common positions in multilateral negotiations. Overall, China positions itself once coalitions have taken their basic shapes. For example, China only joined the complaint against U.S. steel tariff once the complaint had been initiated by Japan and the European Union in 2002 (Pearson, 2003: 256). This specific feature of China as a WTO member emerged from the 1978 Deng international strategy. Deng

Xiao Ping adopted the “Bu Dang Tou”⁷² (not taking the lead) rule to avoid implementing hegemonic behavior and therefore feeding into other countries’ perception of China as a rogue threatening state (Lanteigne, 2009:64). This policy has been reiterated as one of China’s rules of thumb by government Councilor Dai Bingguo in 2010: “In terms of our basic policy, never seeking leadership, never competing for supremacy and never seeking hegemony is our basic national policy and strategic choice” (Dai, 2010: Section 5).

Fast-forward to 2016 and the EU still stresses in its China papers that, “The EU should encourage China to play a more engaged and active part in the WTO” (European Commission, 2016:14). This suggests China has failed thus far as a vector of common EU-China positions in the WTO. Considering that a coalition led by the EU would trigger strong opposition from developing countries, EU-China common positions can only get at chance at being implemented if the coalition is led by China. China’s incapacity to bridge developed and developing countries’ positions in the Doha Round (because of its lack of legitimacy as a developing country) makes an adoption of common EU-China positions at the multilateral level unlikely. As a result, this practical aspect shows that even if China and the EU wanted to advance common positions, there is little chance they would ever be part of the general multilateral agreement. However, the WTO’s efficiency in fulfilling the practical needs of China and the EU needs to be taken into account before drawing conclusions on the hypothesis that China and the EU use the multilateral level to apply common positions to all member states of the WTO.

2.3 Multilateralism does not fit European and Chinese Practical Negotiation Needs

Interviews show that the EU and China believe the multilateral arena to be inefficient at fulfilling their interests in the different cases under scrutiny. First, the uncertainty surrounding the conclusion of the Doha Round creates a vicious circle: actors are less inclined to invest negotiation time at the WTO as they fear it will never lead to the conclusion of an agreement. They then resort to bilateral arrangements to negotiate issues that were initially discussed at the multilateral level. This disengagement, in turn, increases the uncertainty of concluding the Round. Second, the WTO level only allows for representatives with a unique position to come to the negotiation table, bypassing the pluri-institutional realities of the national-level decision-making (notably on the Chinese side). In that way, the bilateral institution is more efficient by allowing for all the interested parties to join in on the negotiation.

⁷²不当头 (Bu Dang Tou)

2.3.1 Uncertainty surrounding the Doha Round Conclusion

Establishing cooperation becomes increasingly hindered by the EU-China's mutually fading interest in bringing the Doha Round negotiations to a close. One EU negotiator remarked that:

"The bilateral level creates much bigger trade flows than the multilateral level" (EE4).

Economic interests seem to lead the EU away from the WTO despite its wish for "an international order based on effective multilateralism" (European Commission, 2003:9). On the other side of the deal, a Chinese expert explains:

"The multilateral forum is mainly a platform for dispute and finalization of negotiations, but the actual work is done at the bilateral level" (EC2).

For both actors, the bilateral level seems to be more "effective" as a negotiation forum than the WTO, despite the numerous advantages that a widely applied position could bring. The EU and China blame each other for the "bilateral turn" that brought the two to disengage from WTO negotiations. Chinese authorities explain that the Doha Round is hindered by the EU and the U.S.'s lack of efforts to make a deal:

"At the WTO level, the EU and the U.S. do not put efforts anymore, they do not believe it can solve things or come to a conclusion anymore" (EC8).

In other words, the Chinese blame the EU and the U.S. for giving up on multilateralism, effectively leaving China with no choice but to follow in their footsteps. European negotiators, on the other hand, point fingers at China for the stalemate the Doha Round has reached:

"Multilateralism is the primary goal of the European Union. If the Doha Round has reached a stalemate, it is mostly because China prevents the negotiations from moving forward" (EE13).

Furthermore, on the cases of food safety and geographical indications, European negotiators indicate that the prime explanation for the creation of a parallel bilateral forum was linked to China not abiding by WTO regulations:

"The WTO would be a sufficient forum for negotiations. The problem is that China does not abide by its rules" (EE4).

To conclude, although both actors recognize that the bilateral level is both more lucrative and more "workable" than the multilateral alternative, both refuse to take the blame for moving away from the WTO. However, the two cases under scrutiny and the growing structure and dialogues of the EU-China bilateral relationship show that the EU and China are

slowly shifting every issue to the bilateral level to carry out parallel negotiations. On top of the uncertainty of a Doha Round conclusion anytime soon, the multilateral forum appears inefficient in fulfilling Chinese and European interests.

2.3.2 Lack of Direct Multi-Level Communication

The food safety and the geographical indications cases show that the EU's primary interest is to "*sell [its] regulatory framework*" (EE1) to China. As explained earlier, if two states have similar regulatory frameworks on a specific good, import and export compatibility issues decrease drastically. The harmonization of regulatory frameworks around the world was one of the main objectives of the creation of the WTO; questions of standards constitute a classical non-tariff barrier to trade. According to European negotiators, in terms of legal transfers on the matter on the food safety case, notably against other big powers such as the United States, New Zealand, Canada and Australia, competition is fierce. The bilateral framework of negotiation allows the EU to drive forward cooperation projects (more specifically through the "EU-China Trade Project"⁷³) to convince China to adopt its own legal framework. European negotiators argue that the bilateral framework is much more efficient at providing instances of direct communication at all levels (experts, academics, administration, etc.) between the two actors, making the EU's act of seduction more efficient.

For example, in the case of geographical indications, an interviewee from the commission explains that the bilateral forum allows:

"to keep contacts running with the different Chinese administrations in charge of Geographical Indication" (EE16).

In fact, European interviewees on every case under scrutiny (food safety, geographical indications, textiles, and solar panels) contend that Chinese institutions have overlapping competencies and major difficulty in coordinating with each other and finding common positions (EE1; EE4; EE11; EE13; EE15; EE16). They explain this aspect of Chinese realities – although counterintuitive because of China's dictatorial regime – makes it more efficient to pursue negotiations through bilateral venues by allowing all parties involved to gather on a specific subject. On the contrary, this aspect renders WTO negotiations futile because the

⁷³ The EU-China Trade Project is an institution working under the EU-China economic and trade dialogues devoted to "promoting fair competition and value for consumers; facilitating harmonisation with international standards and promoting safe products; improving food safety and quality; modernising customs; encouraging a more transparent legal environment, and working towards transparency, good governance and sustainable development."(<http://www.euctp.org/index.php/en/project-background.htm>). It tackles both food safety and geographical indications by providing expertise and training sessions in expert European institutions such as the European Food Safety Authority in Palermo.

Chinese negotiator would have an extremely small mandate, nullifying China's margin of manoeuvre in the negotiation. The Chinese overlapping administrative apparatus makes the bilateral venue more efficient than its multilateral counterpart because the former allows all interested parties to sit at the negotiation table.

To conclude, the efficiency indicators under scrutiny – namely EU-China coordination prior or in parallel to multilateral negotiations, China's capacity to take the lead and bridge developed and developing countries' positions, and multilateralism fulfilling the EU and China's practical interests – all turn out to be detrimental. More specifically, China and the EU fail to coordinate before WTO negotiations, China's lack of legitimacy as a developing country hinders it from being an efficient bridge between developed and developing countries, and finally, the multilateral forum does not fulfil the practical needs of the EU and China. In all of these aspects, the bilateral forum seems the best fit for the two actors to negotiate, and the bilateral forum is the one they actually turn to. Since 2003, many issues previously negotiated at the WTO have shifted to the bilateral realm. Since then, most subjects of importance have been subject to a bilateral negotiation followed, or not, by an agreement. The indicators show this is partly because the multilateral arena has been unable to facilitate negotiations towards a multilateral agreement that the two actors have shifted towards bilateralism. In other words, the hypothesis stipulating that the EU and China turn to multilateralism to enlarge the applicability of their common positions and reduce implementation costs (H2a) is not supported by facts from the fieldwork. Therefore, the liberal theory is unable to explain China and the EU's use of the multilateral arena. In order to assess the efficiency criteria's capacity to account for why China and the EU prefer to use the bilateral arena, the study will now turn to the two dispute cases under scrutiny: the solar panel and textile disputes.

3. Relationship lows

At best when China and the EU disagree on trade issues, it leads to trade frictions. At worst, it leads to trade disputes, whether solved bilaterally or multilaterally. One can observe trade frictions on occasions such as the BIT negotiations (Bilateral Investment Treaty) where the EU put increasing pressure on China to expand European firms' access to the Chinese market in exchange of an increased Chinese right to invest on the European markets. These negotiations, although rough, do not escalate to the point of reaching the contentiousness of a dispute. When push comes to shove for EU and China, however, they can either bring the

dispute to the multilateral level through the Dispute Settlement Mechanism of the WTO or deal with the case at the bilateral level through negotiations.

Although important cases like the rare earth dispute (DS 432) were solved multilaterally, the EU and China have dealt with most important trade disputes bilaterally. Compared to the U.S.-China relationship, the EU and China prefer the bilateral route and only rarely bring issues to the multilateral level. Despite more or less trading the same types of goods, 25 cases were brought to the WTO DSM by either the U.S. or China against one another, while the EU and China only brought 16 cases against each other to the WTO. In fact, European preference for solving disputes at the bilateral level is made clear throughout European documents on China. In 2006, three years after the establishment of the EU-China Strategic Partnership, the European Commission explained that “the EU has a clear preference for resolving trade irritants with China through dialogue and negotiation” (European Commission, 2006:7). In 2013, it reiterated this preference by stating that “[the EU and China should] make full use of the existing bilateral mechanisms to strengthen communication, handle major bilateral trade frictions through dialogue and consultation as a preferred option” (European Commission, 2013:6). Chinese government papers also state a clear inclination for the bilateral forum to solve disputes: “The EU should commit to resolving economic and trade frictions with China through dialogue and consultation” (Government of the PRC, 2013: Part IV).

The interesting fact about EU-China disagreements is that they are perceived as “natural” and “relatively easy to solve.” Chinese interviewees indicate that the increase of trade disputes between the two actors is “natural considering the drastic increase of the volume of trade between the two partners” (EC6). They further explain that:

“With the EU, the heart of most trade problems is economic, so the two actors can deal with it on a bilateral level quite easily if both of them are willing to compromise. [...] With the U.S., most trade problems actually hold a political issue at their heart” (EC5).

This specific way of perceiving EU-China disagreements when compared to U.S.-China disagreements in part indicates the EU and China’s preference for solving disputes at the bilateral level.

However, EU-China disagreements and their preferences for the bilateral level to negotiate when they have diverging interests will be scrutinized in a systematic manner. In order to do so, the two most contentious trade cases in the recent history of EU-China trade

relations will be considered: the textile case (2005) and the solar panel case (2014), both solved at the bilateral level. According to the liberal theory, China and the EU choose the instance of negotiation according to which one best serves their interest. When the two actors disagree, it predicts they will opt for the bilateral route because of the speed and the limited material costs involved in the bilateral procedure (H2b). In order to test this hypothesis, two indicators will help uncover the reasons behind Chinese and European preference for solving disputes bilaterally: 1) time and 2) material costs.

Efficiency Indicators: Time, Material Costs

According to the forum-shopping theory, entities choose the negotiation forum according to which best serves their interests. In the case of disputes, this means a quick, cheaper solution to their disagreements. To evaluate whether the EU and China look for such outcomes, efficiency indicators like time and material costs will be scrutinized.

3.1 Time

In both the solar panel and textile cases, the choice for a bilateral solution as an alternative to multilateral is determined in great part by the need to solve the issues quickly for EU and Chinese officials. The concept of time is central to the EU-China bilateral forum selection for dispute resolution. When asked why the solar panel dispute was solved politically at the bilateral level, a Chinese interviewee answered:

“We had no time, the value was so huge that it impacted the whole sector, and this is an important sector in China. If we had gone to the WTO, we would have needed more than two years to solve the case and the Chinese losses would have been monumental” (EC2).

Another Chinese interviewee agreed:

“The bilateral solution asks for [...] less time than the multilateral one” (EC3).

Put another way, according to interviewees the multilateral level is much more “costly” in terms of time necessary to solve a dispute than the bilateral option, prompting European and Chinese negotiator to prefer the bilateral solution to solve their disagreements.

3.2 Material Costs

In those two cases, the question of time is always linked to another argument: case value. This link is especially visible in one of the interviews carried out with a Chinese negotiator on the textile dispute:

“When it comes to the textile dispute the amount of money involved was very important for the Chinese industry which is why they chose to solve it on a bilateral level. Why should we waste time and go to the WTO?” (EC8).

In other words, for the interviewee, going to the WTO is a “waste” of time, and time in this case, means money. In both cases, there were enormous amounts of money involved. The solar panel case is arguably the most important case the EU ever came to an arrangement with a partner country. Moreover, it involved an extremely sensitive sector for both the European Union and China. One European negotiator explains that:

“It is the biggest trade defense case in European history, not only with China” (EE16).

While explaining its views on the European trade defense mechanism, a Chinese interviewee noted that the solar panel case was particular due to the money involved in the EU-China disagreement:

“In terms of trade defense, there is an average of 6-7 EU investigations of Chinese products per year. It amounts to less than two per cent of the total trade between the EU and China but we have a problem with the solar panel case because it is a soaring Chinese sector and the case impacted the whole sector. There is a huge value – in terms of money – attached to cases such as this one” (EC2).

The material costs do not just stop there. According to a number of researchers, the probability of winning a case at the WTO depends on the legal capacity of the state (Busch & Reinhardt, 2003:720) and the probability for a developing country to initiate a case is dependent on the previous experience with the dispute settlement process (Davis & Borneo, 2009:1034). In other words, past experience in the WTO DSM as well as the legal capacity of states (which to a great extent depends on the resources at the disposal of actors) to litigate explain why developing countries tend to make less use of the dispute settlement mechanism than developed countries. To this day, China has avoided using the WTO DSM when it could and has solely initiated thirteen cases since its accession in 2001, which is a rather low considering the size of its market and the complainant activity of entities close to itself in size (the European Union has filed 46 cases since 2001). The lack of experience and dearth of Chinese legal capacity has prevented China from being an active complainant at the WTO DSM as well as ideational factors that will be analysed in the next chapter. Indeed, as explained by Busch et. al., “the more complex the system becomes [the WTO DSM], the more legal capacity – namely, the resources required to monitor and enforce rights and obligations – is required to use it” (Busch et. al., 2009:559-560). In practice, legal capacity is the number of trained and experienced lawyers on WTO DSM matters as well as the size and

working capacities of China's Geneva delegation. Chinese interviewees emphasized these "human resources" factors and China's lack of experience as reasons not to get involved wholeheartedly in the WTO DSM, defaulting to bilateral mechanisms to solve disputes. On the textile case, a Chinese negotiator makes clear that if China had filed the case at the WTO, it would have lost because of lack of experience:

"China was at the initial period in terms of learning process in the WTO rules, it was difficult for China to then file a complaint" (EC2).

In a discussion on both the solar panel and the textile case, one Chinese interviewee explains that human resources are a prime factor in China's reluctance to use the WTO DSM:

"The bilateral solution asks for less personnel, which China is in lack of at the WTO, than the multilateral one" (EC3).

It is both the amount of money involved in a case and also that bilateralism demands less-experienced human resources that indicate how WTO DSM material costs create an inefficient venue to solve disputes for the EU and China.

More generally, case priority and the need to solve it in a timely manner played a major part in the EU and China's choice of the bilateral forum to solve the textile and solar panel cases. That is, the empirical fieldwork indicates that the EU and China's wish to solve disputes in an efficient manner has, to a great extent, influenced the two actor's preference for the bilateral forum. This runs counter to previous studies carried out on how a country decides between the bilateral and the multilateral forums of negotiation to solve a case. In fact, according to Christina Davis, "the most difficult trade topics [are pushed] into WTO trade rounds or dispute adjudication, while the informal bilateral and regional consultation venues are favored for less controversial trade problems" (Davis, 2003:1). However, the problem of fit between Davis' empirical conclusions and reality may be explained in that Davis focuses mainly on how democratic and liberal states choose between the bilateral and the multilateral forum to solve disputes and negotiate agreements. Her explanation is based on how governmental and lobby/interest groups preferences, and more generally "domestic political pressure" favors a forum over another (Davis, 2003:16). Considering that China is neither liberal nor a democratic state, this factor could explain why Davis' empirical fieldwork and the EU-China realities differ.

4. Conclusion

To conclude, the forum-shopping theory gives a partial explanation to the reason behind China and the EU's choice of negotiation forum. While efficiency requirements fail to explain why the EU and China occasionally resort to the multilateral forum, the empirical fieldwork shows they do not resort to the multilateral arena to enlarge the scope of application of common positions, or to limit the implementation costs of such common positions. This aspect still needs further explanation. Nevertheless, efficiency requirements explain to a great extent why the EU and China prefer the bilateral forum to negotiate solutions to disagreements. The empirical findings support the forum-shopping hypothesis by showing the primary reasons behind the EU-China preference of dealing with issues at the bilateral as opposed to the multilateral level: expediency and engagement with less material costs.

VI. PRESTIGE DIPLOMACY

1. Introduction

The theory tested within this chapter proposes that one of China and the EU's goal and motives for developing their relationship is to mutually reinforce their international prestige. According to this logic, China and the EU choose their negotiation forum because it is the most likely to increase their international prestige or least likely to harm their status. Certainly, China and the EU are what Ian Johnston calls international "prestige maximizers." Both emerged as international actors in the 1980s and have had difficulties being accepted as such, albeit for different reasons. China because of the Chinese threat theory (Yong Deng, 2006); the EU because it is not a state actor. As one of the Chinese interviewees puts it, China and the EU have a common interest in being treated as normal actors in the international sphere:

"There is still a lot of room for maneuvering political cooperation between the EU and China: on climate change, on anti-terrorism, on peace and on their reciprocal wish to be treated as equals." (EC7)

To mutually reinforce prestige, China and the EU adopt very different strategies depending on the public or private nature of the forum within which they interact. This theoretical framework posits that bilateral non-mediatised spheres of interaction and green rooms of the WTO are conceptualized as 'private,' while interactions within multilateral organizations and bilateral mediatised spheres of the EU-China relationship are understood as 'public.'"

1.1. Public and Private Spheres of Interaction

Taking as a starting point Ian Johnston's work on international organizations as social environments, the data gathered through fieldwork interviews shows that the EU and China further conceptualize forums as public and private. They believe there is a varying configuration of 'social pressures' depending on the negotiation forum. Private and public spheres of negotiations each have different prestige-linked pay-off structures (Johnston, 2001:503). The private sphere includes bilateral negotiations behind closed doors while multilateral negotiations constitute public spheres where prestige is at risk in cases of unfit behavior.

However, this research differs from Johnston in one aspect: the ‘public’ category does not consider international organizations as the only social environments in which states can socialize. I argue that the pay-off structures that apply in international organizations, namely what Johnston calls “back-patting and opprobrium effects” (Johnston, 2001:503) can also take place within mediatized aspects of bilateral relationships because of media’s increasing internationalization.⁷⁴ To be sure, the mediatized aspects of a bilateral relationship can give other states an eye on events taking place in the bilateral encounters, enabling them to cast a prestige-enhancing or prestige-decreasing judgment – followed-up by concrete action or not. Consequentially, within this research, the “public interaction” category comprises both the public aspects of the EU-China relationship as well as the two actors’ interactions within the WTO. On the contrary, the ‘private interaction’ category comprises all EU-China negotiation behind closed doors including private interactions within the ‘green rooms’ of the WTO.⁷⁵

Figure X: Public and Private Spheres of Interaction for International Actors

	Multilateral	Bilateral
Public	Multilateral Plenary Sessions	Mediatized bilateral negotiations
Private	WTO ‘Green Rooms’	Bilateral behind closed doors

1.2. General Findings

The data gathered through the Brussels and Beijing fieldwork support prestige as one of the main factors affecting China and the EU’s choice of forum. As explained extensively in the theoretical chapter (chapter 3), the Chinese concept of ‘face’ is central in understanding the prominence of prestige diplomacy as a driver of EU-China relations. Face, for the Chinese, is intrinsically linked to prestige and the literature has shown that China is a “prestige-maximizer” (Johnston, 1999). In other words, China and the EU practice ‘face work’ with each other. Face work is “a sort of front stage behavior that is deliberately performed in front of other people within the [dyad]” (Hwang, 1987:961).

On the one hand, this study shows that China and the EU practice face work by privatizing their disagreements. For China, privatization serves to avoid potential losses of

⁷⁴ Mediatized spheres of the bilateral relationship include all events that take place within the framework of the strategic partnership covered by the media such as yearly summits, reciprocal visits of political figures, etc.

⁷⁵ If the ‘green rooms’ of the WTO are within the theoretical differentiation of public and private spheres of interactions between states, this research solely scrutinizes the bilateral aspect of the private spheres.

prestige consequential to losing face in front of the international community. For the EU, privatization's purpose is simply preventing the loss of a WTO case and avoiding its detrimental consequences on the EU's image as an international law-abiding actor.

On the other hand, the study shows that prestige-enhancing strategies do not occur within the WTO, as stipulated by the initial hypothesis (H3a). In actuality, they are found in great number within the mediatized bilateral EU-China relationship. It is the EU that puts efforts into accommodating China on the question of face work. Aware of this Chinese social norm, the EU endeavors to abide by rules set by China and provides its diplomats with background knowledge on the cultural aspects important to its partner. Finally, the study explains that the two actors continue negotiations in the WTO despite their inefficiency (chapter 6) because of the potential prestige loss this could cause. For China, exclusively reverting to bilateral ties would fuel the China threat theory (Yong Deng, 2006). For the European Union, it could damage its peaceful and harmless image of the "champion of multilateralism" (Meunier & Nicolaïdis, 2006:914).

Prestige diplomacy, combined with the EU and China's wish to be efficient in their enterprises, constitute the best explanation to the EU and China's patterns of bilateral and multilateral forum choice.

2. Practicing 'Face Work' Without Losing it

The prestige diplomacy theoretical framework stipulates that the EU play 'face work' to China and is rather sensitive to this Chinese cultural demand.. The first step is therefore to evaluate the EU's awareness of China's cultural need to use face work as well as fulfilling such an expectation. When the EU plays face work with China, they follow the Chinese rules of prestige gains and losses, helping them enhance prestige and avoid prestige demise linked to losing face. Three indicators can show that the EU indeed plays face work with China. The first is the EU's awareness of and action upon this 'cultural bias.' The second shows the EU's institutional efforts to increase knowledge of Chinese cultural specificities. The third indicator exhibits that the Chinese perceive and reward European efforts.

2.1 The EU's 'face awareness'

Face awareness in EU institutions is observed in two ways. First, a large majority of European interviewees say that 'face' is one of the fundamental aspects of Chinese culture, impacting one's status and prestige and must be kept in mind while negotiating with the Chinese. Furthermore, European interviewees feel obliged to practice face work. Not playing

the game holds long-lasting consequences. China does not easily forgive non-conforming attitudes even if they come from foreigners. Practicing face work with China first entails creating reciprocal social links – otherwise called *Guanxi* – with their diplomats and negotiators. The social ‘face’ norm does not apply to all social interactions but solely those fulfilling the criteria of mixed-relationships or the above. Establishing *Guanxi* is the criterion for face work to take place. Once *Guanxi* is acknowledged and officially recognized, the two partners enter a mixed-relationship in which ‘face’ is expected to apply.

2.1.1 Practicing ‘Face Work’ at the Micro-Interaction Level: Keeping Good Relations With the Chinese

European diplomats and negotiators consider an awareness and practice of face work with the Chinese is fundamental to establishing good working relationships with them. The basis of this ‘face work’ is to establish personal and reciprocal relationships with Chinese negotiators.

First and foremost, all EU interviewees except for one (EE12) have spontaneously talked about Chinese ‘face needs,’ either explicitly or implicitly without having been asked. Those from the EU delegation, who meet the Chinese on a regular basis, call it ‘face’ and seem to be very much acquainted with the concept. For example, an EU diplomat formerly present in China said:

“It is extremely important to bear the concept of face in mind, especially when it comes to negotiations” (EE10).

Negotiators sitting in Brussels whose encounters with the Chinese are scarce, although not necessarily calling it ‘face,’ are particularly cautious of cultural differences with the Chinese:

“There is such a difference between the Chinese and the European culture that you need to be aware of it and be careful about everything.” (EE14)

This European awareness of the ‘face’ culture is ingrained in negotiator’s minds, because when not taken into account, the consequences can be particularly unforgiving. Five European interviewees gave anecdotes on how not playing the ‘face game’ right undermined their work. One interviewee went on to say:

“One thing that I found striking when it comes to face, is that – unlike in other countries – you do not have the “forgiveness of the foreigner.” (EE10)

Although the custom usually sets two standards for *savoir-vivre* in intercultural encounters – one for people that belong to your culture and another for those who don't – the Chinese seem to be unforgiving toward non-conforming attitudes regardless of their interlocutors' cultural background. This specificity makes 'face work' a compulsory criterion for smooth cooperation. The data shows that European negotiators are exceptionally aware of it.

2.1.2 Abiding by the Standards of a Mixed Relationship: A Necessary Condition for Reciprocal Face Work

Hwang, who studies the specific rules of Chinese society, argues that *Guanxi* (social relations), *Bao* (the norms of reciprocity), *Mianzi* (face) and *Renqing* (favors)⁷⁶ interact to establish culture-specific norms. In order for 'face work' to be reciprocal, one needs to first establish *guanxi*. *Guanxi* is defined by Yang as, "dyadic relationships that are based implicitly (rather than explicitly) on mutual interest and benefit. Once *Guanxi* is established between two people, each can ask a favor of the other with the expectation that the debt incurred will be repaid sometime in the future" (Yang, 1994:1-2). *Guanxi* is established when instrumental ties⁷⁷ are upgraded to mixed ties. It is when two parties decide to go from an unstable and temporary relationship to a stable, reciprocal and face work implying relationship. There are therefore two different levels at which face applies: the micro-interaction level includes diplomat-to-diplomat encounters (where the establishment of *Guanxi* takes place), and the macro-level encompasses EU-China interactions in general (where the upgrade to a mixed-tie relationship occurs).

Working towards a "mixed tie" relationship upgrade by China is in the EU's interest. According to Hwang, being part of an in-group with China means a lesser propensity toward aggressive behavior that could otherwise be extreme (Hwang, 1987:952), as the "non-forgiveness of foreigners" described by European interviewees attests. The importance of these relationships types while dealing with the Chinese has been extensively researched in the business and management spheres (Yang, 1994; Hwang, 1987; Tsang, 1998; Yeung & Tung, 1996), but remains unveiled in the sphere of international relations.

⁷⁶ 关系 (Guan Xi) ; 保 (Bao) ; 面子 (Mian Zi) 人情 (Ren Qing)

⁷⁷ Instrumental ties are social links where the relationship "serves only as means or an instrument to attain one's goals" (Hwang, 1987:950). It is often considered to be unstable and temporary. The other tie that can take place within the diplomatic world is the mixed tie, whereby two individuals or countries know each other and "keep a certain expressive component in their relationship" (Hwang, 1987:952). It lasts as long as both parties see each other often and the two parties play face together.

Establishing *Guanxi* at the micro-interaction level is crucial if diplomats are to move from instrumental ties to mixed ties with their Chinese counterparts and guarantee reciprocity. The benefits of establishing *Guanxi* have been proven in the management and commercial environment (Xin & Pearce, 1996; Tsang, 2001; Park & Luo, 2001). The establishment of *Guanxi* at the inter-state level, or the upgrading of the EU-China relationship from an instrumental to mixed tie was declared with making official the EU-China Strategic Partnership in 2003. Engaging a mixed type of relationship created new expectations for the two parties. Hwang explains that mixed ties last as long as the two parties see each other frequently. Therefore, a mixed tie with China entails (1) personalized and (2) regular meetings between EU and Chinese negotiators. The establishment of *Guanxi* at the individual level between EU and Chinese negotiators is a prerequisite for face work to take place. One of the indicators of the EU practicing face work with China is therefore its implication in upholding a mixed relationship with it.

European negotiators emphasize the Chinese requirements for regular meetings. According to a European interviewee working on food safety issues:

“In any case, when it comes to China and the Chinese, creating social links is intuitive. Their rule of thumb is to see each other often when things are going well instead of meeting only when things go wrong. They are strongly attached to personal relationships” (EE15).

Furthermore, a European negotiator on the solar panel case explains that the Chinese need to devote time to the building of interpersonal relationship:

“It is a Chinese thing to spend a lot of time building a relationship; there is a strong concept of Guanxi there” (EE16).

Beyond meeting regularly and spending time relationship-building, a mixed relationship involves a certain degree of ‘emotional’ engagement. According to Hwang, “both sides of a mixed tie know each other and keep a certain expressive component in the relationship” (Hwang, 1987:952). Actors need to get to know each other personally and a certain degree of familiarity expressed. Namely, the mixed relationship is closer to ‘friendship’ than to a simple ‘acquaintance.’ In fact, the Chinese negotiators qualify the European Union as a “friend” of China. It strongly personalizes the relationship in order to show the mixed nature of the EU-China relationship. The need to be treated as a “friend” of the EU by European negotiators has become a Chinese expectation since the establishment of the Strategic Partnership. This expectation is reflected in interviews carried out with European negotiators:

“For the Chinese, negotiations are always a personal thing. They want us to be friends, and depending on the European personalities on board, sometimes it works and sometimes it doesn’t [...]. It is the personal thing that is extremely important.” (EE12)

A European interviewee highlighted the possible consequences when there is a mismatch of personalities, or when the European side fails to enact the “closeness” expected by the Chinese:

“With China, negotiations are very much a people’s business, if you don’t find a way to make it click it becomes hell.” (EE10)

Another recalls that after a tough negotiation in which EU and China were opposed on the Solar Panel case, one of the Chinese negotiators pressed the need for the relationship to be personal for it to work well:

“I remember very clearly one Chinese negotiator who said to me, “you have to tell your boss, you have to tell your Commissioner that they need to be friends with the Chinese.” (EE12)

To conclude, the EU fulfills the criteria of the upgraded “mixed tie” relationship, making it official in 2003 with the “Strategic Partnership.” This allows the partners to create ‘face’ together and practice face work with each other. EU diplomats accommodate the Chinese need to meet often in both good and bad times and enhance their personal engagement, although this aspect is strongly dependent on the personal styles of EU diplomats. Fulfilling the expectations of the mixed type of relationship is supported by the EU negotiators’ awareness of the need to practice face work with the Chinese to avoid negotiation misunderstandings and stalemates. Face work is further reinforced by the recent intercultural trainings at the EEAS and DG Trade and the institutionalization of regular bilateral meetings at all levels of interactions and across all sectors.

2.2 Institutional Efforts to Increase Cultural Awareness Among Diplomats

Three aspects specific to EU-China relations reinforce European awareness on face matters and readiness to oblige. First, the highly institutionalized nature of the EU-China Strategic Partnership increases the frequency of meetings on a wide range of subjects. This makes for regular encounters between the negotiators. It helps them engage in more personalized meetings, thereby increasing the degree of personalization between the two sides. Second, European institutions and more specifically the European External Action Service (EEAS) have included country specific trainings for their diplomats, increasing their cultural awareness and knowledge of the Chinese negotiation style.

2.2.1 The EU-China Strategic Partnership: an Institution that Brings Europeans and Chinese Together

First and foremost, a structural element plays in favor of the EU's engagement into face work. To uphold a mixed relationship it is necessary for EU-China to meet on a regular basis. In fact, they have gone further within the institutionalized Strategic Partnership relationship. Chinese interviewees agree that the relationship upgrade allowed the institutionalization to unfold:

"We institutionalize because we are good friends. Good friends need a steady and structured environment to work in." (EC5)

One Chinese negotiator revealed the logic linking the upgrading of the relationship and the institutionalization process:

"Institutionalization is something that happens when a relationship is ripe, that is ready. The degree of institutionalization depends on the level of development of a relationship." (EC7)

However, the pragmatic advantage of institutionalization means regular encounters between the two sides at all levels – should this be at governmental level in the summits, or diplomatic and expert levels in the dialogues. Another Chinese interviewee explains:

"[EU-China Strategic Partnership] institutions make for a governance system between the EU and China. In all sectors, should they be economic, political, societal, cultural or diplomatic, the two actors can talk face to face. There is a direct link that is established between them." (EC7)

Therefore, the relationship's institutionalization plays a role in bringing European and Chinese diplomats together on a regular basis, regardless of the respective leaders in power. The EU-China Strategic Partnership lives its own life, follows a schedule of meetings set in advance, which does not depend on personalities in power. It increases the potentiality of the EU and China's face work with each other; they meet often and know each other well. Chinese negotiators emphasize the strong stabilizing power of this institutionalized relationship:

"The European Union is one of our major allies because the strong institutionalization of the relationship makes the relationship really stable" (EC3)

2.2.2 Institutional Efforts to Increase "Face" Awareness

Institutional efforts to provide cultural expertise to European diplomats are on the rise, both in the EEAS and the European Commission, which shows the EU's awareness of the importance of cultural specificities such as face. According to one European diplomat, there

has been real change in that aspect in the last 15 years. This shift can be attributed to efforts carried out by institutions and due to the increased presence of member states diplomats within the EEAS trained for intercultural work.

“There is a kind of ‘formation’ for such things as face now for diplomats. We also benefit from the knowledge of member states’ diplomats that are now part of the EEAS. [...] We are now much less amateurish than when I started out. When I went to China, we were told certain things by then. There is much more cultural awareness now than when I first started.” (EE10)

EU institutions now take into consideration cultural specificities as factors that can be of great help in negotiations. Another interviewee explains this is not solely a particularism of the EEAS but also applies to other negotiators, notably those of DG Trade:

“Face was a background consideration we kept in mind in all circumstances. In EU institutions, they have experts on China that tell the negotiators these things.” (EE14)

To conclude, EU institutions have made an effort to provide European diplomats and negotiators with appropriate knowledge on China and Chinese culture in order to avoid blunders in negotiation. These trainings equip European negotiators with the tools to practice face work in a beneficial manner with China. The following section will show that the EU’s awareness of culture and notably face as well as its institutional willingness to practice face work with China puts the EU in China’s good books. Practicing face work provides the EU with a significant comparative advantage to other partners who refuse to abide by this principle, like the United States.

2.3 The Chinese Response: Face exists because China rewards it

The third indicator that makes for the evaluation of the EU’s face work and its efficiency is how the Chinese perceive this effort. Indeed, if the EU participates in the face “power game” (Hwang, 1987), China should perceive it positively as it increases prestige at the international level. As explained earlier in this chapter, in the Chinese culture face work is “a sort of front-stage behavior that is deliberately performed in front of other people within the mixed tie” (Hwang, 1987:960). In other words, the mixed tie serves to increase the pair’s prestige and instill mutually favorable perceptions within the couple’s “social network.”

At the diplomatic level, European negotiators explain that face work with the Chinese has a positive impact on negotiations. Three European interviewees say that culturally-savvy negotiators had better negotiation outcomes with the Chinese.

“I had a colleague who was particularly sensitive to that and that usually helped him out.” (EE10)

At the governmental level, European negotiators call this type of cultural adaptation a “soft-power” policy. They consider the face work of the EU practiced with China as one of the major triggers of its success with the country. In particular, the privatization of conflict is a facet of the strategy of avoiding a loss of face for China:

“When it comes to conflict management, we adopt a face-saving “soft-power” policy at the international level. To the contrary, the United States take a much more aggressive stance. This EU particularity is one of the reasons of its success with China.” (EE4)

For European negotiators, the behavior of the U.S. – their refusal to practice face work with China – is directly linked to their unwillingness to see China improve its image at the international level. The fierce competition between China and the U.S. for the status of first world power prevents the U.S. from practicing face work with China, therefore giving the EU considerable leeway on the subject:

“This [face work] helps with China tremendously. On the contrary, the U.S. are trying to keep their status as most powerful state in the world and China is slowly catching up.” (EE10)

Chinese negotiators also consider that the U.S. is trying to undermine Chinese status politics at the international level:

“When a conflict starts with the U.S., they go to the WTO DSM. Their goal is to show that even though China is a member of the organization, it is not a responsible power, it cannot be trusted.” (EC9)

Chinese negotiators make it quite clear that the EU’s face work is appreciated. They consider this European move to be “intelligent” and “working in favor of the relationship” (EC3). In more general terms, the EU’s face work is a comparative advantage because the Chinese perceive European negotiators to be “easier” to deal with, particularly compared to American diplomats:

“I think in general, it is much easier to talk with Europeans than Americans because we have much more in common culturally speaking and Europeans understand us better.” (EC3)

This is particularly interesting because European and American culture is considered as a unique “Western” culture by China. Therefore, it is the practice of face work that creates this seemingly cultural closeness. Practicing face work therefore makes for important advantages for European negotiators, putting the EU in China’s good books and accentuating the perception of the United States as rogue and unfriendly. The practice gives the EU a

significant comparative advantage over its primary competitor for Chinese goods and for the Chinese market: the United States.

These three indicators – the EU’s awareness of face, institutional efforts to provide cultural trainings to European negotiators and the positive Chinese perception of the EU’s face work – show that the European Union has engaged with China to work towards a mutual increase of prestige at the international level. First, all EU interviewees emphasized China’s face work requirements as something to remember in negotiations with the Chinese. They also agreed to improve their China relationship according to the newly set criteria of a mixed relationship. Second, EU institutions have overhauled the cultural expertise and trainings available to diplomats and negotiators to encourage cultural sensitivity and stimulate face work practice. Finally, this engagement in mutual prestige- increasing politics is positively perceived and encouraged by China.

At the same time, the EU is not “blinded” by China’s wish for face work, and European diplomats are aware of the potential abuses or advantages China can take while driving this mutual status-enhancing policy. European negotiators have given examples of Chinese strategic use of face work to reach short-term economic policy goals. For example, one European negotiator on the solar panel case explained:

“I don’t think they are boxed in their cultural grid. They just try to get the maximum out of you.” (EE16)

This goes along Roy’s argument that diplomats use ‘culture’ strategically to obtain their desired compromises (Roy, 2014:255). European negotiators try to keep a fine balance between abiding by the cultural standards of the other and simultaneously maintain the interest they are there to endorse:

“At the same time, you have to strike a balance between cultural understanding and the interests that you need to defend. You cannot be overly understanding of cultural context or you lose sight of the interest you are supposed to serve.” (EE10)

Overall, Europeans practice face work with China all the while being aware that the Chinese might try to take advantage of their cultural particularity. The next section takes a deep dive into the specific prestige-enhancing and prestige-saving strategies carried out by the EU and China to see if the other hypotheses of the prestige diplomacy system are backed up by empirical findings.

3. Prestige Gains: Strategies in the Public Sphere

The prestige diplomacy theory stipulates that, in the Chinese context, there are three ways of mutually enhancing status: praise in public, championing title or ability, and showing that one's opinion matters. The hypothesis concerning prestige-enhancing strategies between the EU and China spells out that when they engage in multilateral negotiations, they utilize face-giving strategies to mutually enhance their international image (H3b). However, the scrutiny of the WTO has yielded no empirical evidence of such strategies being put into place by the EU and China. However, anecdotal evidence of the EU and China carrying out these face-giving strategies in the mediatized section of their bilateral relationship was gathered. Strategies carried out to enhance each other's prestige could take place, either within international organizations that constitute social environments for states (Johnston, 2003) or within the mediatized sections of the bilateral relationship. Considering that the initial hypothesis (H3b) does not work, this section provides potential cues and anecdotal evidence for further research, indicating that face-giving strategies between the EU and China might still be pursued in the mediatized bilateral sphere of the bilateral relationship despite not taking place in the multilateral sphere.

On the one hand, a concrete example of mutual face-giving by the EU and China is embodied in the 2003 official announcement of the creation of a strategic partnership. Indeed, if this partnership was strongly criticized as not carrying any "strategic aspect" (Holslag, 2011; Grevi, 2010; Scott 2007, Shambaugh, 2008), it might be because it was found not in the military and economic cooperation but in the cooperative image it gave to the two partners. When the EU and China call each other their "strategic partner," they are both engaged in a face-giving strategy towards the other. For China, face-giving is done by showing ostentatiously the other's importance to oneself is a precondition to the establishment of a relationship because it secures reciprocity⁷⁸. If I say that you are my friend, I expect you to give me face, you to help me not lose face or to abstain from threatening my face while in public. This is one of the reasons why the U.S. and China have failed to reach an agreement creating a "strategic partnership." China expects the other actor to first call China its strategic partner before engaging in talks. The U.S., on the other hand prefers to first negotiate and only once the relationship has reached a certain level of depth call the other party a "strategic

⁷⁸ There is even an expression in Chinese to call this reciprocal face-giving attitude: "wo men you mian zi". For Hu, "mian zi here stands for the friendship bond on which one can count. Thus, if A has mianzi with B, he can be certain that B will render him friendship services on occasion, and also that B will increase A's mianzi in front of other people in every possible way. This bond ensures reciprocity" (Hu, 1944:59).

partner.” The refusal by the U.S. to call China a strategic partner before engaging into talks is viewed by the former as a refusal to give face to China. In China’s view, there is consequently no possibility of engaging into negotiations that would create a formal, institutionalized relationship with the United States. To the contrary, the EU’s willingness to call China its strategic partner favored the EU’s image as a reliable actor for China.

China has also on occasions enhanced the EU’s credibility as an actor at the international level. One illustration is Xi’s official visit to European institutions before visiting heads of state in 2014, notably his symbolic speech on EU-China relations at the College of Europe (Xi, 2014). This visit was meant to show the world that China, the second world power, recognized and engaged with the EU as a single entity. Furthermore, Chinese negotiators have time and again recalled that EU-China summits showed the world that the EU and China continued their cooperation:

“The European Commission looks for visibility and needs deliverable agreements. It is quite easy to find agreements to reach at each summit.” (EC2)

In other words, this interviewee believed that the most important aspect of summits between the EU and China was to demonstrate the European Commission’s capacity to act in the international arena, therefore upgrading the EU’s status.

This anecdotal evidence of the EU and China’s face-giving strategies in the public section of their bilateral relationship needs to be further researched for the purpose of verifying this hypothesis in more depth and in a more systematic manner. However, it is not this work’s initial objective, which is to look for evidence of face-giving strategies in international organizations and more specifically in the World Trade Organization (H3b).

Avoiding Prestige Losses: the Privatization of Conflict

Prestige loss in international relations means seeing one’s status harmed either through self-inflicted action or through the action of others; the most important part of the EU-China prestige management strategy is to avoid prestige loss. In the Chinese culture, prestige also comes through saving face: “saving mianzi rather than losing it becomes a primary objective in Chinese society” (Hwang, 1987:961). Prestige loss for China amounts to losing face in front of the international community while prestige loss for the European Union means tarnishing its positive image as an international law champion who fosters multilateralism.

The prestige diplomacy theory posits that when one of the two players is at risk of losing face, the EU and China resort to the bilateral forum to negotiate in order to avoid loss of prestige (H3a). The empirical fieldwork supports this hypothesis and shows that China and the EU privatize their disputes.

Chapter 6 on liberalism has already shown that the EU and China prefer to deal with disputes in the bilateral forum for very pragmatic reasons: firstly, because it takes less time to solve a dispute at the bilateral level and secondly, because it involves less material costs. The prestige diplomacy explanation to the privatization of disputes complements the liberal explanation. It shows that beyond purely material advantages of moving disputes and conflicts to the bilateral relationship, ideational factors are also at play in the Chinese and European preference for bilateral solutions to disputes.

4.1 The Privatization of Disputes and Conflicts

The privatization of conflict between the EU and China takes two different forms. To begin, the EU and China prefer to deal with disputes at the bilateral level, behind closed doors. Second, it means that even behind closed doors, at the micro-interaction level, EU diplomats help their counterparts to save face by securing face-keeping measures in the course of negotiations, when conflicts are not quite outright disputes.

For Europeans, putting these two strategies in place is central to maintaining a good working relationship with China. They understand that in the Chinese culture, losing face produces an impossibility to resume cooperation. As previously explained in the theoretical chapter (Chapter 3), “a person’s loss of face can negatively affect not only the individual but also the social encounter itself” (Kim & Nam, 1998:526). In other words, when transposed to the international relations’ realm, if a country face, the relationship with the responsible country is broken. This aspect is perfectly clear for European diplomats. One of them explains:

“One of the things that took me a while to understand is that it is impossible in China to disagree with someone and still remain friends with them.” (EE10)

Of course, if the disagreement is private, things take a different turn. Indeed, if a couple doesn’t get along, they do not lose face if they argue in private. However, if the same couple divorces and the disagreement is made public, they do lose face. The same goes for states and actors engaging with each other at the international level. In order to avoid such an outcome, China and the EU work their way through opposed interest by privatizing and negotiating dispute settlements outside of the limelight when possible.

4.1.1 Keeping Disputes Within the Realm of the Bilateral Relationship

Both China and the EU prefer keeping disputes at the bilateral level. China has a very specific understanding of what is best practice in terms of how disputes should be settled. One Chinese interviewee makes this clear:

“In the Chinese culture, the best way of handling a dispute is to deal with it on a one-on-one basis, the second option is to bring a mediator that is both friendly with China and friendly to the EU and the last resort option is filing a case at the WTO.” (EC7)

For the EU, solving disputes bilaterally is also a prime interest:

“If we encounter a problem, we first try to solve it bilaterally. The EU does not really like to climb up to the multilateral level to solve issues.” (EE4)

One EU negotiator even calls the WTO a “last resort option”:

“All other diplomatic strategies must be unfruitful for us to file a complaint at the WTO. It is a last resort option.” (EE1)

Chinese interviewees concede that the EU is ready to oblige and switch to the bilateral realm when push comes to shove:

“With the EU, it is possible to deal with problems at the bilateral level. Most of the time, it even prefers to deal with problems this way.” (EC9)

To be clear, both China and the EU have a preference for keeping disputes within the bilateral realm. But in order to avoid potential losses of face within bilateral relations, the EU is cautious not to make China lose face.

4.1.2 Face-Keeping Measures During Negotiations – How the EU Accommodates China

The EU pushes face awareness to the realms of one-on-one negotiations. It is keenly aware that losing face can lead to negotiation stalemates. To avoid such an outcome, it tries to put in place face-keeping measures with the Chinese. For example, in the case of food safety, China had blocked importation of spirits and wine because they contained phthalates. However, phthalates are naturally produced in the fermentation phase. In order not to put China in front of its lack of knowledge about wines, the EU decided to use what the negotiator calls a “face-keeping measure” (EE4):

“When something goes wrong, we try to find a “face-keeping measure” because it is primordial for the Chinese. For example, when the Chinese blocked European imports of spirits because they contained phthalates, we decided to immediately organize an expert seminar, and things improved very quickly after that.” (EE4)

In this case, European negotiators used the EU-China Trade Project (EUCTP), an institution that brings experts' input into political dialogues to launch a seminar on the fermentation process instead of putting the Chinese negotiators on the spot and blaming them for their lack of knowledge.

In other cases, Europeans have accepted to take the blame for things that they believe were the responsibility of their Chinese counterparts in the process of negotiation. An EU negotiator on the case of geographical indications explains:

“The Chinese government is very attached to protocol, so we were blamed easily if something went wrong. Usually, we were happy to take the blame even if we thought the problem came from their side because this allowed the relationship to continue, it was our prime interest, and this allowed the situation not to come to a stalemate.” (EE14)

During regular negotiations, European diplomats and negotiators apply tactics to avoid the loss of face of their counterparts. In Chinese this is “*renqing*”: it is typically something you owe to the other in a mixed relationship. According to Hwang, it entails that “when [the counterpart] gets into trouble or faces a difficult situation, one should sympathize, offer help” (Hwang, 1987:954). In both the food safety and the geographical indications bilateral negotiations, the EU avoided the loss of face of their Chinese counterpart by putting in place “face-keeping measures.” In the first case this was achieved by bringing the negotiation to the expert level and in the second case by accepting the blame for things that went wrong. This, in turn, served their interest because it allowed for negotiations to continue without stalemates.

The two aspects of the privatization of conflicts and disputes – solving disputes at the bilateral level instead of the WTO DSM and avoiding losses of face within bilateral negotiations – serve three purposes: two that are pursued by the Chinese and one by the EU.

4.2 The Main Reasons Invoked for Privatization

Privatization of disputes and conflicts within the realm of the bilateral relationship is pursued for three main reasons: when China believes going to the WTO DSM means a (1) potential loss of face for itself if it does not win the case and (2) the relationship losing face in front of the international community. For the EU, (3) privatization means avoiding losing a case at the WTO. Indeed, losing a case, for both the EU and China – and, for that matter, any state or entity entangled– means a condemnation in front of all members of the WTO. It means more specifically that the entity has not followed the rules of the game previously agreed upon. Such a condemnation would hurt China's prestige and fuel the pre-existing China threat theory. For the EU, it would harm its image as a champion of international law.

Therefore, both actors have strong prestige-linked reasons to keep conflicts within the private space of their bilateral relationship.

4.2.1 China: Avoiding Being Categorized as a “Bad” State

Chinese interviewees have all been adamant: going to the WTO to solve a dispute means losing face, and thus a loss of prestige within the international arena.

“Going to the WTO to deal with issues for China, it is losing face quite badly. China does not like to go there to deal with issues.” (EC3)

As the prestige diplomacy theory stipulates, the multilateral sphere – in this case the WTO DSM—is “public.” There, issues between two or more entities are treated before the eyes of many. When the DSM procedure is triggered, third states sign up to be “third parties” in the case and conflict resolution ends with either one of the parties being condemned in front of the whole “social network,” the organization’s members. China’s WTO membership is replete with case losses. It believes that losing a case puts a mark on the reputation, or prestige of a state:

“In general, the WTO has a lot of rules, if you do this or that wrong, then you are considered a bad state. China does not really like that, we prefer the bilateral sphere.” (EC7)

To be clear, the Chinese explain that the WTO DSM has a tendency of assigning “winner and loser tags to each of the parties” (EC3). The fear of “loser tags” and of being considered a bad state is one feature of losing face. Such assigned tags fail to exist in the bilateral sphere as most agreements are negotiated behind closed doors and the matter of the agreement kept private. In the solar panel case, for instance, the minimum price agreed upon to avoid European tariffs was kept secret. For China, privatizing the settlement of disputes enables it to avoid potential face losses in front of the international community. The EU, as shown in the first section is ready to oblige to Chinese needs but also follows a prestige-linked European preference for the bilateral sphere.

4.2.1 The EU: Never Losing a Case in the WTO or Keeping its International Law-Abiding Reputation

The EU was a developed member of the GATT and then of the WTO, which replaced it in 1995. It therefore both has experience with dispute settlements in the organization as well as the means to have good lawyers. It is thus in a good position to win cases, not harboring the same fears towards the institution as China:

“We do not fear the WTO DSM because we often win and there are few cases filed against the EU. This is the case because we tend to respect previous verdicts and we usually follow the rules of the agreements we sign.” (EE13)

However, unlike the U.S. tendency to file numerous cases at the WTO, EU negotiators explain that EU policy is to file as few cases in the WTO as necessary. One European negotiator explains:

“The Commission is extremely cautious about the WTO cases it files.” (EE16)

The EU chooses to file fewer complaints than the United States despite encountering the same type of problems; the two countries usually trade the same products. Certainly, the EU wants to retain its status as a trustworthy trade partner, one that abides by international law and follows the rules it has previously agreed upon. According to one European interviewee:

“The less you lose at the WTO, the more your credibility increases in the international sphere.” (EE12)

In other words, the fewer complaints filed at the multilateral level, the less likely one is of losing that case and the less likely one is to lose credibility. Another European negotiator explains that:

“We only file complaints [at the WTO] when we are very well prepared and almost sure to win.” (EE4)

Although the EU seldom loses cases, it is still very cautious in filing and bringing cases to the WTO. Therefore, one of the reasons pushing the EU to avoid the WTO DSM and prefer bilateral negotiations with China is in keeping its status as a law-abiding advocate.

4.2.3 Avoiding a Loss of Face of the Relationship

There is a second reason that pushes China away from the WTO limelight. The singular nature of the mixed tie linking the EU to China makes this EU specific. Indeed, mixed ties entail that the two parts of the relationship “keep face together.” China and the EU can, by their actions, make the EU-China relationship as a whole lose face in front of the international community. China is therefore also concerned about “keeping face.” One interviewee explains the potential for loss of face for the two partners embodied in the WTO DSM:

“We [the Chinese] believe that dealing with issues at the WTO makes us [the EU and China] lose face. It shows other countries that we do not get on, that we do not have a healthy

relationship and that we aren't on good terms. And that is not good, that makes us lose face." (EC9)

This point is strongly upheld by another Chinese interviewee, who argues that:

"In the Chinese culture, going to the multilateral level to solve an issue between two partners is the absolute last option. If this option is taken, in China's eyes, it means that after the dispute is settled, the two partners will almost not be able to cooperate anymore whereas if we use other options, we can still continue to be friends and cooperate once the dispute is settled." (EC7)

Therefore, for the Chinese, it is not just China's face at stake when a complaint is filed by one of the two partners. It is the relationship's face as a whole that is at risk, thereby accentuating the need to keep disputes within the private realm of the bilateral relationship.

To conclude, China and the EU privatize disagreements for three main reasons: first, China prefers to avoid losing face as well as wearing the loser tag in front of the international community. Second, the EU avoids the WTO DSM so to not lose and see its credibility as a law abiding entity decrease before the eyes of the world. Finally, because of the face work China and the EU practice with each other, they "keep face together." By holding face together they need to support the prestige of the relationship by not giving members of the international community the opportunity to believe China and the EU are not on good terms. Avoiding prestige losses for both actors is a prime reason why the EU and China privatize their conflicts.

4. Conclusion

Prestige diplomacy is the strongest theoretical explanation for the unnatural partnership between the EU and China, despite not being able to fully prove the use of public forums to carry out face-gaining strategies. This chapter first shows that the EU practices face work with China; deeply aware of the importance of face in the Chinese culture. European diplomats gain cultural expertise through institutional training on cultural diplomacy and China recognizes that the EU is sensitive to this, which, in turn, gives the EU a comparative advantage compared to other Chinese non-Asian partners.

If there is no evidence of face-gaining strategies present in the multilateral forum, anecdotal evidence provides indications that these strategies occur within the mediatized sections of the bilateral relationship. Finally, this chapter shows that prestige-linked reasons account for the EU and China's decision to privatize most conflicts and disputes. China

attempts to contain threat theory and the EU wishes to continue its established reputation as an international law-abiding actor.

VII. CONCLUSION

The growing strength of the China-EU relations is a puzzling phenomenon, characterized by the lack of strategic interest of the two actors in each other's respective regions, strong cultural differences, an enormous geographical distance as well as opposing regime types. Despite these divergences, over the last 15 years China and the EU have built an ever-tightening relationship which enables them to widen their scope of cooperation and deepen previously launched negotiations. This relationship is quite consistently in turmoil, mostly because of the institutionalized nature of the bilateral link which forces the two actors to carry on 'business as usual' in the face of diplomatic crises such as the arms embargo in 2005 or the "Olympic torch incident" in 2008.

Trade is evidently the cornerstone of the EU-China relationship, and the most developed aspect of their kinship. In the last couple of years, the EU has remained China's first trade partner, and China continues to be the EU's second trading partner after the United States. The EU and China traded more than 520 million euros worth of trade in 2015, slowly catching up with EU-US trade amounting to 620 million euros that same year. How do these unusual partners develop and consolidate such a strong relationship? What has driven, and continues to drive, the two actors to intensify their cooperation at such fierce speed? Focusing on economic cooperation and disputes, this question was analyzed indirectly through the scrutiny of China and the EU's choice of forums of negotiation. Indeed, considering the different characteristics of forums available for international entities to negotiate in, whether at the multilateral or bilateral level, their forum choice indicates the state of their relationship as well as the drivers of their cooperation. Within the empirical landscape, the most puzzling aspect of EU-China collaboration is its strong preference for bilateral resolutions of conflict, notably in comparison to the parallel US-China relationship which gives preference to multilateral resolutions of trade disputes.

First, an overview of main data findings allows us to infer the EU and China's means of negotiation, the drivers that lead them to develop and consolidate their partnership despite a lack of strategic interest in each other's zones of influence, geographical and cultural distance, and incompatibility of regimes. Second, the theoretical and empirical contributions

of this empirical study will be laid out. This conclusion will then discuss the implications for 21st century world and EU politics of the findings.

1. Findings

Three theories of soft-balancing, forum-shopping and prestige diplomacy, were tested on the empirical material collected in the two fieldworks carried out in Beijing and Brussels. These empirical findings draw conclusions on how the EU and China choose the multilateral or the bilateral fora of negotiation. From this data, one can infer the impetus of the EU-China strengthening and widening relationship. The choice of forum highlights the dynamics and interests at stake in the encounters of the two actors.

1.1 Soft-Balancing

In the soft-balancing test, the original and foundational hypothesis (H1c) was tested on two crucial cases. It showed that if China had no strategic interest at stake, it would soft-balance the US by giving support to the European position in multilateral institutions. The food safety and geographical indications cases were the best suited cases to test this hypothesis because they were zero-sum cases; the EU and the US were competing for China's vote and one of the two were doomed to lose out from China's decision. Furthermore, China's initial interests were either closer to the American position or neutral to the issue at stake. However, if China did position itself in favour of the European position, its motives were not set on limiting or hindering American power. Quite to the contrary, China sided with the EU for two major reasons, First, to send a clear signal highlighting its concern and action upon food safety and geographical indications to its population. Secondly, China wished to hide behind the EU in order not to pay the price vis-à-vis other developing countries. Developing countries are certainly opposed to stricter rules on these matters because restrictions impinge on trading capacity.

On top of this test, it is assumed that soft-balancing on the long-run cannot take place without minimal trust between two actors⁷⁹ and trust between the EU and China is nowhere to be found. China fundamentally does not trust the EU to keep its position when facing strong opposition from the United States.

⁷⁹ This research has adopted a Classical realist standpoint that allows the considerations of "things like ideas, norms, and legitimacy" (Kirschner, 2012:68) and follows the angle adopted by Welsh Larson: "trust is the key to achieving cooperation that goes beyond "agreements of small scope" where the penalties for defection are less severe" (Welsh Larson in Wheeler, 2013:486).

The test stemming from the two cases under scrutiny as well as the lack of trust between the EU and China demonstrates that the EU and China do not use the multilateral sphere of negotiations to soft-balance the United States. I infer that the motivation pushing the EU-China trade relationship forward is not their common wish – or a wish solely stemming from China– to hinder American power.

1.2 Forum-Shopping

The forum-shopping hypotheses derived from the liberal theory argues that China and the EU's choice of forum, should they agree or disagree on a given issue, is motivated by efficiency concerns. Although the use of the multilateral arena should enlarge the scope of application of the EU-China's common interests, the data shows that the two actors seldom push forward common positions when they have shared interests. Furthermore, they do not coordinate in advance of negotiations. China the part of the duo most likely to bridge positions between the EU and developing countries, refuses to take the lead in coalitions.

According to the data, there are no indicators of the EU and China seeking maximum efficiency from the multilateral forum. However, their turn towards bilateralism in times of disputes does follow a logic linked to efficiency. Empirical findings show that the EU and China prefer to deal with issues at the bilateral level because it is generally less expensive and less time-consuming to do so. All in all, if efficiency requirements fail to explain why the EU and China still participate in multilateral negotiations, they do explain to a great extent why the EU and China prefer the bilateral forum to negotiate solutions to their disagreements. From these findings, it can be inferred that the reason pushing China and the EU to expand and strengthen their trade relationship is partially their common wish for efficiency and gain maximization. One major aspect leading them to increase their trade with each other, contrary to the US-China relationship, is their capacity to deal efficiently with issues when they arise.

1.3 Prestige Diplomacy

Prestige diplomacy is the big winner of the empirical tests carried out on the cases under scrutiny. On the one hand, the study shows that China and the EU practice *face work* by privatizing their disagreements. On the Chinese side, privatization serves to avoid potential prestige loss consequential to humiliation in front of the international community. The European side's purpose is to fend off losing a case at the WTO, which would have an impact on the EU's image as an international law abiding actor on top of providing a comparative advantage over China's other partners.

On the other hand, the study shows that prestige-enhancing strategies do not take place within the WTO, as stipulated by the initial hypothesis. Such strategies, however, are to be found in great number in the public demonstrations of their bilateral relationship. Finally, the study explains that the two actors continue WTO negotiations despite the institution's inefficiency because of potential losses of prestige this could entail. For China, exclusively reverting to bilateral ties would fuel the China threat theory (Yong Deng, 2006). For the European Union, it would damage its peaceful and harmless image of a "champion of multilateralism" (Meunier & Nicolaïdis, 2006:914). In other words, the prestige diplomacy lead by China and the EU is the best explanation to the EU and China's patterns of bilateral and multilateral forum choice. It can therefore be inferred that the EU-China trade relation's growth is linked in great part to the two partners' ability to put prestige first in negotiations in both bilateral and multilateral forums.

To conclude, the empirical findings go against the balance of threat theory. The forum-shopping theory partially explains the outcome and combined with the prestige diplomacy theory, shedding new light on the reasons pushing China and the EU to expand their areas of cooperation and exchanges.

2. Contributions

This research actively contributes to the existing empirical and theoretical literature on both EU-China literature and the wider literature on actors' behavior in and perception of international organizations. On empirical grounds, the main contribution is the interviews carried out in Mandarin with Chinese policy officers currently in office. On theoretical grounds, this dissertation further weakens the balance-of-power theory, adds to the growing literature mixing material and ideational explanations, and refines Ian Johnston's theory on international organizations.

2.1 Original empirical findings on EU-China relations

This research is mainly supported by interview data and public governmental documents⁸⁰ gathered through two three-month fieldwork stays in Beijing and Brussels⁸¹. Empirically, this research contributes issue-specific original data to those already collected on

⁸⁰ Documents were only available on the EU side, offering at times, a possibility to triangulate. Public documents on disputes or negotiations are not made available by the Chinese government - with the notable exception of the two EU strategies (2003 and 2014) – explaining the recourse on occasion to the *China Daily* as a "proxy" source as it is known to reflect governmental positions.

⁸¹ The Beijing fieldwork proved particularly difficult mostly because of the Chinese government's wariness about foreign researchers in political science. The fact that I had spent eight years in China as a child and that I spoke the language did not alleviate the suspicion as I thought it would but instead, aggravated it.

China. Collecting issue specific data on China in international relations is rather the exception than the norm due to several factors: first, research visas are only delivered sparingly and under exceptional circumstances⁸². It is very difficult to be a “legal” researcher in China. Second, China seldom publishes official documents available in languages other than Mandarin Chinese. Finally, English is rarely spoken by the generation of officials currently in office. Additionally, and though it shouldn’t be entirely disregarded, research carried out by mainland Chinese scholars is usually published in Chinese journals and is subject to governmental censorship. This lack of issue specific, empirical research based on interviews is obvious in light of the contributions of the most renowned Chinese scholars. Ian Johnston, for instance, first carried out research on China by studying Chinese strategic culture through the lens of available strategic documents from the Ming Dynasty and the Chinese *Seven Military Classics* (Johnston, 1998:30). He then went on to scrutinize Chinese behavior in international institutions (Johnston, 2008), thereby doing research *outside* of China. In the field of EU-China relations, many works have relied on materials made available by the EU or other transparent international organizations (Scott, 2007; Ash, 2008; Andornino, 2015). That is, with China, scholars have to work around the obstacles of language, censorship, and mundane visa requirements.

Consequently, the in-depth interviews (in Mandarin) with Chinese policy makers and advisers are a genuine empirical contribution to case-specific research in the field of Chinese international relations. The research contributes to developing bodies of works that include fieldwork and the interview practice on Chinese territory with Chinese officials currently in office.

2.2 Theoretical Contribution

The theoretical contribution of this research is threefold. First, it further weakens the theory that China balances the United States with the EU using tacit and softer means than an outright alliance. Second, it shows that both material and ideational factors must be combined to explain the outcome, thereby enriching a growing research that refuses competitive designs. Third, it contributes to literature on the use and perception by actors of international organizations and notably to Ian Johnston’s theory about international organizations as social environments.

⁸² Those usually include either being a very famous scholar or being present on Chinese territory through a student visa (which was my case).

The first major theoretical contribution of this work is negative. There is no evidence that the EU and China are trying to balance the United States by structuring a tacit alliance within the queen of economic multilateral forums: the World Trade Organization. Theoretically, two out of the three aspects put forth by Robert Pape of what could constitute “soft-balancing” namely territorial denial and entangling diplomacy were tested with lukewarm results (Pape, 2005:39-40). However, Pape’s third criterion – economic strengthening⁸³ – the most likely to be confirmed in this research’s choice of case studies still remained to be tested. The soft-balancing hypothesis tested here within the WTO did just that by stating “if no strategic interest is at stake for China in a multilateral negotiation, it will soft-balance the United States by giving its support to the European position” (H1c). The Geographical Indications and the Food Safety cases were crucial in testing this hypothesis - and they failed. China and the EU do not use the multilateral arena with a view to limit American power. Dismantling this hypothesis is important theoretically because it further weakens the balance-of-threat theory. Previous literature already expressed that direct balancing acts fails to take place in the international arena (Paul, 2005:53) but further investigation was necessary to research the possibility of “balance-of-power politics emerging in a new and subtler guise” (Brooks and Wohlforth, 2005:72). Since the EU was China’s best potential fellow traveler on the road to the United States’ containment, the absence of a tacit EU-China alliance at the multilateral level greatly weakens soft-balancing plausibility on the part of China.

The second theoretical contribution is the combination of material and ideational factors explaining the rationale behind the forum in which China and the EU’s choose to negotiate. For instance, this research shows that China and the EU go out of their way to deal with issues at the bilateral level for a blend of pragmatic and prestige-linked reasons. Usually, material and ideational factors are competing against each other to explain outcomes. The research shows that, in fact, it is the combination of the two.

The third theoretical contribution of this research feeds in to literature on international organizations. The empirical findings give valid insight into states and other entities’ perceptions of multilateral organizations through the lens of the WTO. First, the scrutiny of food safety and geographical indications cases reveal that the EU and China do not collaborate prior or during multilateral negotiations despite having similar interests. Second,

⁸³ Economic Strengthening involves shifting economic power in favour of another state (Pape, 2005:40).

the findings show that China and the EU prefer to avoid the Dispute Settlement Mechanism altogether if possible because of its inefficiency and the reputational repercussions losing a case may entail. Finally, although the EU and China have found common ground, neither put much effort into bringing the Doha Round talks to a conclusion. Instead, both further pursue their bilateral negotiations, in parallel to multilateral efforts. The EU went as far as pushing for the Transatlantic Trade and Investment Partnership (TTIP) with the United States, which would have *de facto* replaced the Marrakesh Agreement as the new standard in international trade if it had come to a conclusion.

These empirical contributions support Ian Johnston's theory in which international organizations are social environments for states (Johnston, 2001). International organizations are social environments for states, however, it can go both ways. As argued by Johnston, "the desire to establish a trustworthy reputation for future exchanges can be an incentive to engage in norm-conforming, pro-social behavior" (Johnston, 2001:490). This is true to such an extent that actors prefer to have most of their exchanges on a bilateral level where norm-conforming pressure is less solid. For example, the EU is so scared of losing its "multilateral law abiding champion" reputation that it only files a case at the WTO when it is sure to win. China prefers the bilateral level to deal with disputes to avoid the bad reputation that comes with losing a case at the WTO. Therefore, instead of a norm-conforming, pro-social behavior displayed by states, members of the WTO tend to find ways to escape the reputational pressure exercised in multilateral social environments by resorting to bilateral institutions. The social nature of international organizations may be the reason states abandon – if not formally but *de facto* – the Doha Round vessel.

3. Implications: Common Action against Climate Change, Trump, and 21st Century Politics

The emerging implications from this dissertation's empirical results touch upon two major themes: the EU-China Strategic Partnership and the EU-China relations regarding the United States and its newly elected president Donald Trump.

3.1 Increasing Prestige by Enhancing Environmental Cooperation

The starting point of this research is the surprising intensity of EU-China relations considering the regime mismatch, lack of reciprocal strategic interest and geographical and cultural distance between the two.. According to Chinese and European interviewees, this relationship could be pushed further, especially on issues related to the management of

environmental threats. The EU on the one hand, has the expertise in terms of environmental management. On the other hand, China has a desperate need to increase its green foot-print. Today, environmental protection –and more specifically air pollution—is arguably the most critical problem facing the Chinese government (Economy, 2014; Perry, 2014). According to Yale University’s Environmental Performance Index for the year 2015, China ranks 109 out of 180 countries despite being one of the world’s economic powerhouses. The overall number might not seem too bad, but one must note that China ranks as low as 179 out of 180 on air pollution in general, and *last* in terms of the average exposure of the population to PM2.5 particles⁸⁴. Heavy smog covers all Chinese major cities and in Beijing blue skies are simply a sunny memory, unless an important international event such as the Olympic games or Asia-Pacific Economic Cooperation (APEC) meetings are taking place. The Chinese urban middle class has taken the issue to the streets, on social media (Economy, 2014) and major Internet platforms such as Youku or Youtube⁸⁵. These initiatives pose a major challenge to Chinese authorities by exposing these problems to the provinces in the most vulnerable rural areas, such as the northern Hebei province, where “cancer cities” flourish. Today the Chinese Communist Party faces general dissatisfaction with their governmental policy..Given these domestic constraints and considering China’s great interest in increasing its prestige, the EU has an incentive to drastically increase cooperation with China on environmental issues. Through the transfer of skills and expertise and the provision of its environmental regulatory framework, the EU could increase its exports to China, by using the “prestige diplomacy” argument.

Furthermore, Donald Trump’s election as the new president of the United States may accelerate closer ties between EU and China, enhancing their image as “responsible” actors on the international scene. Nevertheless, if the EU’s recently released global strategy insists on the EU’s wish to put the Transatlantic Partnership in pole position (European Commission, 2016:36-37), Donald Trump’s election could greatly hinder the transatlantic “rapprochement” because his manners and protectionist project are at odds with European diplomacy and values. On the other hand, in the very short span of Donald Trump’s time as president, China has already shown willingness to take a more active role in the international sphere. It has, for

⁸⁴ PM 2.5 particules are half the size of a micron and are therefore able to travel deep into the respiratory system. They are proven to have severe adverse effects on human health if the exposure is long term.

⁸⁵ Chai Jing, a famous former TV presenter on CCTV released « Under the Dome », a documentary on China’s environmental problems. It targets major state-owned companies as well as different ministries and institutions. The movie remained online four days before being taken off by Chinese authorities in February 2015. It has been viewed over 300 Million times.

example, offered to advance its own Asia Pacific trade deal, the Regional Comprehensive Economic Partnership (RCEP) now that the US president has buried the Trans-Pacific Partnership.

China's seeming willingness to engage creates favourable circumstances for greater cooperation with the EU on issues important for both actors. Instead of solely "leading by example" (European Commission, 2016:40), the EU could reach across the Eurasian continent towards China on matters close to its heart, such as climate change, by arguing that China could increase its image as a "responsible" power if it were to implement the COP21 deal signed in 2015 despite American defect. In other words, knowing that China and the EU are prestige seekers in international spheres offers new avenues of negotiation, as well as new arguments to push forward negotiation. It could immensely help the EU in reaching its goal of climate change action advocate.. For China, taking a proactive stance on environmental protection both at home and at the international stage could enhance its responsible reputation in the world. In other words, the prestige seeking nature of the EU and China, for different motives, could greatly enhance their cooperation on the transnational issues that necessitate engagement. The EU could take the lead on issues of importance while transferring its environmental regulations (and thereby enhancing its exports towards China). China could become increasingly perceived as a responsible great power.

3.2 Keeping Disputes at the Bilateral Level and the Market Economy Status Issue

Another important implication for EU-China relations deriving from this research is linked to the way the EU and China handle their disputes. The scrutiny of the Solar Panel and the Textile cases shows that both actors have several reasons for dealing with issues and disagreements at the bilateral level. First, because it is less costly in both time and money to do so. Second, the bilateral level offers a venue free of international reputation dynamics. For the EU, this means that even if the deal with China is unfavourable, it does not have an impact on its reputation as a law-abiding actor. Going bilateral allows China to save face even if the case is lost, without having to suffer the "loser" or "bad state" designation. The specifically European ways of handling things – allowing for trade defense procedures but agreeing to negotiate with China once settled– allows China to avoid the WTO DSM. It provides a middle ground between the procedure-driven EU and the procedure-averse China. This EU strategy in trade disputes with China makes it a partner of choice and advances the building of trust

between the two. It is one central aspect of the EU and China's thriving trade relationship and one of which the current strategy papers do not talk about, let alone institutionalize.

Taking a step backwards, the EU has silently refused to grant China Market Economy Status (MES)⁸⁶ on the 11th of December 2016 despite World Trade Organization (WTO) obligations. MES is a well-worn issue affecting the EU and China's relations: the latter demanded the status ever since the Strategic Partnership was made official in 2003. After the EU's refusal, China swiftly filed a complaint at the WTO Dispute Settlement Mechanism against the EU (DS516) the following day. The EU's step back on granting MES to China is officially motivated by China's insufficient market reforms and its production over-capacities in a number of sensitive sectors –such as steel or solar panels (European Commission, 2016). However, the EU granted MES to Russia, another country that did not and still doesn't fully fit the criteria of the status, back in 2002. The *China Daily*, a Chinese government driven media platform for foreigners, calls this “unfair and unreasonable” (China Daily, 2016b).

Meanwhile, the EU is working on a China-specific calculation methodology that would recognize China's market economy status without giving China the full benefits linked to it. In doing so, it should take into account and translate institutionally the two partners' singular way of finding middle ground in dealing with sensitive issues. Such a specific treatment will provide China with the leeway to accept a solution short of the EU granting it MES. The EU and China's issues could then be dealt with the same efficiency as done previously in the last couple of years while avoiding the long and rocky path toward the WTO Dispute Settlement Mechanism.

To conclude, China and the EU have already engaged on the road to a wider-reaching and interlaced relationship, including but not limited to trade. The findings outlined in this research show that their common concerns for efficiency as well as their shared goal of increasing international prestige –and working together to achieve this objective –has brought them even closer together; enhancing trade over the last decade. Donald Trump's election is a game changer in world politics, driving a spoke into the wheel of long-established diplomacy.

⁸⁶ Giving China Market Economy Status would weaken the EU's possibilities to prove that China is dumping products on European soil. Recognizing a country as a market economy means that the prices found on its market are determined by market principles and do not suffer from state manipulations. These are important in anti-dumping procedures led by the EU against Chinese products. Currently, the EU calculates Chinese market prices and product costs not according to the selling price on the Chinese market but set to prices and costs of similar nations that do operate under market principles. This has lead to many accusations of dumping on the part of China.

China and the EU could take advantage of the current climate to build closer ties with each other and rise to the power status they both long for.

BIBLIOGRAPHY

Abdelal, Rawi and Krotz, Ulrich (2013), “Disjoining Partners: Europe and the American Imperium”, San Diego Conference, UCSD, March 21-22 2013.

Algieri, Franco (2002), “EU Economic Relations With China: An Institutional Perspective”, *The China Quarterly*, Vol. 169, pp. 64-77.

Alter, Karen and Meunier, Sophie (2007), “The Politics of International Regime Complexity”, *Perspective on Politics*, 2007, Vol. 7(1), pp.13-24.

Anderson, Jeffrey; Ikenberry, John; Risse, Thomas (2008), The End of the West: Crisis and Change in the Atlantic Order, Cornell University Press.

Andornino, Giovanni B. (2015), “An Assessment of EU-China Relations in Global Governance Forums”, in Kerry Brown (ed.), The EU- China Relationship: European Perspectives, A Manual for Policy Makers, London: Imperial College Press, pp. xx-xx.

Archick, Kristin; Grimmett, Richard and Kan, Shirley (2005), “European Union’s Arms Embargo on China: Implications and Options for U.S. Policy”, CRS Report for Congress, 15th of April 2005 (Updated on the 27th of May 2005). Available online on the following link: <http://fas.org/sgp/crs/row/RL32870.pdf>.

Ash, Robert (2008), “Europe’s Commercial Relations With China”, in David Shambaugh, Eberhard Sandschneider and Zhou Hong (eds.), China Europe Relations: Perceptions, Policies and Prospects, London and New York: Routledge, pp. 189-230.

Axelrod, Robert; Keohane, Robert (1985) “Achieving Cooperation Under Anarchy: Strategies and Institutions”, *World Politics*, Vol. 38(1), pp. 226-254.

Barnett, Michael (1990), “High Politics is Low Politics: The Domestic and systemic sources of Israeli Security Policy, 1967-1977”, *World Politics*, Vol. 42(4), pp.529-542.

Bindi, Federiga; Shapiro, Jeremy (2010), “EU Foreign Policy: Myth or Reality?”, in Bindi Federiga (ed.), The Foreign Policy of the European Union: Assessing Europe’s Role in the World, Washington D.C.: Brookings Institution Press, pp. 339-348.

Blum, Gabriella (2008), “Bilateralism, Multilateralism and the Architecture of International Law”, *Harvard International Law Review*, Vol. 49(2), pp. 323-379.

- Blyth, Mark** (2003), "Structures do not Come With an Instruction Sheet: Interests, Ideas and Progress in Political Science", *Perspectives on Politics*, Vol. 1(4), pp. 695-706.
- Busch, Marc L.** (2007), "Overlapping Institutions, Forum Shopping, and Dispute Settlement in International Trade", *International Organization*, Vol. 61(04), pp. 735-761.
- Busch, marc L.; Reinhardt, Eric** (2003), "Developing Countries and General Agreement on Tariff and Trade/World Trade Organization", *Journal of World Trade*, Vol. 37(4), pp.719-735.
- Busch, Marc L.; Reinhardt, Eric; Shaffer, Gregory** (2009), "Does Legal Capacity Matter? A Survey of WTO Members", *World Trade Review*, Vol. 8(4), pp.559-577.
- Callahan, William A.** (2004), "National Insecurities: Humiliation, Salvation and Chinese Nationalism", *Alternatives*, Vol. 29, pp. 199-218.
- Callahan, William A.** (2006), "History, Identity and Security: Producing and Consuming Nationalism in China", *Critical Asian Studies*, Vol. 38(2), pp. 179-208.
- Callahan, William A.** (2008), "Chinese Visions of World Order: Post-Hegemonic or New Hegemony?", *International Relations Review*, Vol. 10(4), pp.749-761.
- Cameron, Fraser** (2009), "The Development of EU-China Relations", *European Studies*, Vol. 27, pp.47-64.
- Camino, Anna** (2007), "A Dragon in Cheap Clothing: What Lessons Can be Learned From the EU-China Textile Dispute?", *European Law Journal*, Vol. 13(6), pp.818-838.
- Caporaso, James A.** (1993), "International Relations Theory and Multilateralism: The Search for Foundations", in John Gerard Ruggie (ed.), Multilateralism Matters, New York & Oxford: Columbia University Press, pp. 51-90.
- Carlson, Allen** (2004), "Helping to Keep the Peace (Albeit Reluctantly): China's Recent Stance on Sovereignty and Multilateral Intervention", *Pacific Affairs*, Vol. 77(1), pp.9-27.
- Casarini, Nicola** (2007), "The International Politics of the Chinese Arms' Embargo Issue", *The International Spectator*, Vol. 42(3), pp. 371-389.
- Casarini, Nicola** (2009), Remaking Global Order: The Evolution of Europe-China Relations and its Implications for East Asia and the United States, Oxford and New York: Oxford University Press.

Casarini, Nicola (2013), “The EU-China Partnership: Ten Years On”, European Union Institute for Security Studies, Brief Number 35, reference number: ISSN 2315-1110, available online on the following link: http://www.iss.europa.eu/uploads/media/Brief_35_EU-China_partnership.pdf.

China Daily (2016), “China Arrests 9 in Fake Baby Formula Scandal”, retrieved 05.05.2016 on the following link: http://www.chinadaily.com.cn/china/2016-04/10/content_24406252.htm.

China IPR SME Helpdesk (2014), “Guide to Geographical Indications in China”, Retrieved April 21st, 2016 from http://www.china-iprhelpdesk.eu/sites/all/docs/publications/EN_GI_online.pdf.

Checkel, Jeffrey (1998), “The Constructivist Turn in International Relations Theory”, *World Politics*, Vol. 50(2), pp. 324-348.

Checkel, Jeffrey (2001), “Why Comply? Social Learning and European Identity Change”, *International Organization*, Vol. 55(03), pp. 553-588.

Christensen, Thomas (1996), “Chinese Realpolitik”, *Foreign Affairs*, Vol. 75(5), pp.37-52.

Christensen, Thomas (1999), “China, the US-Japan Alliance and the Security Dilemma in East Asia”, *International Security*, Vol. 23(4), pp.49-80.

Christensen, Thomas (2006), “Fostering Stability or Creating a Monster? The Rise of China and US Policy Toward East Asia”, *International Security*, Vol. 31(1), pp. 81-126.

Christensen, Thomas (2015), The China Challenge: Shaping the Choices of a Rising Power, W.W. Norton Company.

Cooper, Scott; Hawkins, Darren G.; Jacoby, Wade and Neilson, Daniel (2008), “Yielding Sovereignty to International Institutions: Bringing System Structure Back In”, *International Studies Review*, Vol. 10 (3), pp. 501-524.

Council of the European Union (2003), “A Secure Europe in a Better World”, European Security Strategy, Brussels 12/12/2003. Available on the following link: <http://www.consilium.europa.eu/uedocs/cmsUpload/78367.pdf>

Curran, Louise (2009), “EU Trade Defense Actions Against China and Their Impacts: The Cases of Textiles and Footwear”, *Journal of World Trade*, Vol. 43(6), pp. 1281-1297.

Dai Bingguo (2010) State Councillor Dai Bingguo: Agreeing on China’s Path to Peaceful Development. Website of the Chinese Ministry of Foreign Affairs (Wai Jiao Bu Wang Zhan), 6th of December 2010, [戴秉国:“中国国务委员戴秉国：坚持走和平发展道路”，外交部网站，2010年12月6日], Available on the following link: http://www.gov.cn/ldhd/2010-12/06/content_1760381.htm.

Damro, Chad (2012), “Market Power Europe”, *Journal of European Public Policy*, Vol. 19(5), pp. 682-699.

Davis, Christina L. (2003), “Setting the Negotiation Table: the Choice of Institutions for Trade Disputes”, in *American Political Science Association Conference, at Philadelphia*.

Davis, Christina L. (2006), “The Politics of Forum Choice for Trade Disputes: Evidence From US Trade Policy”, Paper prepared for the annual meeting of the American Political Science Association, Philadelphia, August 20, 2006, Unpublished. Available on the following link: http://www.princeton.edu/~cldavis/files/davis_2006APSA.pdf

Davis, Christina L. (2009), “Overlapping Institutions in Trade Policy”, *Perspective on Politics*, Vol. 7(1), pp.25-31.

Davis, Christina L. (2012), Why Adjudicate? : Enforcing Trade Rules in the WTO, Princeton University Press.

Davis, Christina L.; Borneo Sarah B. (2009), “Who Files? Developing Country Participation in GATT/WTO Adjudication”, *The Journal of Politics*, Vol. 71(3), pp.1033-1049.

De Gucht, Karel (2013), “Remarks by EU Trade Commissioner Karel de Gucht on the Decision to Impose Provisional Anti-Dumping Measures on Imports of Solar Panels on China”, MEMO/13/499, Brussels, 04/06/2015.

Deng, Xiaoping (1987), Fundamental Issues in Present Day China, Beijing: Foreign Language Press.

Deutsch, Karl (2003), “Political Community in the North Atlantic Area”, in Brent Nelson and Alexander Stubb (eds.), The EU: Readings on the Theory and Practice of European Integration, Lynne Reiner Publisher, pp. 121-143.

Dong, Qiuming & Lee, Yufeng (2007), “The Chinese Concept of Face: a Perspective for Business Communicators”, Decision Sciences Institute Conference Proceedings, pp. 13-17.

Duchêne, François (1973) ‘The European Community and the uncertainties of interdependence’, in Max Kohnstamm and Wolfgang Hager (eds), A Nation Writ Large? Foreign-Policy Problems Before the Community, London: Macmillan.

Eckstein, Harry (1975), “Case Studies and Theory in Political Science”, in Fred Greenstein and Nelson Polsby (eds.), Handbook of Political Science. Strategies of Inquiry (Vol. 7), pp. 94-137.

Economy, Elizabeth & Segal, Adam (2009), “The G-2 Mirage: Why the US and China Are Not Ready For Closer Ties”, *Foreign Affairs* [Electronic version], <http://www.foreignaffairs.com/articles/64946/elizabeth-c-economy-and-adam-segal/the-g-2-mirage>, pp. 1-7.

Economy, Elizabeth (2014), « Environmental Governance in China : State Control to Crisis Management », *Daedalus*, Vol. 143(2), pp. 184-197.

Eglin Michaela (1997), “China’s Entry into the WTO With a Little Help From the EU”, *International Affairs*, Vol. 73(3), pp. 489-508.

Ekman, Alice (2012), “China’s Two-Track Foreign Policy: From Ambiguous to Clear-Cut Positions”, IFRI, Center for Asian Studies, *Asie Vision* 58. Available Online on the following link: <http://www.ifri.org/?page=detail-contribution&id=7470>.

EU-China Trade Project (II) (2011), “Brief Activity Report : Technical Consultations EU GI Products”, Beijing, March 11-21 2011, retrieved 02.05.2016 on the following link: http://www.euctp.org/jdownloads/Agriculture%20and%20Food%20Safety%20%20ae/Technical%20Consultation%20on%20EU%20GI%20Products%20A027-C3/a027c3_bar.pdf

European Commission (2003a), “A Maturing Patnership – Shared Interests and Challenges in EU-China Relations”, Commission Policy Paper for Transmission to the Council and the European Parliament, COM(2003)533 final, 9th of October 2003.

European Commission (2003b), “A Secure Europe in a Better World”, European Security Strategy, Brussels, 12.12.2003.

European Commission (2006), “EU-China: Closer Partners, Growing Responsibilities”, Brussels, 14.10.2006, Com(2006), 632 final.

European Commission (2010), “Regional Strategy For Asia 2007-2013, Multi-Annual Programme for Asia 2010-2013”, MTR Document, adopted by Commission Decision C(2010) 7863.

European Commission (2012), « EU-China Geographical Indications – « 10 Plus 10 » Project is Now Complete », Press Release, IP/12/1297,

European Commission (2013), “EU-China 2020 Strategic Agenda for Cooperation”, released after the 16th EU-China summit held in Beijing on the 21/11/2013. Available on the following link: <http://eeas.europa.eu/delegations/china/documents/news/20131123.pdf>

European Commission (2013a), “EU Imposes Provisional Anti-Dumping Tariffs on Chinese Solar Panels”, Press Release, IP/13/501.

European Commission (2013b), “Bilateral Agricultural Relations: EU Agricultural Relations with China and Hong Kong”, Retrieved September 15, 2015 from http://ec.europa.eu/agriculture/bilateral-relations/pdf/china-hongkong_en.pdf.

European Commission (2014a), “Fact Sheet: Facts and Figures on EU-China Trade” [Electronic document], <http://www.trade.ec.europa.eu/doclib/html/144591.htm>

European Commission (2014b), “Neighbourhood at the Crossroads: Implementation of the European Neighborhood Policy in 2013”, Joint Communication to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions, Brussels, JOIN(2014) 12 final.

European Commission (2015), “Review of the European Neighborhood Policy”, Joint Communication to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions, Brussels, SWD(2015) 500 Final.

European Commission (2015a), “The European Union’s Measures Against Dumped and Subsidised Imports of Solar Panels From China”, last updated 01.07.2015.

European Commission (2015b), “Agriculture in the Doha Round”, retrieved September 15, 2015 from http://ec.europa.eu/agriculture/wto/doha-round/index_en.htm.

European Commission (2016), “Shared Vision, Common Action: A Stronger Europe, A Global Strategy for the European Union’s Foreign and Security Policy”, June 2016, available on the following link: https://eeas.europa.eu/top_stories/pdf/eugs_review_web.pdf.

Eurostats (2011), External and Intra-EU Trade: A Statistical Yearbook, Eurostat Statistical Books.

Fehl, Caroline (2012), Living With a Reluctant Hegemon: Explaining European Responses to the US Unilateralism, Oxford: Oxford University Press.

Fink, Carsten & Smarzynska, Baeta (2002), “Trademarks, Geographic Indications and Developing Countries” in Hoekman, Bernard; Mattoo, Aadity and English, Philip (eds.), Trade and the WTO: A Handbook, pp. 403-412.

Finnemore, Martha (1996), “Norms, Culture and World Politics: Insights From Sociology’s Institutionalism”, *International Organization*, Vol. 50(2), pp. 325-347.

Foot, Rosemary (2006), “Chinese Strategies in the US-Hegemonic Order : Accommodation or Hedging?”, *International Affairs*, Vol. 82(1), pp. 77-94.

Fox, John; Godement, François (2009), « A Power Audit of EU-China Relations », European Council of Foreign Affairs, Policy Report. Available on the following link: http://politica-china.net/imxd/noticias/doc/1259867538A_Power_Audit_of_EU-China_Relations_Fox_and_Godement.pdf.

George, Alexander L. (1979), “Case Studies and Theory Development: The Method of Structured Focused Comparisons”, in Paul G. Lauren (ed.), Diplomacy: New Approaches in History, Theory and Policy, New York & London: the Free Press (Macmillan).

George, Alexander L. and Bennett, Andrew (2004), Case Studies and Theory Development in the Social Sciences, Cambridge and London: MIT Press.

Gerring, John (2006), Case Study Research: Principles and Practices, Cambridge University Press.

Godart, Thomas (2002), “La Relation Bilatérale: Un Genre de l’Histoire Internationale”, *Matériaux Pour l’Histoire de Notre Temps*, Vol. 65, pp.65-68.

Goerge, Alexander L.; Bennett, Andrew (2005), Case Studies and Theory Development in the Social Sciences, Cambridge and London: MIT Press.

Goldberg, Stacy D. (2001), “Who Will Raise the White Flag? The Battle Between the United States and the European Union Over the Protection of Geographical Indications”, *University of Pennsylvania Journal of International Economic Law*, Vol. 22, pp. 107-157.

Government of the People’s Republic of China (2003), “China’s EU Policy Paper”, Beijing, 13.10.2003. Full transcript available on the following link:
<http://www.china.org.cn/english/international/77157.htm>

Government of the People’s Republic of China (2013), “China's Policy Paper on the EU: Deepen the China-EU Comprehensive Strategic Partnership for Mutual Benefit and Win-win Cooperation”, Beijing, 02.04.2014. Full transcript available on the following link:
http://www.fmprc.gov.cn/mfa_eng/wjdt_665385/wjzcs/t1143406.shtml

Grevi, Giovanni (2010), “Making EU Strategic Partnerships Effective”, FRIDE, Working Paper N°105. Available on the following link:
http://www.fride.org/download/WP105_Making_EU_Strategic_ENG_dic10.pdf.

Grieco, Joseph (1988), “Anarchy and the Limits of Cooperation: A Realist Critique of the Newest Liberal Institutionalism”, *International Organization*, Vol. 42(3), pp.485-507.

Grieco, Joseph (1990), Cooperation Among Nations: America, Europe, and Non-Tariff Barriers to Trade, Cornell University Press.

Gries, Peter, H. (2005), “Nationalism and Chinese Foreign Policy”, in Yong Deng and Fei-Liu Wang (eds.), China’s Rising: Power and Motivation in Chinese Foreign Policy, Rowman & Littlefield, pp. 103-120.

Griese, Olaf (2006), “EU-China Relations – An Assessment by the Communications of the European Union”, Asia Europe Journal, pp. 545-553.

Guzzini, Stefano (2007), “The Concept of Power: A Constructivist Analysis”, in Felix Berenskoetter and M.J. Williams (eds.), Power in World Politics, London & New York: Routledge, pp.23-42.

Hall, Peter (1993), "Policy Paradigms, Social Learning and the State: the Case of Economic Policymaking in Britain", *Comparative Politics*, pp. 275-296.

Harpaz, Marcia Don (2007), "China and the WTO: New Kid in the Developing Bloc?", Hebrew University International Law Research Paper, Vol. 2(7), pp.1-76.

Heron, Tony (2007), "European Trade Diplomacy and the Politics of Global Development: Reflexions on the EU-China "Bra-Wars" Dispute", *Government and Opposition*, Vol. 42(2), pp. 190-214.

Ho, David Yau-fai (1976), "On the Concept of Face", *American Journal of Sociology*, Vol. 81(4), pp. 867-884.

Hoffman, Aaron M. (2002), "A Conceptualization of Trust in International Relations", *European Journal of International Relations*, Vol. 8(3), pp. 375-401.

Hofmann, Stephanie C. (2007), "Overlapping Institutions in the Realm of International Security: The Case of NATO and the ESDP", *Perspective on Politics*, Vol. 7(1), pp. 45-52.

Holstag, Jonathan (2011), "The Elusive Axis: Assessing the EU-China Strategic Partnership", *Journal of Common Market Studies*, Vol. 49(2), pp. 293-313.

Holz, Carsten A. (2004), "Deconstructing China's GDP Statistics", *China Economic Review*, Vol. 15(2), pp. 164-202.

Hu Hsien Chin (1944), "The Chinese Concept of Face", *American Anthropologist*, Vol. 46(1), pp. 45-64.

Hu JinTao (2012), "Firmly March on the Path of Socialism With Chinese Characteristics and Strive to Complete the Building of a Moderately Prosperous Society in all Respects", Report to the Communist Party of China on Behalf of Seventeenth Party Committee, November 8th 2012. Available online in English on the following link: <http://az.china-embassy.org/rus/xwdt/t997049.htm>.

Hugues, Christopher (2005), "Nationalism & Multilateralism in Chinese Foreign Policy: Implication for South-East Asia", *The Pacific Review*, Vol. 18(1), pp. 199-135.

Hwang, Kwang-Kuo (1987), "Face and Favor: The Chinese Power Game", *American Journal of Sociology*, Vol. 92(4), pp.944-974.

Hwang, Kwang-Kuo; Han, Kuei-Hsiang (2010), “Face and Morality in Confucian Society”, in Bond (ed.), Oxford Handbook of Chinese Society, New York: Oxford University Press, pp.479-498.

Ikenberry, John (2008), “Explaining Crisis and Change in Atlantic Relations – An Introduction”, in Jeffrey Anderson, John Ikenberry and Thomas Risse (eds.), The End of the West? Crisis and Change in the Atlantic Order, Ithaca: Cornell University Press, pp.1-27.

Ikenberry, John (2012), Liberal Leviathan: The Origins, Crisis, and Transformation of the American World Order, Princeton and Oxford: Princeton University Press.

Jervis, Robert (1976), Perceptions and Misperceptions in International Politics, Princeton and Guildford: Princeton University Press.

Jia Qingguo (2005), “Disrespect and Distrust: The External Origins of Contemporary Chinese Nationalism, *Journal of Contemporary China*, Vol. 14(42), pp.11-21.

Johnston, Ian (1996), “Cultural Realism and Strategy in Maoist China” in P. Katzenstein (ed.), The Culture of National Security: Norms and Identity in World Politics, New York: Columbia University Press.

Johnston, Ian (1998), Cultural Realism: Strategic Culture and Grand Strategy in Chinese History, Princeton: Princeton University Press.

Johnston, Ian (1999), “Realism(s) and Chinese Security Policy in the Post-Cold-War Period”, in Ethan Kapstein and Michael Mastanduno (eds.), Unipolar Politics: Realism and State Strategies After The Cold War, New York: Columbia University Press, pp. 261-318.

Johnston, Ian (2001), « Treating International Institutions as Social Environments », *International Studies Quarterly*, Vol. 45(4), pp. 487-515.

Johnston, Ian (2003), “Is China a Status-Quo Power”, *International Security*, Vol. 27(4), pp. 5-56.

Johnston, Ian (2008), Social States: China and International Institutions (1980-2000), Princeton: Princeton University Press.

Johnston Ian (2013), “How New and Assertive Is China’s New Assertiveness?”, *International Security*, Vol. 37(4), pp.7-48.

- Jorgenson, Knud E.; Oberthür, Sebastian; Shanin, Jamal** (2011), “Introduction: Assessing the EU’s Performance in International Institutions – Conceptual Framework and Core Findings”, *Journal of European Integration*, Vol. 33(6), pp.559-620.
- Josling, Tim** (2006), “The War on *Terroir*: Geographical Indications as a Transatlantic Trade Conflict”, *Journal of Agricultural Economics*, Vol. 57(3), pp. 337-363.
- Kagan, Robert** (2002), “Power and Weakness: Why the US and Europe See the World Differently?”, *Policy Review*, N°113, pp.3-28.
- Kaplan, Robert; Baker, Rodgers** (2014), “Interpreting the Chinese”, *Stratfor Global Intelligence*, 4th of February 2014.
- Kapur, Harish** (1990), Distant Neighbours – China and Europe, London & New York: Pinter Publishers.
- Katzenstein, Peter** (1996), “Norms, Identity and Culture in National Security” in Katzenstein (ed.), The Culture of National Security, New York: Columbia University Press, pp. 33-72.
- Katzenstein, Peter** (2005), A World of Regions: Asia and Europe in the American Imperium, Ithaca and London: Cornell University Press.
- Kaufman, Alison A.** (2010), “The “Century of Humiliation”, Then and Now: Chinese Perceptions of the International Order”, *Pacific Focus*, Vol. 25(1), pp. 1-33.
- Kim, J.Y. & Nam S.H.** (1998), “The Concept and Dynamics of Face: Implications for Organizational Behavior in Asia”, *Organization Science*, Vol 9(4), pp. 522-534.
- Kinzelbach, Katrin & Thelle, Hatla** (2011), “Taking Human Rights to China: the EU’s Approach”, *The China Quarterly*, Vol. 205, pp. 60-79.
- Kireeva, Irina & Vengano, Pablo R.** (2006), “Geographical Indications and the Interface Between Trademark Protection and Sui Generis Protection: The Examples of China, Thailand and Vietnam”, *International Trade Law and Regulation*, Vol. 12(4), pp. 97-107.
- Kirshner, Jonathan** (2012), “The Tragedy of Offensive Realism: Classical Realism and the Rise of China”, *European Journal of International Relations*, Vol. 18(53), pp.53-75.
- Kong, Qingjiang** (2012), China-EU Trade Disputes and Their Management, Singapore: World Scientific Publishing.

Koops, Joachim A.; Macaj, Gjovalin (2015), "Introduction: The European Union as a Diplomatic Actor", in Joachim A. Koops & Gjovalin Macaj (eds.), The European Union as a Diplomatic Actor, Hampshire & New York: Palgrave Macmillan, pp. 1-10.

Koremenos, Barbara; Lipson, Charles and Snidal, Duncan (2001), "The Rational Design of International Institutions", *International Organization*, Vol. 55(1), pp.761-799.

Krotz, Ulrich (2009), "Momentum and Impediments: Why Europe Won't Emerge as a Full Political Actor on the World Stage Soon", *Journal of Common Market Studies*, Vol. 47(3), pp. 555-578.

Krotz, Ulrich (2011), Flying Tiger: International Relations Theory and the Politics of Advanced Weapons, New York: Oxford University Press.

Krotz, Ulrich; Schild, Joachim (2013), Shaping Europe. France, Germany and Embedded Bilateralism: From the Elysée Treaty to 21st Century Politics, Oxford: Oxford University Press.

Lanteigne, Marc (2009), « Multilateralism and International Institutions », in Chinese Foreign Policy : An Introduction, London & New York: Routledge, pp. 57-74.

Larsen, Henrik (2002), "The EU: A Global Military Actor?", *Cooperation and Conflict*, Vol. 37(3), pp. 283-302.

Lavenex, Sandra (2008), "A Governance Perspective on the European Neighbourhood Policy", *Journal of European Public Policy*, Vol. 15(6), pp. 938-955.

Lavenex, Sandra; Wichmann, Nicole (2009), "The External Governance of EU Internal Security", *Journal of European Integration*, Vol. 31(1), pp.83-102.

Leonard, Mark (2005), Why will Europe Run the 21st Century?, London and New York: Fourth Estate.

Li Shaojun (2007), "Key Elements of China's Foreign Strategy", in David Kerr and Liu Fei (eds.), The International Politics of EU-China Relations, New York: Oxford University Press, pp.38-53.

Li Zhaojie (2001), “Legacy of Modern Chinese History: Its Relevance to the Chinese Perspective of the Contemporary International Legal Order”, *Singapore Journal of International and Comparative Law*, Vol. 5, pp. 314-326.

Lieberthal, Kenneth & Wang, Ji Si (2012), “Adressing US-China Strategic Distrust”, John L. Thorton China Center Monograph Series, N°4, London and New York: Routeledge, pp.189-230.

Lippman, Walter (1943), US Foreign Policy: Shield of the Republic, Little Brown.

Liu, Tiewa (2014), “Chinese Strategic Culture and the Use of Force: Moral and Political Perspectives”, *Journal of Contemporary China*, Vol. 23(87), pp. 556-574.

Lucarelli, Sonia (2006), “Interpreted Values: A Normative Reading of EU's rôle Conceptions and Performance”, in Ole Elgström and Michael Smith (eds.), The EU's role In International Politics, Routeledge, p. 47-66.

Maggi, Giovanni (1999), “The Role of Multilateral Institutions in International Trade Negotiations”, *The American Economic Review*, Vol. 89(1), pp.190-214.

Manners, Ian (2002), “Normative Power Europe: a Contradiction in Terms?”, *Journal of Common Market Studies*, Vol. 40(2), pp. 235-258.

Manners, Ian; Whitman, Richard (2003), “The “Difference Engine”: Constructing and Representing the International Identity if the European Union”, *Journal of European Public Policy*, Vol. 10(3), pp. 380-404.

Martin, Lisa L. (1993), “The Rational State Choice of Multilateralism”, in John Gerard Ruggie (ed.), Multilateralism Matters, New York & Oxford: Columbia University Press, pp. 91-121.

Mearsheimer, John (1991), “Back to the Future: Instability in Europe After the Cold War”, in Sean M. Lynn-Jones (ed.), The Cold War and After: Prospects for Peace, Cambridge: MIT Press, pp. 141-192.

Mearsheimer, John (2001), The Tragedy of Great Power Politics, New York. W.W. Norton & Company.

- Medeiros, Evan and Frevel, Taylor** (2003), "China's New Diplomacy", *Foreign Affairs*, Vol. 82(6), p.22-35.
- Meunier, Sophie** (2005), Trading Voices: The European Union in International Commercial Negotiations, Princeton and Oxford: Princeton University Press.
- Meunier, Sophie; Nicolaidis, Kalypso** (2006), "The EU as a Conflicted Trade Power", *Journal of European Public Policy*, Vol. 13(6), pp.906-925.
- Mitchell, Ronald B.** (1998), "Sources of Transparency: Information Systems in International Regimes", *International Studies Quarterly*, Vol.42, pp. 109-130.
- Moravcsik, Andrew** (1997), "Taking Preferences Seriously: A Liberal Theory of International Politics", *International Organization*, Vol. 51(4), pp. 513-553.
- Moravcsik, Andrew; Vachudova, Milada A.** (2003), "National Interest, State Power and EU Enlargement", *East European Politics and Societies*, Vol. 17(1), pp.42-57.
- Morisson, Wayne M.** (2014), "China-US Trade Issues", Report RL33536, Congressional Research Service.
- Mowle, Thomas and Sacko, David** (2007), The Unipolar World – an Unbalanced Future, New York: Palgrave Mcmillan.
- Nathan, Andrew J.** (2003), "Authoritarian Resilience", *Journal of Democracy*, Vol. 14(1), pp.6-17.
- Odgaard, Liselotte; Biscop, Sven** (2007), "The European Union and China: Partners in Effective Multilateralism?", in David Kerr and Liu Fei (eds.), The International Politics of EU-China Relations, New York: Oxford University Press, pp. 54-77.
- Olsen, Wendy** (2004), "Triangulation in Social Research: Qualitative and Quantitative Methods Can Really be Mixed", *Development in Sociology*, Vol. 20, pp. 103-118.
- Oye, Kenneth** (1986), Cooperation Under Anarchy, Princeton University Press.
- Özoguz-Bolgi, Selin** (2013), "Is the EU Becoming a Global Power After the Treaty of Lisbon?", in Astrid Boening, Jan-Frederik Kremer and Aukje van Loon (eds.), Global Power Europe – Vol.1: Theoretical and Institutional Approaches to the EU's External Relations, Berlin: Springer, pp. 3-18.

- Pape, Robert** (2005), « Soft-Balancing Against the United States », *International Security*, Vol. 30(1), pp. 7-45.
- Park, Seung Ho; Luo Yadong** (2001), “Guanxi and Organizational Dynamics: Organizational Networking in Chinese Firms”, *Strategic Management Journal*, Vol. 22(5), pp. 445-477.
- Paul, T.V.** (2005), “Soft-Balancing in the Age of American Primacy”, *International Security*, Vol.
- Paulson, Henry M.** (2009), “A Strategic Economic Engagement: Strengthening US-Chinese Ties”, *Foreign Affairs*, Vol. 87(5), pp. 59-77.
- Pearson, Margaret** (2006), “China in Geneva: Lessons on China's Early Years in the World Trade Organization”, in Alastair Johnston and Robert Ross (eds.) New Directions in the Study of Chinese Foreign Policy, Stanford University Press.
- Perry, Elizabeth** (2014), “Growing Pains: Challenges for a Rising China”, *Daedalus*, Vol. 143(2), pp. 5-13.
- Powell, Robert** (1991), “Absolute and Relative Gains in International Relations Theory”, *The American Political Science Review*, Vol. 85(4), pp. 1303-1320.
- Qi Xiaoying** (2011), “The Chinese Concept of Face”, *Journal of Sociology*, Vol. 47(3), pp.279-296.
- Raux, Jean** (2000), « L’identité internationale de l’Union européenne ». Paper presented to group on “Federalization of the Union: Myths and Realities?”. Contributions to the meeting of the 6–7 July 2000, Intergovernmental Conference 2000. Available on the following link: <http://www.consuniv.org/docs/Raux6juillet.doc>
- Renard, Thomas** (2015), “Partnerships for Effective Multilateralism? Assessing the Compatibility Between EU Bilateralism, (Inter) Regionalism and Multilateralism”, *Cambridge Review of International Affairs*, Vol. 29(1), pp.18-35.
- Rémond, Mathieu** (2007), “The EU’s Refusal to Grant China “Market Economy Status”(MES)”, *Asia Europe Journal*, Vol. 5(3), pp.345-356.

Reuters (2014), “US, China Spar Again on China Seas Dispute”, 13th of May 2014, available online on the following link: <http://www.reuters.com/article/2014/05/13/us-china-usa-maritime-idUSBREA4C05U20140513>

Ruggie, John Gerard (1993), “Multilateralism: The Anatomy of an Institution”, in John Gerard Ruggie (ed.), *Multilateralism Matters*, New York & Oxford: Columbia University Press, pp. 3-47.

Sautenet, Antoine (2007), “The Current Status and Prospects of the Strategic Partnership Between the EU and China: Towards the Conclusion of a Partnership and Cooperation Agreement?”, *European Law Journal*, Vol. 13(6), pp. 699-731.

Schibler, Agathe (2014), “Stop Crying Over Spilled Milk: Clean it Up! Cooperation and Tensions Between the EU and China in Food Safety Policies”, Unpublished MA Thesis, College of Europe.

Schöeller, Magnus (2014), “Explaining Political Leadership: Germany’s Role in Shaping the Fiscal Compact”, EUI Working Paper RSCAS 2014/82.

Schweller, Randall L. (1999), “Realism and the Current Great Power System: Growth and Positional Conflict Over Scarce Resources”, in Ethan B. Kapstein and Michael Mastanduno (eds.), *Unipolar Politics: Strategies After the Cold War*, New York: Columbia University Press, pp.28-68.

Scott, David (2007a), “China and the EU: A Strategic Axis for the 21st Century?”, *International Relations*, Vol. 21(1), 2007, pp.23-45.

Scott, David A. (2007b), “China-EU Convergence 1957-2003: Towards a “Strategic Partnership””, *Asia Europe Journal*, Vol. 5(2), pp. 217-233.

Scott, David A. (2013), “Multipolarity, Multilateralism and Beyond...? EU-China Understanding of the International System”, *International Relations*, Vol. 27(1), pp.30-51.

Shambaugh, David (2005a), “China Engages Asia: Reshaping the Regional Order”, *International Security*, Vol. 29(3), pp. 64-99.

Shambaugh, David (2005b), “The New Strategic Triangle: US and EU Reactions to China’s Rise”, *The Washington Quarterly*, Vol. 28(3), pp. 7-25.

Shambaugh, David (2008), “China Eyes Europe in the World: Real Convergence or Cognitive Dissonance”, in David Shambaugh, Eberhart Sandschneider and Zhou Hong (eds.), China-Europe Relations: Perceptions, Policies and Prospects, London & New York: Routledge, pp. 127-147.

Smith, Karen E. (2003), “The European Union: A Distinctive Actor in International Relations”, *The Brown Journal of World Affairs*, Vol. IX (2), pp. 103-114.

Snidal, Duncan (1991), “Relative Gains and the Patterns of International Cooperation”, *The American Political Science Review*, Vol. 85(3), pp. 701-726.

Sola, Natividad Fernandez (2013), “Reasons for the Current Failure of the EU as an International Security Actor”, in Astrid Boening, Jan-Frederik Kremer and Aukje van Loon (eds.), Global Power Europe – Vol.1: Theoretical and Institutional Approaches to the EU’s External Relations, Berlin: Springer, pp.73-92.

Solana, Javier, (2003). “A secure Europe in a better world — European Security Strategy”, presented at the European Council meeting on 12 December, 15895/03, PESC787.

Stuart-Fox, Martin (2004), “The Role of History and Culture in Shaping Future Relations”, *Contemporary South-East Asia*, Vol. 26(1), pp. 116-139.

Stumbaum, May-Britt (2009), The European Union and China: Decision-Making in EU Foreign and Security Policy Towards the People’s Republic of China, Baden-Baden: Nomos Verlagsgesellschaft.

The Telegraph (Andrew Porter) (2014), “China and America to Blame for Copenhagen Failure, Says Brown”, 21 December 2009 edition, available online on the following link: <http://www.telegraph.co.uk/news/politics/6859567/Gordon-Brown-Copenhagen-China.html>

Thornton, John L. (2006), “Foreword”, in China’s Peaceful Rise: Speeches by Zheng Bijian 1997-2005, Brooking Institution Press.

Tsang, Eric W.K. (1998), “Can Guanxi be a Source of Sustained Competitive Advantage for Doing Business in China?”, *Academy of Management Executive*, Vol. 12(2), pp.64-73.

Venesson, Pascal (2007), “Lifting the EU Arms Embargo on China: Symbols and Strategy”, *EurAmerica*, Vol. 37(3), pp. 417-444.

Walt, Stephen (2005), Taming American Power: The Global Response to American Primacy, New York & London: W. W. Norton Company.

Wang, Jianwei (1999), Limited Adversaries: Post-Cold War Sino-American Mutual Images, New York: Oxford University Press.

Wang, Xiaobing & Kireeva, Irina (2007), “Protection of Geographical Indications in China: Conflicts, Causes and Solutions”, *The Journal of World Intellectual Property*, Vol. 10(2), pp. 79-96.

Wang, Zheng (2012), Never Forget National Humiliation: Historical Memory in Chinese Politics and Foreign Relations, New York: Columbia University Press.

Watts, David (2005), “EU-China Policy Needs to Cut Free From the American Apron Strings”, *Asian Affairs Journal*. Available on the following link:
<http://asianaffairs.in/july2005/china.html>.

Wendt, Alexander (1998), “On Constitution and Causation in International Relations”, *Review of International Studies*, Vol. 24, pp.101-118.

Wheeler, Nicholas J. (2013), “Investigating Diplomatic Transformations”, *International Affairs*, Vol. 89(2), pp.477-496.

White, Hugues (2008), “Strategic Interest in Australia’s Defense Policy: Some Historical and Methodological Reflexions”, *Security Challenges*, Vol. 4(2), pp.63-79.

Wolfers, Arnold (1962), “Amity and Enmity Among Nations”, in Discord and Collaboration: Essays on International Politics, Baltimore and London: John Hopkins Press.

Womack, Brantly (2004), “Asymmetry Theory and China's Concept of Multipolarity”, *Journal of Contemporary China*, Vol. 13(39), pp. 351-366.

Wurzel, Rüdiger; Connelly, James (eds.) (2010), The European Union as a Leader in Climate Change Politics, New York: Routledge.

Wu Xinbo (2001), “Four Contradictions Constraining China’s Foreign Policy Behavior”, *Journal of Contemporary China*, Vol. 10(27), pp. 293-301.

Xi Jinping (2014), Speech Delivered at the College of Europe in Bruges, Belgium, April 1st 2014, transcript available on the following link: http://www.china.org.cn/world/2014-04/04/content_32004856.htm

Xin, Katherine R.; Pearce, John L. (1996), “Guanxi: Connections as Substitutes for Formal Institutional Support”, *Academy of Management Journal*, Vol. 39(6), pp.1641-1658.

Yahuda, Michael (2008), « Historical Influences on Contemporary Relations », in David Shambaugh, Eberhard Sandschneider and Zhou Hong (eds.) China Europe Relations: Perceptions, Policies and Prospects, Routledge, London and New York, 2008, pp. 13-32.

Yang, Mayfair M. (1994), Gifts, Favors and Banquets: The Art of Social Relationships in China, Ithaca, New York: Cornell University Press.

Yong, Deng (1998), “The Chinese Conception of National Interest in International Relations”, *The China Quarterly*, Vol. 154, pp. 308-329.

Yong Deng (2006), “Reputation and the Security Dilemma: China reacts to the China Threat Theory”, in Ian Johnston and Robert Ross (eds.), New Directions in the study of Chinese Foreign Policy, pp.186-214.

Zhang, Feng (2013), “The Rise of Chinese Exceptionalism in International Relations”, *European Journal of International Relations*, Vol. 19(2), pp. 305-328.

Zhang, Tiejun (2010), “Chinese Strategic Culture: Traditional and Present Features”, *Comparative Strategy*, Vol. 21(2), pp.73-90.

Zhang, Tong & Schwartz, Barry (1997), Confucius and the Cultural Revolution: A Study in Collective Memory”, *International Journal of Politics, Culture and Society*, Vol. 11(2), pp. 189-212.

Zhang Shuguang (2001), Economic Cold War: America’s Embargo Against China and the Sino-Soviet Alliance, 1949-1963, New York: Stanford University Press.

Zhang Xiaoming (2012), “Multipolarity and Multilateralism as International Norms: The Chinese and European Perspective” in Pan Zhongqi (ed.), Conceptual Gaps in China-EU relations, New York: Palgrave Macmillan, pp.173-186.

Zheng Bijian (2005), “China’s Peaceful Rise to Great-Power Status”, *Foreign Affairs*, Vol. 84(5), pp.18-24.

Zhou, Qi (2005), “Conflicts over Human Rights Between the US and China”, *The Human Rights Quarterly*, Vol. 27, pp. 105-124.

Zinzius, Brigit (2004), Doing Business in the New China: A Handbook and Guide, Westport and London: Praeger Publishers.

Zürn, Michael (2013), “Globalization and global governance”, in Walter Carlsneas, Thomas Risse and Beth Simmons (eds.), Handbook of International Relations, London, New Delhi, Washington DC: SAGE, pp. 401-425.

November 2015
 Source: European External Action Service
 This diagram is not exhaustive. The scope, nature and duration of dialogues change regularly.