



India, Europe and Asia

Convergence and Divergence

Edited by
Rajendra K. Jain

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ISBN 978-981-33-4607-9 ISBN 978-981-33-4608-6 (eBook)
<https://doi.org/10.1007/978-981-33-4608-6>

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*To my wife, Sunita
for her unfailing support*

INTRODUCTION

Europe's 're-discovery' of Asia in the 1990s—the Strategy for Asia (1994) and the establishment of the Asia-Europe Meeting (ASEM) in 1996—reflected its desire to develop a more coherent and comprehensive policy towards Asia. Ever since the European Union's 2001 Communication, 'Europe and Asia: A Strategic Framework for Enhanced Partnerships', the Union has sought to enhance its political and economic presence across the region.

Containing twelve chapters by Indian and European experts and former Indian diplomats and policy-makers, this volume explores Indian economic, political and security engagement with Asia. It examines how India perceives the policies and role of the European Union and key EU Member States with Asia. The chapters explore the complexity, the elements of convergence and divergence as well as the challenges that India and Europe confront in dealing with key problem areas in South, Southeast, East and West Asia.

The European Union's engagement with Asia, Prमित Pal Chaudhuri argues in the first chapter, has been in the making for over four decades, but even today it continues to struggle to find traction, especially with China and India. Strategic and political calculations throughout Asia, he states, are largely made without factoring in Europe, let alone the European Union. In fact, Europe's own shortcomings during 2010–2020 have led to a decline in its overall credibility and influence in Asia. This, he points out, has encouraged China 'to become more assertive and India

to become more sceptical about Europe's ability to play a non-economic role in the region'. Apart from differing worldviews, relations between the two continents are bedevilled by the structural problems of geography and European notions of postmodernism. EU-India relations, Prमित asserts, have for decades been 'consistent and insubstantial'. However, at a time when US-China friction fostered a traditional geopolitical struggle across Asia, the EU is starting to move towards a limited return to *realpolitik* in its external policy. The 2018 EU strategy towards India and new Indian Ocean strategies by key European states and other straws in the wind, he concludes, are indicative of a more security conscious EU position on Asia.

The second chapter explores Indian and European interests and engagement with Asian multilateral organizations. It discusses how the Look East and Act East policies gradually promoted engagement with and membership of various Asian regional organizations. It examines Indian as well as European/EU interests and engagement in various Asian regional organizations, including the Association of Southeast Asian Nations, the East Asia Summit, ASEM, the ASEAN Regional Forum, and the South Asian Association of Regional Cooperation. However, the full impact of Indian policies towards Asian multilateral organizations, Anil Wadhwa argues, still needs to be realized on the ground. In conclusion, New Delhi, Wadhwa argues, is gaining ground over the European Union as a stabilizing country, as a provider of beneficial programmes, and as a strong partner for the Asian neighbours, even as the EU recedes in influence due to internal developments and the rise of China. There is, he concludes, immense scope for India and the European Union to work together with Asian regional institutions on common projects in keeping with their interests and policies.

Both China and India are important partners for the European Union, but there is a qualitative difference in the attention and political energy devoted by the EU to China and India. In Chapter Three, Rajendra K. Jain discusses Indian perceptions of how the Europeans' mirage of a socializing China has dissipated and highlights Indian business, civil and political elites' views of China and EU-China relations. It looks into the coverage of the two Asian countries in the European media and the Indian commentariat's views of increasing Chinese inroads in Central and Eastern Europe through the Belt and Road Initiative (BRI). The Western assumption that China would be one such alternate stakeholder in the existing international order has proven to be misplaced with Beijing's emergence

as its ‘most prominent normative challenger’ (Tharoor and Saran 2020: 192). In conclusion, the chapter examines Indian perceptions of Chinese efforts to establish a China-centric world order and the Indian commentariat’s reflections on EU-China relations in the wake of the COVID-19 pandemic and the India-China standoff at the Line of Actual Control (LAC). Indian observers concur that candid EU statements in Brussels’ March 2019 reflection paper of China being a partner, competitor and systemic rival should not lead one to make an inference that ‘the EU will follow the U.S. in “de-coupling” or join an “against-China” camp’ (Gokhale 2020). In an increasingly turbulent world, the European Union has sought to partner like-minded countries like India to maintain a rules-based world order (see Jain 2020). The present disorderly world therefore presents an opportunity for India and the European Union to deepen and widen their conversations and cooperate to uphold the multilateral liberal order.

After the 2008 global economic crisis, Javier Arregui argues in Chapter Four, trade and investment has become a key variable of the global policy economy and the new flagship of contemporary commercial policy as a stabilizing force in difficult times. This, he adds, signifies, among other things, that EU economies need to be consolidated through stronger trade and investment links with the new centres of global economic growth. The chapter seeks to analyse the role of FDI of the European Union in Asia and India. More specifically, it seeks to examine the extent to which the attraction of FDI in India (and other Asian economies) has depended on the stage of development of the host economy. It outlines the theory and the main drivers of the investment development path (IDP). It explains the role of the EU on FDI in global terms as well as the main arguments that explain the leading role played by the Union and the type of trade and investment relations the EU seeks to establish with third partners. The chapter goes on to examine the inherent logic and patterns of FDI investment in Asia. It critically assesses the main strengths and shortcomings of India in being able to increase both inward and outward FDI. It highlights the implications on trade and investment of the failure to conclude a Bilateral Trade and Investment Agreement for both India and the European Union.

Chapter Five examines India’s decade-long quest for membership of ASEM, which represents an interesting case study of identity and exclusion of a major Asian country from a key interregional forum. It highlights how New Delhi’s purposeful and constructive Look East Policy

since the early 1990s facilitated membership of ASEM in 2007. It goes on to discuss the perceptions of the Indian media and elites about ASEM and evaluates India's decade-long engagement with ASEM. It concludes that ASEM continues to remain a forum for broad dialogue rather than problem-solving or practical cooperation.

In an increasingly globalized and networked world, countries are increasingly competing to improve geographical connectivity and enhance political and economic cooperation. In Chapter Six, Manasi Singh analyses Indian and EU's perspectives on geo-economics and the new Eurasian great game. China's expanding continental and maritime footprint, she contends, has caused anxiety among the major powers of the world. The chapter highlights Indian criticism as well as European concerns about the BRI and the growing Chinese geopolitical influence in their neighbourhoods. The chapter evaluates India's connectivity vision and strategy. It goes on to discuss Brussels' 2018 'Strategy on Connecting Europe and Asia' and examines the scope for cooperation in improving connectivity given Europe's long and rich experience of connecting states and regions.

The Indo-Pacific, B. Krishnamurthy argues in the next chapter, has emerged as a defining geopolitical, geo-economic and geostrategic theatre of both cooperation and contention in the twenty-first century. He examines the politico-economic and strategic interests of India and the European Union in the Indo-Pacific and their strategies to deal with the challenge of growing Chinese unilateralism and assertiveness in the region. Both entities realize that only a successfully functioning multilateral and multipolar system as well as a 'rules-based order' can safeguard their interests. France and the United Kingdom are the only European nations with both the naval assets and the ability to play a strategic role in the Indo-Pacific. Of the two, he concludes, India shares similar visions and practical cooperation more with Paris than London.

Chapter Eight examines the substantial Indian interests in geopolitically important West Asia. It discusses New Delhi's expanding economic, political and strategic ties with Saudi Arabia, the United Arab Emirates and Qatar and the significance of its opening up to Israel in the 1990s. It discusses India's equidistant policy in intra-regional conflicts and its focus on fostering economic, trade and investment ties as well as energy security. The chapter examines the Indian and European responses to the Arab Spring protests and the Saudi Arabia/Qatar rift. It evaluates the implications of the US decision to abrogate the Joint Comprehensive Plan of Action (JCPOA) with Iran for both India and Europe. It discusses how

the problems of the region—terrorism, Palestine, rising tide of migration, hotspots like Syria, Libya or the Iranian question—are increasingly becoming a European challenge and directly affecting Europe.

At first glance, India, Patryk Kugiel argues, does not apparently seem to be a natural partner of the European Union when it comes to Iran. However, Indian and EU perspectives towards Iran, he maintains, largely converge, especially regarding non-proliferation, the perseverance of the 2016 JCPOA as well as in the integration of Iran in the global economy and the international community. He makes a comparison of India-EU perceptions and policies in three key areas, namely nuclear programme, energy and trade as well as strategic interests, and highlights the areas of convergence and divergence. After an evaluation of India's policy towards Iran over the past two decades, Patryk Kugiel optimistically concludes that India is well placed 'to offer good services and mitigate tensions between main adversaries while contributing to stability in the Middle East'. There is, he feels, potential for both Europe and India to collaborate with Iran regarding connectivity, the stabilization of Afghanistan and the fight against international terrorism.

In Chapter Ten, Pramit Pal Chaudhuri regards the differences between India and the European Union over Kashmir as 'a textbook example' of how these two governments approach a major foreign policy dispute in wholly different ways. The two original points of difference, he argues, were India's on-and-off policy towards dialogue with Pakistan and the broader issue of human rights violations in Indian-held Kashmir. These differences reached their peak between 2000 and 2004, leading to major dissonance between the New Delhi and the European Commission. Until 2007, Kashmir had remained an irritant after that primarily because of activists in the European Parliament. Subsequently, Kashmir largely disappeared from the formal bilateral relationship. Since 2008, the EU and India seem to have developed a formula comprising four elements for handling the Kashmir issue, viz. human rights violations taken up in the annual human rights dialogue, regular visits of EU ambassadors and officials to carry out fact-finding missions to Kashmir, regular EU humanitarian and development assistance to Kashmir, and rhetorical support for reconciliation between India and Pakistan. This formula has kept bilateral ties from being adversely affected. Today, he concludes, New Delhi essentially perceives Kashmir as a non-issue when it comes to its relations with Brussels.

In Chapter Eleven, Vivek Katju approaches Indian and European interaction *on* and *via* Afghanistan in five phases: (a) Afghanistan as transit point for Alexander's invasion of India in 326 BCE and the nature of its impact; (b) Afghanistan as buffer; (c) Afghanistan as a Cold War arena; (d) Afghanistan as terrorism centre pre-9/11; and (e) Afghanistan as post-conflict laboratory. From the time that the United States launched its operations in October 2001 to the present, West European nations, Katju asserts, have not had a discernible independent approach towards Afghanistan. Initially, they largely performed roles assigned to them by Washington. The chapter discusses Indian and West European divergent approaches towards negotiations with the Taliban. For many years, he argues, India maintained that the Taliban were not an entity that were worthy of a role in the new Afghanistan. As Europe and the United States began to open up to the Taliban, he adds, India seemed to have softened its statements or muted them altogether. New Delhi looked upon all this as an intra-Afghan process. Europe openly encouraged it. Herein, Katju points out, lay the crucial difference between India and Europe on the issue of reconciliation and peace-making in Afghanistan. The chapter goes on to make a perceptive analysis of different Indian and European perceptions of Pakistan's role in Afghanistan. In conclusion, the author urges India and Europe to hold an honest and intensive dialogue on the role of Pakistan in Afghanistan.

In the concluding chapter, Rajiv Bhatia addresses developments in Myanmar and argues that Indian and European/EU policies have been influenced by their geographical situations, historical circumstances, value systems and national interests. Barring a short period (1988–1991), the two sides found themselves on different sides of the diplomatic fence, with the EU pursuing a sanctions-anchored strategy and India emerging as a pragmatic advocate of 'constructive engagement'. Progress towards political democratization, brought by the military in 2011, created a new opening. Europe seized it to improve relations with Myanmar and adopt a broader agenda transcending democracy and human rights. The European Union, he feels, has been a highly articulate and visible actor, although not as influential as others like China, the United States, ASEAN and India. Individual European countries, especially France, Germany and the United Kingdom, he maintains, have pursued their strategic, economic and other interests in Myanmar without being constrained by the so-called binary divide between Europe and India regarding values and interests. In

conclusion, Bhatia focuses on four key issues regarding Myanmar today—nation-building, the gap between the government and ethnic groups, the perennial problem of devising a way to end the military’s political role and making Myanmar a full democracy, and China’s growing strategic footprint. Although the Rohingya crisis in mid-2017 again exposed the basic divergences in the European and Indian attitudes, there is, he concludes, much that they share in enabling Myanmar which continues to deal with the incredibly complex challenges of nation-building and ethnic reconciliation.

Today, Asia is a crucial partner in many key areas for both India and Europe/European Union. In recent years, the relationship between the European Union and Asia has witnessed greater engagement as a result of the decline of the United States, transatlantic tensions under the Trump administration, Brexit, the rise of a more assertive China and the growing importance of Asian powers. A more unified European policy towards Asia continues to be elusive. Though Europe is more conscious of the security challenges in Asia, it prefers to leave most of the hard strategy and security contribution to the United States.

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ABBREVIATIONS

A2/AD	Anti-Access/Area Denial
AAGC	Asia-Africa Growth Corridor
ADB	Asian Development Bank
ADMM	ASEAN Defence Ministers Meeting
ADMM-Plus	ASEAN Defence Ministers' Meeting Plus
AEP	Act East Policy
AIIB	Asian Infrastructure Investment Bank
APEC	Asia-Pacific Economic Cooperation
ARF	ASEAN Regional Forum
ARIA	Asia Reassurance Initiative Act
ASEAN	Association of South East Asian Nations
ASEM	Asia–Europe Meeting
BBIN	Bangladesh, Bhutan, India and Nepal
BCIM	Bangladesh China India Myanmar
BIMSTEC	Bay of Bengal Initiative for Multisectoral Cooperation
BITs	Bilateral Investment Treaties
BJP	Bharatiya Janata Party
BRI	Belt and Road Initiative
BRICs	Brazil, Russia, India, China and South Africa
BTIA	Broad-based Trade and Investment Agreement
BUILD	Better Utilization of Investment Leading to Development Act
CAREC	Central Asia Regional Economic Cooperation
CENTCOM	United States Central Command
CICA	Conference on Interaction and Confidence-Building in Asia
CMLV	Cambodia, Myanmar, Laos and Vietnam
COC	Code of Conduct

COMRA	China Ocean Mineral Resources R&D Association
CPEC	China Pakistan Economic Corridor
DG	Directorate-General
DOC	Declaration of the Conduct of the Parties in South China Sea
EAS	East Asia Summit
EEAS	European External Action Service
EEAU	Eurasian Economic Union
EEC	European Economic Community
EEZ	Exclusive Economic Zone
EFCD	European Fund for Sustainable Development
EIDHR	European Instrument for Democracy and Human Rights
EMF	Expanded ASEAN Maritime Forum
EPQI	Expanded Partnerships for Quality Infra
EU	European Union
EU/E3	EU and three EU Member States (France, Germany, and Italy)
EU/E4	EU and four EU Member States (France, Germany, Italy, and the United Kingdom)
FATF	Financial Action Task Force
FDI	Foreign Direct Investment
FIPIC	Forum for India-Pacific Islands Cooperation
FMM	Foreign Ministers Meeting
FONOPS	Freedom of Navigation Operations
FTA	Free Trade Agreement
GCC	Gulf Cooperation Council
GDP	Gross Domestic Product
GMS	Greater Mekong Subregion
GSP	Generalised Scheme of Preferences
GVC	Global Value Chains
HADR	Humanitarian assistance and disaster relief
IAEA	International Atomic Energy Agency
ICT	information and communications technologies
IDP	Investment Development Path
IMT	India–Myanmar–Thailand
INSTC	International North-South Transport Corridor
INSTEX	Instrument in Support of Trade Exchanges
IONS	Indian Ocean Naval Symposium
IORA	Indian Ocean Rim Association
IPR	Intellectual Property Rights
ISA	International Solar Alliance
JCPOA	Joint Comprehensive Plan of Action
LEAP	Leading Asia’s Private Sector Infrastructure Fund
LEP	Look East Policy
LIFT	Livelihoods and Food Security Trust Fund

LNG	Liquefied Natural Gas
MEA	Ministry of External Affairs
MGC	Mekong Ganga Cooperation
MIEC	Mekong-India Economic Corridor
NAM	Non-Aligned Movement
NATO	North Atlantic Treaty Organization
NDA	National Democratic Alliance
NESA	Northeast and South Asia
NIIF	National Investment and Infrastructure Fund
NLD	National League for Democracy
NPT	Non-Proliferation Treaty
NTBs	Non-Tariff Barriers
NWFP	North West Frontier Province
OECD	Organisation for Economic Cooperation and Development
OIC	Organization of Islamic Countries
OPCW	Organization for the Prohibition of Chemical Weapons
PIF	Pacific Islands Forum
PTA	Preferential Trade Agreement
RCEP	Regional Comprehensive Cooperation Partnership
ReCAAP	Regional Cooperation Agreement on Combating Piracy and Armed Robbery against Ships in Asia
RTAs	Regional Trade Agreements
SAARC	South Asian Association for Regional Cooperation
SAGAR	Security and Growth for All in the Region
SAGQ	South Asia Growth Triangle
SASEC	South Asian Sub-Regional Economic Cooperation
SCO	Shanghai Cooperation Organization
SLOC	Sea Lines of Communications
SLORC	State Law and Order Restoration Council
SMEs	Small and Medium Enterprises
SOM	Senior Officials Meeting
SPDC	State Peace and Development Council
TEIN	Trans-Eurasian Information Network
TEN-T	Trans-European Transport Network
TPP	Trans-Pacific Partnership
TTIP	Transatlantic Trade and Investment Partnership
UAE	United Arab Emirates
UN	United Nations
UNCLOS	United Nations Convention on the Law of the Sea
UNCTAD	United Nations Conference on Trade and Development
UNESCAP	United Nations Economic and Social Commission for Asia and the Pacific
UNSMIL	United Nations Support Mission in Libya

UPA	United Progressive Alliance
US	United States
USDP	Union Solidarity and Development Party
WPNS	Western Pacific Naval Symposium
WTO	World Trade Organization

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India, Europe and the Rise of Asia

Pramit Pal Chaudhuri

The European Union's engagement with Asia has been over 40 years in the making. However, besides the obvious trade and investment issues, Europe continues to struggle to find traction in the largest continent, especially with its two largest countries China and India. Throughout Asia, strategic and political calculations are largely made without factoring in Europe, let alone the European Union. Europe's own shortcomings in the decade 2010–2020, including chronic financial problems, domestic battles over immigration and Britain's departure from the EU, have meant the continent's overall credibility and influence have declined in Asia. This has encouraged China to become more assertive and India to become more sceptical.

The EU's most ambitious Asian policy was a roughly decade-long attempt to make China a responsible global stakeholder, a policy that was accepted to have failed by the mid-2000s. In the past several years, the policy has gone into reverse with attempts by the EU and its larger

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Singapore Pte Ltd. 2021

R. K. Jain (ed.), *India, Europe and Asia*,

https://doi.org/10.1007/978-981-33-4608-6_1

Member States to respond strongly to predatory Chinese economic policies and attempts to politically undermine European unity.

One element of this pushback, helped along by European concerns at the US indifference to the Atlantic alliance under the Donald Trump Administration, has been a more determined outreach by the EU to India. This remains a road under construction. New Delhi is sceptical of Europe's ability to play a non-economic role in the region that has come to be known as the Indo-Pacific. Europeans express discomfort with the right-wing identity politics of the Narendra Modi government. Nonetheless, the two sides now talk of strategic cooperation rather than the just trade and values.

WORLDS APART

While there are obvious structural issues that bedevil Europe's relations with Asia, there are more fundamental problems in terms of differing worldviews.

The first structural problem is geography. Europe and Asia are connected by land, but largely through a huge sparsely populated expanse of Central and West Asia, but not by sea. And that has been a negative in finding potential areas of cooperation like security. The second is the decision-making structure of the EU and the difficulty in creating a single European position on strategic issues. Officials from key Asian governments who have had to deal with Europe all recount being asked by the larger European Member States to support the latter's national policies—and help them undermine the policy being pushed by Brussels.¹ But the core problem of the Europe and Asia relationship, especially the larger Asian countries like India and China, goes much deeper.

The nations of Europe have ordered their polity in a way that the British scholar-diplomat Robert Cooper, among others, has labelled 'post-modern'. Accompanying this is a distinct worldview, including a unique view of how security is best accomplished and the role of sovereignty in the international system (Cooper 2003). It is a worldview that could not be more different from the modernist stance, imbued with strong nationalist overtones, but it holds sway among most large Asian nations. If anything, the modernist worldview, similar to the post-Westphalian system

¹Private conversations with European and Asian diplomats over the past 15 years.

accepted by the Western world until the end of the Cold War, is becoming more evident in the actions of larger Asian countries as they urbanize and experience middle-class expansion.

The post-Westphalian state structure that arose in Europe—and later spread to most of the world—was designed to prevent the recurrence of the bloodshed and chaos of the Thirty Years' War. It had three key consequences. One, it made the building block of the international system, the nation-state. The domestic affairs of such states should be treated as sovereign, immune to the external interference of others. Without this rule, conflict over universal concepts like religion and ideology, wars that could rage on forever, would be legitimized. Two, as a consequence, the favoured system of tackling the ever-changing power structure of nation-states became the balance of power and an implicit threat of violence. Keeping an iron fist inside the glove of diplomacy ensured wars broke out on a regular basis, but wars that sought ultimately to restore the nation-state system. Three, a Sovereignty First standard and the balance of power meant that states were given a free ride on moral and ethical issues. A government was different from an individual because it had things like the balance of power to maintain. It could do dirty and covert things that would put an individual behind bars (Cooper 2003: 7–12).

This became globally accepted as the way the world should be run, until the experience of the two world wars. This trauma led Europeans to conclude that the post-Westphalian system had reached its shelf life. The Cold War, in many ways the same balance of power writ large, only put this on hold. The political philosophy that lay behind the creation of the EU had a radically different concept of how relations between nations should be ordered. It overturned all three of the pillars of the Westphalian system mentioned previously.

First, it argued that while the nation-state would remain an important method of political organization, it would not be seen as the brick and mortar of the regional order. Governments would not receive special sovereignty-based favours, the right to wage war and a waiver on acts of questionable morality. A national government, at the very least, would be held to the same standards as a provincial or municipal body. This was explicit from the start. In one of the drafts of the Schuman Plan, Jean Monnet wrote, 'This proposal has an essential political objective: to make a breach in the ramparts of national sovereignty' (Monnet 1978: 7).

Second, as a consequence, the favoured way to handle relations between national governments was transparency and mutually agreed

interference. The European states would poke inside each other's affairs. They would open their military systems to inspection, combination and eventual union. As it has been said, 'Mutual interference is normal for postmodern states' (Cooper 2003: 30). It also meant that 'Of the big powers, only the European Union can be relied on to champion multilateralism' (Grant 2008).

Through the 1980s and 1990s, the pace of European unity was breathtaking. The Cold War's end allowed Europe to dismantle one of the world's most entrenched defence systems. The consolidation of standards, judicial systems, creation of a single continental parliament and, finally, the fusion of 17 independent monetary policies were done on a timeline unsurpassed in history. These all continue to suffer from teething problems, but they are here to stay including the euro currency.

Europeans have rightly taken pride in this. They can even claim—as no other region can barring North America—that war and violent conflict in their region has been relegated to the dustbin of history. However, in the early 1990s, the violent break-up of Yugoslavia and the odd bit of friction with the more traditional, modern nation-states on their borders like Russia and Turkey led Europeans to conclude they could not rest on their laurels. To preserve the success of the European model, the model had to spread beyond its borders. There were reasons for Europe to believe this was do-able. It had successfully democratized the military-fascist rules of southern Europe. It had absorbed and transformed the communist states of Central Europe. The most ambitious project in all of this was a belief the European example could influence the evolution of the Middle Kingdom.

CHINA FANTASY

The highpoint of pan-European optimism, in regard to its influence on the wider world, was the belief that developed in the period running from 1994 to 2008 that the European Union could serve, and would be accepted, as a model for an emerging China.

This European policy arose because the EU concluded in 1995 that it needed 'a long-term strategy that reflects China's worldwide, as well as regional, economic and political influence'. Brussels, observing Beijing's rapid economic rise, sensibly felt Europe's future competitiveness needed stronger economic ties and the credibility of the EU's own foreign policy required a 'coherent China strategy' (Grant and Barysch 2005: 7). Its

first China strategy in 1995 ambitiously said that Brussels' first objective was to 'socialize China into the kind of international order that the EU supports'. This included nuclear nonproliferation, support for the United Nations, global environmental issues and so on. Its second objective was to help China's internal transition in areas like reducing regional disparities, green policies and civil society support. EU officials spoke of how China and the EU 'face similar problems and favour similar approaches to solving them'. One Eurocrat, speaking about Brussels assistance to China's domestic problems, said, 'Officially, we call it 'exchange of experience,' but in reality 'we are exporting our model to China' (Grant and Barysch 2005: 52).

The Europeans believed enmeshing China into a network of international obligations and exposing it to the European way of doing things would make China easier to 'manage' and make it less likely to be a revisionist power (Shambaugh 2004: 248). 'We need China to want what we want,' said one EU diplomat (Fox and Godement 2009: 1). There was much scepticism by the US and definitely among most of China's Asian neighbours of the entire European view that China was a 'status quo power that will be primarily preoccupied with its own internal challenges for the foreseeable future—a bit like the EU itself' (Grant and Barysch 2005: 67).

Beijing seems to have concluded it would have to put up with the EU's lectures on values because of economic reasons. It also seemed to have decided it would be able to deflect pressure on civil rights by winning over European business lobbies. Premier Li Peng in 1996 said, 'If the Europeans worked with China in all areas, not all economically but also politically and in other areas, I think they would get more contracts with China.' From the word go, Beijing stoutly resisted any agreement on 'common values,' migration policy and intellectual property rights. China's 2003 policy paper on EU made it clear human rights discussions should be kept to 'social and economic rights.' Political anything was off the agenda. By then, Human Rights Watch, among others, was denouncing the EU-China human rights dialogue as an 'empty gesture' (Human Rights Watch 2013).

By 2007, even the economic relationship began souring as the European Union racked up massive trade deficits with China that it blamed, like the US, on Beijing's careful tilting of the business landscape against foreign players. European firms, especially in the luxury goods and engineering sector, complained of their products being pirated and technology

being stolen by Chinese competitors—and Beijing’s lack of redress on these issues. Human rights issues involving China in 2009–2010 affected the European Street. China’s support for the Sudanese government over the Darfur massacres led to public protests as did the violent repression of Tibetan riots, heavy-handed Chinese attempts to control the Olympic torch relay and clampdowns on protests by Muslim minority members in Xinjiang.

By the late 2000s, it was clear the values part of the European strategy of engagement-in-depth with China was coming apart. Europeans, who had once placed the US as the biggest threat to global security following the invasions of Iraq and Afghanistan, put China back on top of the list (*Der Spiegel* 2008). A 2009 US-European discussion about the state of Europe’s dialogue with China on human rights was suitably dismal with Beijing using every possible device to block any discussion on political rights and rule of law (Wikileaks 2009b).

An exhaustive 2009 analysis of the EU’s relationship with China by the European Council of Foreign Affairs was particularly hard-hitting. ‘The EU’s China strategy is based on an anachronistic belief that China, under the influence of European engagement, will liberalize its economy, improve the rule of law and democratize its politics.’ Instead, it said, ‘China’s foreign and domestic policy has evolved in a way that has paid little heed to European values, and today Beijing regularly contravenes or even undermines them.’ Far from being a catalyst for change in China, the report said, the EU’s policy had become one of ‘unconditional engagement’ where Europe unilaterally gave China access to its markets and provided it investments and received nothing in return. The Chinese, said the report, showed remarkable skill in playing the various European countries against each other and undermining any possibility of a continental approach to Beijing. China treats the ‘relationship with the EU as a game of chess, with 27 opponents crowding the other side of the board and squabbling about which piece to move.’ The European states ended up having no real political engagement strategy. More surprising, they could not even come together on a common economic approach to China—even as the EU’s trade deficit with China reached €170 billion (Fox and Godement 2009: 2).

Hardline Chinese scholar Pan Wei wrote in 2008, ‘the EU is weak, politically divided and military non-influential. Economically, it’s a giant, but we no longer fear it because we know that the EU needs China more than China needs the EU.’ While a personal view, Pan’s comments