

---

## **China and Europe as strategic partners Perceptions and perspectives**

---

*The first Annual Stanley Crossick Lecture took place in Brussels on 14 July with His Excellency Song Zhe, Ambassador of the Mission of the People's Republic of China to the European Union.*

*This publication contains the full text of the Ambassador's speech and a summary of the discussion afterwards.*

*China and the European Union represent two global actors with a continued interest in responding to the opportunities of a globalised world while seeking stability and peace. Relations between Europe and China have intensified over the past decade, primarily due to China's impressive and continuing rise to become a major economic and political actor. As Europeans seek to lead the efforts towards global economic sustainability, cooperation with China is essential. However different both partners may be in terms of political systems, preferences and strategies, their place and role in the world will be determined by the density and quality of their mutual economic and political relationship.*

*Developments in China and EU-China relations were the passion of the EPC's Founding Chairman, Stanley Crossick. This energetic and forward-looking businessman, who was a key actor in the building of the EPC and the Brussels think tank community at large, was deeply convinced of the strategic significance of the Sino-European relationship.*

---



First of all, on behalf of the Mission of China to the EU, I wish to thank the EPC for launching this Annual Lecture to commemorate our beloved but lost friend-Stanley Crossick. I feel very honored to be invited as the first speaker of this lecture. Stanley, having spent his whole life working tirelessly to promote European integration, committed himself in his late years to the academic research of China-EU relations and promoting

deeper mutual understanding between China and Europe. I believe that once a year at this lecture, we will honor the memory of this man of insight and ideal, and we will move ahead on his unfinished course towards his unmet aspiration.

It must be reassuring for Stanley, exciting for us as well, to see that in recent years, China-EU relations have maintained a sound momentum of growth. For example, this year, high-level exchanges continue to grow between the two sides. Chinese Premier Wen Jiabao and Vice Premier Li Keqiang visited Europe. President Van Rompuy of the European Council visited China for the first time in his current capacity. The second China-EU High-Level Strategic Dialogue concluded with success. These high-level exchanges have effectively deepened our political trust, facilitated cooperation, and mapped out future direction of China-EU ties. In the second half of the year, there will also be the 14<sup>th</sup> China-EU Summit and a number of other important events. On business ties, our bilateral trade has maintained the robust growth momentum of 2010. Trade volume has grown by 21.3% year-on-year in the

first six months to top 266 billion US dollars. If we keep this momentum, not only will Europe continue to be China's largest trading partner, China will also soon become Europe's biggest trading partner. In the meantime, the fast growth in our two-way investment and technical cooperation has laid down a solid structure for our mutually beneficial cooperation in a growing number of areas. It is particularly worth mentioning that this year, China and Europe jointly celebrated our first thematic year—the Year of Youth. Together we have organized many interesting and exciting activities. Next year, we will celebrate the Year of Intercultural Dialogue. We believe that these two thematic years will further promote our people-to-people exchange and make it the third pillar for China-EU relations.

In its 36 years of history, China-EU relations have stood the test of times and the changing international environment. Today, we enjoy broad, all-directional, and multi-tiered cooperation. Our cooperation is strategic, stable, mutually beneficial, and constantly growing, demonstrating robust vitality and ever-strengthening global significance. In the future, our converging interest will continue to expand with closer strategic cooperation. China's 12<sup>th</sup> Five-Year Plan and Europe's 2020 Strategy have given us a new platform to deepen comprehensive cooperation and a rare historical opportunity to further develop China-EU ties.

We all understand that with opportunities always come challenges. Only by properly handling our challenges could we make the best out of the opportunities we face. I fully agree with what Stanley used to accentuate, that among all the challenges we have in China-EU relations, the fundamental and most demanding one is to build objective, correct, and reasonable perception about each other. Without correct perception, we might view issues from a deviated perspective, handle problems with ineffective means, and evaluate the situation with more pessimism. Therefore, we must continue to build perception, deepen understanding, consolidate trust between us, so as to sustain the steady growth of China-EU ties. When Stanley made such efforts, I always supported him. Today, he is supporting me with his aura on this occasion.

Recently, there have been quite an attention and some opinions on China from Europe. Some scholars published their views on China-EU relations, which were quite varied. Today, I wish to share with you my views on four questions that I think matter most to our European friends and bear most on China-EU

relations. The questions are: Will there be a hard landing for the Chinese economy? Will China promote democracy? Is China's development a threat? And the last one—will China realize peaceful development?

**The first question: will there be a hard landing for the Chinese economy? My answer is no.**

Under the shadow of the recent slow-down of the world economy, some European and US investment institutions and economists make shady assessment on the current Chinese economy, with their eyes fixed on problems such as real estate bubble, local government debt, upward inflation pressure, and the lack of self-sustaining growth momentum. They argue that the Chinese economy will probably slide toward a hard landing. In my view, people who draw such conclusions failed to see the forest for the trees.

Since the international financial crisis in 2008, two missions topped the agenda of the Chinese economy. First is to resist the external impact of the crisis to maintain the sustained and steady growth. Second is to accelerate the transformation of economic growth pattern and improve economic efficiency and quality to achieve comprehensive, coordinated and sustainable development. Accordingly, the Chinese government has introduced a 4 trillion RMB Yuan worth stimulus package to promote growth by boosting domestic demand. As a follow up, relevant macro-strategy and implementation programs were also adopted in the 12<sup>th</sup> Five-Year Plan to promote future economic development and restructuring. But when the Chinese economy changes its course, this big ship will surely stir up some swirls and spray, including those problems noticed by the China-watchers.

However, through years of development, we have been able to constantly improve the structure and quality of our economy and strengthen its risk resistance capacity. The Chinese political system has a unique strength in mobilizing massive resources for major projects and in its highly efficient policy implementation. Over the last 30 plus years of reform and opening up, we have earnestly followed objective laws of social and economic development, made full use of our systematic strength, and successfully resolved many crises and difficulties at different stages, gathering lots of valuable experience and knowledge in macroeconomic adjustment. So in this round of macro adjustment, we have fully digested past experiences and did not opt for a "sudden brake". Instead, we have combined a number of successive fine-tuning measures to avoid an overall contraction of the economy. Let's look at some specifics.

First, real estate. This issue, under China's circumstances, is not about bubble, but mainly about income gap. Many Chinese buy house as investment. For these people who are relatively better-off, their reliance on bank loan is low. And those who could not afford a home are mainly restrained by their low income. To change this situation, the Chinese government has stepped up the construction of low-income housing projects to meet relevant demand. In addition, the government has also used administrative, financial, and taxation tools to curb speculative demand. These measures are already producing positive results. Through such efforts, we have promoted healthy growth of the real estate sector, and at the same time ensured that people who don't own a home could afford a place to live.

Second, local government debt. By the end of last year, the local debts totaled 10.7 trillion RMB Yuan, of which 6.7 trillion repayment liability belongs to local governments, equivalent to 16.8% of China's national GDP and 52.3% of the overall fiscal resources of local governments. So the local debts are on the whole secure. It is true that some risks do exist in certain individual regions and sectors, but those problems could be resolved in a phase-by-phase manner by selling state owned assets and by securitizing debt obligations.

Third, high inflation. The Chinese government has adopted a host of measures. Our central bank has increased interest rate five times in a row over the last eight months, and reserve ratio for the banks has also been lifted for six times since January. Although the CPI in June broke the three-year record with a 6.4% year-on-year increase, this trend was basically consistent with market expectation. With the slow-down of money supply growth, reduced imported inflation pressure, and the fall back of food prices, we are expecting a gradual stabilization of inflation in the third quarter and a notable drop in the fourth quarter.

Fourth, growth momentum. China still enjoys a robust self-sustaining growth momentum. From corporate perspective, now, our SMEs do have some difficulties in financing, but the situation is nowhere close to what happened at the outbreak of the financial crisis, when 20 million migrant workers lost their jobs within just two months. We are encouraged by the current dynamism among our SMEs. From sectorial perspective, medicine, electronics, machinery and the IT sector have all registered fast growth since the second half of last year. Most of these businesses are privately owned. From geographic perspective, due to the rising cost in recent years, manufacturing businesses are moving more and more quickly westward away

from the eastern coast. While provinces in central China took on these transferred business, east region also picked up speed to upgrade industrial mix through building hi-tech industry parks.

If we take an overview of the present Chinese economy, all indicators fall within our expectation, so there is no risk of hard landing. In the first six months of this year, urban fixed asset investment recorded a 25.6% year-on-year increase, lower than the growth margin of the same period of last year. At the same time, the incremental capital output ratio, an indicator for efficient investment, has remained at a reasonable level. With respect to industry growth, the speed has been falling since the third quarter of last year. But even so, the growth remained around 14% until June this year, matching the average level of the past 30 years. In the job market, in the first quarter, we have created 5 million new jobs in urban areas, fulfilling more than half of the 9 million target of the year. Apart from these, we are also moving steadily along the roadmap of the 12<sup>th</sup> Five-Year Plan to adjust the driving force for the economy and change our industrial, resource and consumption structure.

Lately, World Bank, the IMF and other authorities forecasted that in 2011, the Chinese economy will grow more than 9%, the yearly price rise at around 5%, and registered unemployment rate below 4.5%. This set of numbers does not suggest a hard landing. Deutsche Bank, Bank of America Merrill Lynch, the UBS and others have also revised their previous opinion and admitted that the downside risks of the Chinese economy are not too difficult to manage as perceived otherwise by the market. According to their view now, the Chinese economy will achieve a soft landing. I think through this comprehensive and up-close analysis, we should have full confidence in the Chinese economy. Our economy will on the whole continue to grow steadily and make important contributions to world economic recovery and development.

**Now the second question I want to address: will China promote democracy? The answer is yes.**

Today is July 14<sup>th</sup>. Coincidentally, the storming of the Bastille by the Parisian revolutionaries exactly 222 years ago set off the French Revolution and opened up a new chapter in the history, when European people were pulling down the feudal system and fighting for freedom, democracy, and human rights. This year also celebrates the 100<sup>th</sup> anniversary of the Chinese Revolution of 1911. One hundred years ago, the gun shot from the Wuchang Uprising toppled the autocratic monarchy system that had ruled China for thousands

of years. In the newly established bourgeois republic, people were able to have some democratic rights through the promotion of a constitutional government and the rule of law. However, the revolution did not change the fact that China was still extremely weak, poor, and constantly humiliated by other countries. Two weeks ago, we celebrated the 90<sup>th</sup> anniversary of the establishment of the Communist Party of China. Under the leadership of the CPC, China has finally achieved national independence and liberation. In 1949, we founded the People's Republic of China. We set up the people's democratic system so that everyone could become a master of the destiny of the country, the society, and their own. The whole thing happened as a natural choice of history.

The Chinese people, based on China's actual conditions, have chosen the CPC and a socialist development path. To build a socialist country with distinct Chinese characteristics is an arduous task. We have no experiences to refer to. Nor could we simply copy development models from other countries. Over the last six decades, particularly in the recent 30 plus years of reform and opening up, China has made huge progress in the development of socialist democracy. On the basis of the National People's Congress system, we have continued to expand people's participation in politics in an orderly manner. We now organize direct election for delegates to the People's Congress and primary level officials at prefecture and township levels. We have worked actively to promote political consultation, democratic supervision, and participation in and deliberation of state affairs based on the system of multiparty cooperation and political consultation under the leadership of the CPC. We have established and improved a decision-making mechanism that reflects on public opinion and draws ideas and strength from the people. In civil service, we pay very close attention to morality and competence in the recruitment and promotion process. In addition, we have put in place a unique socialist legal regime to strengthen the restrictions and oversight on authority. China's socialist democracy will continue to develop to become more systemic, smooth, and standardized. We are fully confident that such form of democracy will uphold more effectively China's stability and development and promote the fundamental interest of the Chinese people.

I have worked in Brussels for more than three years. I deeply feel that our European friends know very little about China's progress in promoting socialist democracy. And when that coupled with

biased media hype, China almost looked like a country that has no democracy, freedom, human rights, and rule of law. But if we could just use a little of conventional wisdom—the Chinese economy has grown 109 times over the last three decades, an unprecedented record in the history of human development in terms of both growth size and time range. Huge progress has been made in people's living standard, public service and social development. How could all of these be possible without sound political and social system?

Some people in Europe, when looking at China, tend to sever our development model with our political and social system. That makes it very difficult to build an accurate and profound perspective. Every development model is inseparable from its corresponding social and political system. We can't build a successful development model on a failed system. The design and implementation of a system will interact closely with the formation and growth of a model, just like what happens between soil and plants. The two are interdependent and reinforce each other.

China's democracy is not western democracy. History suggests that democracy has various forms and there are many ways to achieve it. Countries around the world establish and improve their own democratic politics based on their respective history, culture, value, tradition, political belief, economic development level, and distinct features of their society and people. Europe's idea of democracy came from Ancient Rome. Yet after thousands of years of evolution and development, today, countries across Europe still bear difference in political structure. The difference between China and Europe is far greater than that among European states. Therefore, China should be allowed to follow its own path in pursuit of democracy, and there should be no demand that China must copy the European system.

As some of you might have known, in 2004, the provision that "the State respects and protects human rights" was written into the Chinese Constitution. This represents an important milestone in China's human rights course. Today, the Chinese government has made "putting people first" an important governing principle. We are very serious about promoting the fundamental interests of the people through development. And we have taken concrete steps to guarantee the economic, political, and cultural rights of the people so that every Chinese citizen could realize the ultimate goal of comprehensive development as a human being.

Today, I am not planning to list specific achievements China has made in poverty reduction, education, medical and health service, and the development of minority ethnicities. Instead, I would like to share with you two stories I've personally experienced. Last year, China and the EU held the first High-Level Strategic Dialogue in the Chinese province Guizhou. While there, High Representative Lady Ashton visited a small village in a remote area. Despite the under-developed infrastructures, Lady Ashton found that the primary school has the best building and newest facilities in the village. She was deeply impressed by the earnest attitude and efforts of the Chinese government to provide equal access to education for every child. The second story took place this year when President Van Rompuy was in Wenchuan, Sichuan Province during his visit to China. He was totally amazed, because three years after the devastating earthquake, he couldn't find a single trace of the disaster. With the government investment in post-disaster rehabilitation and reconstruction, the quake-hit region has taken on a complete new look. The government has done a great deal to bring the affected population out of poverty back to a normal life, trying the utmost to ensure their rights to live and develop.

Some friends asked me questions about the freedom of speech. In China, every citizen has the freedom, right and channel to express one's ideas and views. But there is a boundary to any kind of freedom. We cannot allow behaviors that violate laws and run counter to social morality in the name of freedom. Boundless freedom will cause lawlessness and social chaos. It could threaten human dignity and even life. Europe has such experience. The Chinese government protects the right of the people to exercise their personal rights according to law, because we believe that by doing so, we could better protect the basic human rights of our citizens.

**The third question: is China's development a threat? The answer is no.**

One Belgian friend once told me that in the 1950s and 60s, people here worked very diligently and lived frugal life. Office workers rarely took time off in the café. In fact, he said that back then people would look down upon those who wasted their time and money in the coffee shop. But today, visitors from China often say to me that their deepest impression about Brussels are the coffee shops at every corner of the city. People from China envy a lot the leisurely life of the people here, seeing them basking in the sun, enjoying beer, wine, coffee and cuisine.

It is true that such a comfortable environment and pleasant lifestyle are attributable to generations of hardworking European people. But still we must admit that the international distribution of labor in the globalization era has also contributed to the fast and high-quality economic and social development in Europe. With resource and labor intensive industries gradually relocated to the developing countries, the European economy is more focused on capital and technology intensive industries, further uplifting productivity and economic efficiency. As the result, people in Europe today enjoy higher income, lower living cost, and a cleaner environment. On average, clothes, household appliance, construction material exports from China save each European household 300 Euros a year.

From the macro and historical angle, business cooperation between China and Europe benefits both of us. Otherwise, when the financial crisis broke out, our bilateral trade wouldn't have continued to go up. We can't draw a correct conclusion if we just look at a few figures on trade deficit or market share. It is worth noting that European exports to China have been growing very quickly in recent years. According to the EU statistics, the number reached 113.1 billion Euros with a 37.2% increase last year. For Europe, it means revenue, jobs and growth. For European companies, China has long before become their main source of business profit. In total, European companies have a business volume of over 300 billion Euros in China, far higher than China's trade surplus against Europe and the EU exports to China. That's why newspapers here call China the "money tree" for European companies.

China is a trust-worthy economic partner for Europe. When the financial crisis swept across the European continent, and when European states were caught in the sovereign debt crisis, we did not undersell our Euro assets. To the contrary, we have sent multiple business teams to Europe to sign deals. We have purchased more Euro bonds, made more investment here, and firmly supported the efforts of the Euro-zone and the IMF to bail out Greece and others. Last month, during his visit to Europe, Chinese Premier Wen Jiabao once again reaffirmed China's confidence in Europe and the Euro. He announced that China will continue to purchase certain amount of sovereign debt based on the need. We didn't just say that we attach great importance to and strongly support Europe. We have indeed taken concrete steps to follow through with our words.

Look ahead, China and Europe will continue to enjoy broad prospect of cooperation. Our different economic structures are highly complementary.

China will maintain its advantages in labor and production cost for a very long time. China provides a huge market for European patents, capital and commodities. And China needs the advanced technology, equipment, and managerial expertise from Europe. China's 12th Five-Year Plan and Europe's 2020 Strategy have many similar traits, thus creating a broad platform for further expansion of cooperation. Stronger domestic demand in China means a larger market for exports from Europe. China improving its industrial mix means more business opportunities for hi-tech and financial, consulting, and insurance service companies. Our strategy to develop green economy will facilitate the overseas growth for European business in the field of new energy, material and environment.

President Van Rompuy, President Barroso, and Lady Ashton all share such a promising vision of our cooperation. That's why they all have said on different occasions that for Europe, China's development is not a threat, but an opportunity. On our part, we regard developing mutually beneficial cooperation with Europe as an important strategy of our foreign policy.

If we have agreement on this, why should people worry that a developed China will steal jobs and wealth from Europe? If we could just reflect on the contemporary history, let's ask ourselves what is it that has caused the decline in the European economy, and what is it that has brought hunger and poverty to the European people? Is it caused by the competition from the development of Germany in the late 19<sup>th</sup> century, of the United States in the early 20<sup>th</sup> century, of Japan in the mid 20<sup>th</sup> century, or of emerging economies at the beginning of the 21<sup>st</sup> century? None of these answers is right. Only when we look back could we truly understand that the real reasons are the greed of capital, disordered market, slackened management, and the resulting conflicts and even wars.

I have European friends who said to me that, "Europe is not afraid of competition, but there must be a level playing field. China should provide European companies with a sound investment environment. It should protect intellectual property rights and do more in opening up the market." In fact, these are indeed what we are doing. We are taking steps to improve our investment and market environment. In this process, we listen very attentively to what others including the EU have to say. Conversely, the EU still has not recognized China's market economy status and has not lifted arms embargo against China. The EU easily and willfully launched anti-dumping

investigations against Chinese companies now and then, and some even proposed to impose restrictions on Chinese investment. When we put all these on the table, I wonder where we could ever find this "level playing field" for competition and cooperation.

In this world of fast globalization, developed economies should have a broad mind and a forward-looking vision to view the growth of emerging economies. We should work together to build a fair and reasonable international economic regime where we could reinforce our comparative strength through development. We must improve the international distribution of labor to attain more effective complementarity, reduce mankind's pressure on natural resources and ecological environment, and join hands to achieve common prosperity and sustainable growth.

We understand that there are always people whose only concern is about keeping one's own strength. They are afraid of being caught up and outperformed by others. If we all think like that, we may all go for protectionism and set barriers to keep other economies from growing. But such a choice runs totally against the trend of world, and is contrary to the law of economic development. Most importantly, it is inconsistent with the idea of liberty, equality, and fraternity, which Europe has been promoting for hundreds of years already. I honestly don't believe that anyone who thinks or behaves as such will ever come to a success.

**The fourth question: will China realize peaceful development? The answer is yes.**

People who are familiar with the Chinese history all know that China is home to an inclusive, open, and uninterrupted civilization. Since we have been able to regularly absorb the merits of foreign population, culture, ideas, skills, and systems, the Chinese civilization has gone through thousands of years of history and gathered profound wisdom and strength. Today, I wish to talk about the idea of "hé", which runs throughout the history of our civilization and sits deeply in the hearts and minds of the Chinese people. We have many words that are related to the Chinese character "hé". The character represents peace, harmony, integration, and cooperation. It is opposite of confrontation, conflict, force, and imposition. China was the world's strongest nation during the Tang Dynasty. And in the Ming Dynasty, mariner Zheng He's famous voyages placed China navigation capacity ahead of Europe. But even back then, China did not choose to occupy a single inch of foreign land.

Today's China is doing even better as an important force for world peace and common development. After 30 years of reform and opening up, China is now an active member in the international political and economic system. We have joined more than 130 intergovernmental organizations, signed over 300 treaties, and are faithfully fulfilling international obligations. We support the resolution of international disputes through dialogue and consultation. On the Korean Peninsula issue and the Iranian nuclear issue, we are working actively to contribute our own part. China is the largest contributor of UN peace keeping operations among the permanent members of the Security Council. For years, we have been providing assistance to developing countries to help them grow development capacity. By the end of 2009, we have canceled 380 debt obligations equivalent to 25.58 billion RMB Yuan in total owed by heavily indebted countries and the least developed countries.

In the late 1980s, Paul Kennedy published a book called *The Rise and Fall of Great Powers*. The book was popular in China. The rising trajectory it sketched for emerging powers brought much excitement to the Chinese readers, but the clashes the book presaged to take place between emerging countries and existing powers worried a lot of people. The Chinese people are a peace loving nation. We don't want to live a comfortable life at the cost of other's suffering. Nor do we want to fight life and death just for comfortable living. Based on the idea of "hé", we believe that everyone should share peace, jointly prosper, meet challenges together, and achieve common progress. We hope and we believe that we will have the power and wisdom to break free from Kennedy's theory, and make China's peaceful development a precedent in the history of humanity.

To make it happen, we have proposed to build a harmonious world of durable peace and common prosperity. In our mind, that world will be one that is democratic, peaceful, just and inclusive. In that world, things are decided based on equal consultation of all relevant countries. Developing countries will enjoy equal rights that they deserve to participate in and decide on international affairs. In that world, all countries could work together to prevent conflicts and wars and address traditional and nontraditional security threats through a fair and efficient collective security mechanism. In that world, all countries, especially the developing ones, could benefit from more balanced and orderly economic globalization. And in that world,

every nation will respect other's freedom of choice in social system and development path. It will be a diverse world where we learn from best practices, draw from each other's strength, and all live together in harmony. These are the noble goals for our peaceful development path. And I believe they are also the shared aspirations of all peoples. A world like that can only be built through peace, development, consultation and cooperation. Violence, hegemony, containment and confrontation will by no means contribute.

Like the EU, China is an active supporter for multilateralism. We support a multipolar world and stronger global governance. We believe that greater democracy in international relations will help put in place a more fair and reasonable new international order. Since the outbreak of the financial crisis, China has actively participated in the G20 mechanism and the reform of existing international financial, trade, and monetary regimes. We hope that through such efforts, these regimes could reflect more fairly the changes in the world economy, listen to the voices of different countries in a more balanced way, and facilitate international flow of commodity, capital and technology. We expect these efforts will promote balanced and steady growth of the world economy and the common welfare of mankind. We are not pushing for reform to benefit our own interest. Neither are we calling for a complete overhaul of the existing system. China stands ready to exchange, coordinate, and work together with the EU and other partners as we move ahead on this path.

Today, we are experiencing fast development in China. That is also true for China-EU relations. To build a comprehensive, accurate and objective understanding on China and China-EU relations is not easy. Nevertheless, to better promote our respective development and the shared interest of China, Europe and the world, we must work unswervingly and unremittingly to move ahead our comprehensive strategic partnership. We must make utmost efforts to build a correct, positive and friendly perception. I hope that my presentation today has helped. I also hope that today's event will mark a beginning of similar events in the future. I believe that Stanley must be very happy if he could see what we are doing today.

Thank you!

## DISCUSSION

In response to a question about China's attitude to climate change, the Ambassador replied that the Chinese Government attaches great importance to responding to climate change and has made huge efforts in this respect. The Chinese economy is at a critical stage of faster urbanisation and economic growth. Climate change has been very much caused by the rapid development of developed countries over the last century so the developed world should shoulder more responsibility.

The Chinese government has adopted a responsible attitude to achieving sustainable development. Despite difficulties of poverty reduction, and economic growth through urbanisation, it has taken active measures to respond to climate change and rolled out mandatory emission reduction targets. According to the Kyoto protocol, developing countries do not have to do this, but China has set itself a good goal and is working with the EU to achieve it.

Responding to a comment on European companies investing in China, and obstacles to Chinese companies investing in Europe, the Ambassador said that China is continuing its reform and opening up its policy, but sometimes legislation lags behind.

The Government takes issues like IPR very seriously. It has taken measures to ensure all companies will be operating in a fair legal environment so they can compete on an equal footing. Chinese countries have just started their efforts to develop overseas business and lack experience of local laws in the host market. China hopes EU colleagues will adopt a constructive attitude to China's plan to make investments overseas by avoiding technical barriers that limit the technical growth of Chinese countries.

China and Europe should work together to provide its business people with a sounder environment to promote investment, said that Ambassador.

Asked whether counter-piracy work could lead to further cooperation with the EU in a number of defense areas, Ambassador Song Zhe said that as a permanent member on the UN Security Council, China has worked closely with members of the international community to play a constructive role in fighting piracy.

The need to work together goes far beyond piracy – the world is confronted with traditional and non-traditional threats like climate change, energy security, and cyberspace security. In the face of these difficult challenges, no single country or group can avail by working alone, so China takes seriously its cooperation with Australia, the EU and the US because it is essential to effectively meet global challenges, and ensure global peace and prosperity.

Asked how the international economic crisis and adoption of the Lisbon Treaty had affected relations with China, the Ambassador replied that cooperation is growing. China wants to work together with Europe on more issues than trade. With the passing of the Lisbon Treaty, he hoped that Europe would be able to speak with one voice, because only by achieving that can a smooth and better relationship with Europe be achieved. China is patient because it is aware it takes time.

Responding to comments about democracy, human rights, freedom of speech and open dialogue in China, the Ambassador stated that there are all kinds of opinions on Chinese websites from left to right extremes. This is a form of progress that would have been unimaginable when he was young. Most ordinary Chinese people discuss these issues and just to judge China's democracy on these facts is not fair. Senior officials and leadership in China regularly hold online chat sessions with citizens so that their feedback can be reflected in government policies. In China today there are a great number of newspapers and TV stations, so people are freeing up their minds.

European Policy Centre ■ Résidence Palace, 155 rue de la Loi, 1040 Brussels, Belgium  
Tel: +32 (0)2 231 03 40 ■ Fax: +32 (0)2 231 07 04 ■ Email: [info@epc.eu](mailto:info@epc.eu) ■ Website: [www.epc.eu](http://www.epc.eu)



Europe for Citizens  
Programme

With the support of the Europe for Citizens  
Programme of the European Union.