

*Bogdan Góralczyk\**

## **The European Union and China in the New World Order**

**Abstract:** *‘What will the new international order look like after the end of the ‘unipolar moment’ (coined by Ch. Krauthammer) i.e., the U.S. hegemony which followed the end of the Cold War? The U.S. seems to be losing its dominant position, at least in the economic sphere. What can China, as the most important ‘emerging power’, contribute to this new (economic) order? And what kind of reaction to China’s new role should be expected from the EU? How can these two very different powers – the ‘modern’ and ‘supranational’ EU and the ‘classical’ China, faithful to the ‘Westphalian ideas’ of sovereignty, non-interference in domestic policy, territorial integrity, etc. – cooperate with each other? These are the crucial issues discussed in this multidisciplinary work, which mixes such disciplines as political science, international relations, political economy and even philosophy of history in an attempt to describe the contemporary clusters and new elements necessary to establish a new world order in the era of globalisation.*

### **Introduction**

The Summer Davos Forum took place on 10–12 September 2009 in the Chinese port town of Dalian and was attended by 130 participants, including high public officials, businessmen, scientists and representatives of the most important organisations and economic and financial institutions in the world. During the Forum a special survey was conducted on forecasts for the global economic situation in 2020. As many as 70 percent of respondents answered

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\* Prof. **Bogdan Góralczyk**, Ph.D. – Center for Europe, University of Warsaw, between 2003–2008 the Ambassador of the Republic of Poland in the Kingdom of Thailand and Republic of Philippines. Translated by M.Wolsan.

that by this year the most influential continent will be Asia, with China occupying the leading role in the world economy.<sup>1</sup>

## 1. China: A new world power?

The existence of such theses, assumptions, and expectations should not be surprising. More and more institutions, think-tanks and authors are making predictions regarding the growing role of Asia, and in particular China, in the near future. What is interesting, the crisis on the world markets, which started in September 2008 (although, naturally, its origins are to be found much earlier)<sup>2</sup>, has not disrupted this trend. On the contrary, the role of China and East Asia in the world economy is expected to increase even more after the current crisis. As the World Bank wrote in its report: *'Among developing regions, East Asia is best positioned to benefit from resumption in global growth, given its relatively open trade regimes, its infrastructure, and its strong and competitive production networks'*.<sup>3</sup> Similar opinions, though with some reservations, are expressed by the IMF, which states that *'Asia is emerging from the global downturn faster and stronger than any other region'*.<sup>4</sup> These respected institutions, guided by cautious (and sometimes unpleasant) experience, usually issue only short-term forecasts, although from time to time they also run a bit forward. For instance, as early as in September 1997 the World Bank predicted that by 2020 China, India and Indonesia will become significant and leading world economies.<sup>5</sup>

Experts and analysts are by nature bolder in their forecasts. It is probably not surprising that Chinese strategists and economists provide good forecasts for China's future. Prof. Hu Angang, one of the most respected experts, and the one most willingly listened to by the Chinese leaders themselves, provides convincing evidence in several of his most important works (unfortunately available only in the Chinese language) that based on e.g. the famous 'Kondratiev waves' in the economy<sup>6</sup> China will remain in its current phase

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<sup>1</sup> *Will China's economic growth change the world economic pattern?*, "People's Daily On-line", <http://english.peopledaily.com.cn/90001/90780/1344/6755577.html>

<sup>2</sup> The origins of the crisis are analysed in, for example, the works of authors such as Immanuel Wallerstein, George Soros, Manuel Castellas or Alain Touraine.

<sup>3</sup> *East Asia & Pacific Update – Battling the forces of global recession*, World Bank, Washington DC, April 2009, on site of <http://www.worldbank.org>

<sup>4</sup> *Asia Leading Global Recovery, Says IMF*, IMF, Regional Economic Briefing, 04.10.2009, on site of <http://www.imf.org>

<sup>5</sup> *China, India and Indonesia coming world economic powers: World Bank*, 11.09.1997, <http://www.apmforum.com/news/apmn95.htm>

of quick economic growth at least until 2020 or 2025.<sup>7</sup> Other specialists, including those who come from outside China, perceive this matter in much the same way. In February 2007, before the crisis on the world market started, the Japanese journal “Asia Policy” organised a special Roundtable under the title: *China in the Year 2020*. Among many interesting materials the most accurate view seems to be that expressed by Cheng Li – the US professor of Chinese origin – who said that: ‘*China is on the rise, not in decline. Plagued by isolationism, civil war, and foreign invasions, China had a few bad centuries in its recent history, but the economic catch-up by China in the past quarter-century has been phenomenal. Having achieved an economic miracle, the Chinese people are unlikely to be satisfied with stopping short of the door of political democracy*’.<sup>8</sup>

In other words, some authors predict that the unbelievable and unprecedented – on a world scale – economic growth in China will be followed by further changes, including, among others, those leading to democratisation of the Chinese political system. This issue, although interesting and vital, unfortunately lays beyond the scope of this work. But it highlights the fact that in world academic centres, and in a growing number of political circles as well, it is more and more often believed that China, which has been undergoing reforms since December 1978 and which has ‘opened itself to the world for the second time’ after 1992,<sup>9</sup> is already a significant power (not only regional and

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<sup>6</sup> ‘Kondratiev waves’ – regular, sinusoidal-like cycles (of growth and downturns) in modern capitalist economies. See: <http://www.en.wikipedia.org>

<sup>7</sup> Hu Angang, *Zhongguo Da Zhanlüe (The Grand Strategy of China)*, Zhejiang Renmin Chubanshe, Hangzhou 2003, p. 25; Idem, *Zhongguo Jueqi Zhi Lu (Roadmap of China's Rise)*, Peking University Press, Beijing, Beijing 2007, p. 43.

<sup>8</sup> Materials from this meeting were published in “Asia Policy”, 4.07.2007. Quotation of Cheng Li – p. 29.

<sup>9</sup> This ‘second opening’ was connected with the last political testament of the ‘father’ and visionary of the current Chinese reforms, Deng Xiaoping, who went to the south of the country at the beginning of 1992 and provided a new strong impulse to accelerate reforms in the centres which benefited most from them (in Shanghai, or the Shenzhen Economic Zone). There is a broad range of international works on this subject – see e.g.: *Selected Works of Deng Xiaoping, Volume III (1982–1992)*, Foreign Languages Press, Beijing 1994; Yasheng Huang, *Capitalism with Chinese Characteristics. Entrepreneurship and the State*, Cambridge University Press, Cambridge 2008; D. Shambaugh, *China's Communist Party. Atrophy and Adaptation*, University of California Press, Berkeley 2008; R. Peerenboom, *China modernises. Threat to the West or model to the Rest?*, Oxford University Press, Oxford 2007; *A változó Kína (Changing China – in Hungarian)*, ed. Inotai András, Juhász Otto, *A változó Kína (Changing China – in Hungarian)*, Hungarian Academy of Sciences, Budapest 2009; B. Góralczyk, *Chiński feniks. Paradoxy rosnącego mocarstwa (Chinese Phoenix: Paradoxes of a rising power – in Polish)*, Sprawy Polityczne, Warsaw 2010.

not only strictly economic), and that if the current trends and phenomena are maintained, it may soon become one of the leading global powers.

Based on these assumptions, one of the most famous American economists, Fred C. Bergsten, recently suggested forming the Group of Two (G-2), comprising the two most important world economies – North American and Chinese – which would ultimately define the reality on the future global economic stage. The same concept was proposed independently by Professor Zbigniew Brzeziński.<sup>10</sup> Starting from his own assessment of the geostrategic significance of both these partners, he proposed directly that the USA and China should mutually ‘*compete and consult within existing international rules*’, although at the same time he considers the People’s Republic of China (PRC) a ‘*revisionist power*’, i.e. a country which sooner or later will try to change the existing balance of power. His second thesis was immediately countered in a reply from China. Cui Tiankai, the PRC ambassador in Japan and a graduate of American universities, rejected not only the idea of ‘Chinese revisionism’ – defined as the desire to introduce changes to the existing world maps – but also the idea of establishing the G-2. He argued that ‘*China doesn’t have the capability to control one hemisphere of the globe. China is still a developing country which will have to face complicated and serious domestic problems for its social and economic development*’.<sup>11</sup>

This attitude on the part of the representatives of China, presenting the country as still relatively weak and developing, is not an isolated occurrence. One could risk a guess that it results from the famous so-called ‘Deng Xiaoping’s 24 Character Strategy’, which, as it would seem, is still followed by the authorities of the PRC. Deng Xiaoping advised his successors to *lengjing guan* (observe and analyse developments calmly), *weizhu zhenjiao* (secure their own position), and above all, *juebu dangtou* – never become a leader.<sup>12</sup> In other words, the authorities of the PRC are fully aware of the enormous challenges related to the period of transformations in internal matters, such

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<sup>10</sup> Some foretaste of this thesis could be found already in the report issued jointly by the Centre For Strategic and International Studies and the Institute for International Economics in Washington, one of the authors of which was F.C. Bergsten (together with N. Lardy, B. Gill, and D. Mitchell), *China: The Balance Sheet. What the World Needs to Know Now About the Emerging Superpower*, Public Affairs, New York 2006. F.C. Bergsten has elaborated on this subject in his revised and corrected version of this work, *China’s Rise: Challenges and Opportunities*, Peterson Institute for International Economic, Washington 2009. Z. Brzeziński proposed the establishment of the G-2 in January 2009 at a conference in Beijing. See: *Brzezinski’s G-2 grand strategy*, “Asia Times”, 22.04.2009, available at: <http://www.atimes.com>

<sup>11</sup> Ibid, and also: *China Cool on Idea of ‘G-2’ with US, Says Beijing Envoy*, [http://www.spacewar.com/reports/China\\_cool\\_on\\_idea\\_of\\_G-2\\_with\\_US\\_says\\_Beijing\\_envoy\\_999.html](http://www.spacewar.com/reports/China_cool_on_idea_of_G-2_with_US_says_Beijing_envoy_999.html)

<sup>12</sup> See also: Kishore Mahbubani, *The New Asian Hemisphere. The Irresistible Shift of Global Power to the East*, Public Affairs, New York 2008, p. 224.

as an unspecified political system, tensions in the social sphere, regional and social stratification and polarisation, unbelievably high costs of transformation in the field of environmental protection, etc. This is why they still do not want to take on more commitments in the international arena, although at the same time their assertiveness in global affairs, which comes from the feeling of their growing power,<sup>13</sup> is becoming more and more apparent.

## 2. Europe is observing China

Europe, including in particular the most important institutions of the European Union (EU), is also becoming aware of the rapidly expanding role of China. Relations between the two sides are quickly widening and deepening, which is proved for instance by the structural dialogue taking place in as many as 24 areas, which involve not only the obvious economic matters, but also such areas as global warming, space exploration, research and development, illegal migration, the information society, regional policy, etc.<sup>14</sup> The fact that the mutual relations are deepening is also proved by summits<sup>15</sup> taking place every year, alternately in China and in one of the EU countries (at the moment the one which holds the Presidency), which are naturally complemented by a whole network of dialogues at different levels.<sup>16</sup>

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<sup>13</sup> There is a variety of examples to support this thesis: the Chinese space programme which involves sending a citizen of the PRC to the Moon by 2018; the Olympic Games in Beijing and the parade on the 60<sup>th</sup> anniversary of proclamation of the PRC; China's policy in Africa; new, rapidly developing – on both sides – closer relations with Taiwan.

<sup>14</sup> For further information on EU-China relations see, in particular: *China-Europe Relations: Perceptions, Policies and Prospects*, ed. D. Shambaugh, E. Sandschneider, Z. Hong, Routledge, London 2007; S. Crossick, E. Reuter, *China-EU. A Common Future*, World Scientific Publishing, London 2008; L. Fei, D. Kerr, *The International Politics of EU-China Relations*, British Academy Occasional Papers, November 2007, London. The author of this article also recently reviewed this issue in his text *Stosunki Unia Europejska-Chiny (The EU-China Relations)*, “Studia Europejskie” No. 2/2009. Cf. also J. Barcz in this volume.

<sup>15</sup> The most recent, eleventh summit took place in Prague on 20 May 2009. The summit was postponed from the end of November 2008, when China cancelled the summit in Lyon almost at the last moment, as a sign of protest against receiving the spiritual leader of Tibet, Dalai Lama with full honours by president Nicholas Sarkozy. Beside the issues of human rights in China, ‘the Tibetan issue’ is one of the biggest ‘thorns’ in these relations. However, geostrategic and economic calculations of both sides prevailed and the next summit is to take place in Beijing at the end of 2009.

<sup>16</sup> The European Commission keeps record of the most important events in mutual relations, see: *EU-China Chronology*, [http://www.ec.europa.eu/external\\_relations/China/docs/chronology\\_2009/en.pdf](http://www.ec.europa.eu/external_relations/China/docs/chronology_2009/en.pdf)

Nonetheless there is no doubt that the prime mover and main driving force behind EU–China relations is economic and involves trade exchanges. Although geographically distant, these two broad markets, which currently belong to the most important in the world, are drawing closer to each other. Europe can see that the role of China in the world economy is growing rapidly, while the role of the two most important economies in the world – the USA and Japan – is decreasing. The following table reflects these trends very well.

**Table 1. Global GDP share (according to PPP – Purchasing Power Parity)**

|         | 1995 | 2007 | 2020 | 2030 |
|---------|------|------|------|------|
| USA     | 21.7 | 19.4 | 18.3 | 16.6 |
| China   | 5.5  | 10.1 | 17.7 | 22.7 |
| Japan   | 8.3  | 6.0  | 4.6  | 3.6  |
| India   | 3.1  | 4.3  | 6.9  | 8.7  |
| Russia  | 2.8  | 2.9  | 3.1  | 2.7  |
| UE-27   | 24.5 | 20.8 | 18.6 | 15.6 |
| France  | 3.6  | 3.0  | 2.5  | 2.1  |
| Germany | 3.4  | 3.1  | 2.9  | 2.5  |

Source: Based on a comparative survey of the World Bank: Ch. Grant and K. Barysch, *Can Europe and China Shape a New World Order?*, Centre for European Reform, May 2008, London, p. 3.

As has already been mentioned, the deep crisis in world markets in the years 2008–2009 has not stopped this trend. In fact it has even strengthened it – China expects economic growth of 8 percent at the end of 2009. The World Bank, which previously estimated it at 6.5 percent, joined in this forecast during this year.<sup>17</sup> At the same time other important economies – American, Japanese, German – are to a different extent plunged into crisis and recession. It is calculated that if these processes continue, i.e. if there is a further quick growth in China against a slowdown in other markets, and in particular in the Japanese market, which has been in recession for years, then in the next two years, maybe even by the end of 2010, the Chinese economy, which has recently outdistanced the German economy and has reached third place in the world, will be the second most important economy after the USA.

<sup>17</sup> This was confirmed by the President of the Bank, Robert Zoellick, during his visit to China: *China Playing Important Role in Steadying World Economy, Zoellick Says*, Beijing, 2.09.2009. Available at: <http://www.worldbank.org>

Of course, if one counts all the 27 EU Member States as a whole, China will for some time still remain the third economy in the world, after the EU and the USA, which – according to calculations of some specialist institutions – are currently fighting for first place. According to the World Bank, based on the Purchasing Power Parity the United States was still in first place in 2008, while according to the IMF and the *CIA World Factbook*, the US was already behind the EU (although not far behind). As Robert Zoellick, the President of the World Bank admitted, it is China which had the key role in overcoming the recent recession and breakdown on world markets, which he expressed in the following words: *‘With growth in China now projected at close to 8 percent for 2009 as a whole, and signs of stabilisation in many other economies in Asia and around the world, the chances of a truly global recovery have increased measurably’*.<sup>18</sup>

**Table 2. Countries by GDP (PPP)**

| Rank | Country        | GDP (PPP) \$M | Rank | Country        | GDP (PPP) \$M | Rank | Country        | GDP (PPP) \$M |
|------|----------------|---------------|------|----------------|---------------|------|----------------|---------------|
| —    | World          | 68,996,849    | —    | World          | 69,697,646    | —    | World          | 69,490,000    |
| —    | European Union | 15,247,163    | 1    | United States  | 14,204,322    | —    | European Union | 14,910,000    |
| 1    | United States  | 14,264,600    | —    | Eurozone       | 10,899,815    | 1    | United States  | 14,260,000    |
| 2    | China          | 7,916,429     | 2    | China          | 7,903,235     | 2    | China          | 7,937,000     |
| 3    | Japan          | 4,354,368     | 3    | Japan          | 4,354,550     | 3    | Japan          | 4,329,000     |
| 4    | India          | 3,288,345     | 4    | India          | 3,388,473     | 4    | India          | 3,297,000     |
| 5    | Germany        | 2,910,490     | 5    | Germany        | 2,925,220     | 5    | Germany        | 2,918,000     |
| 6    | Russia         | 2,260,907     | 6    | Russia         | 2,288,446     | 6    | Russia         | 2,266,000     |
| 7    | United Kingdom | 2,230,549     | 7    | United Kingdom | 2,176,263     | 7    | United Kingdom | 2,226,000     |

Source: [http://en.wikipedia.org/wiki/List\\_of\\_countries\\_by\\_GDP\\_\(PPP\)](http://en.wikipedia.org/wiki/List_of_countries_by_GDP_(PPP))

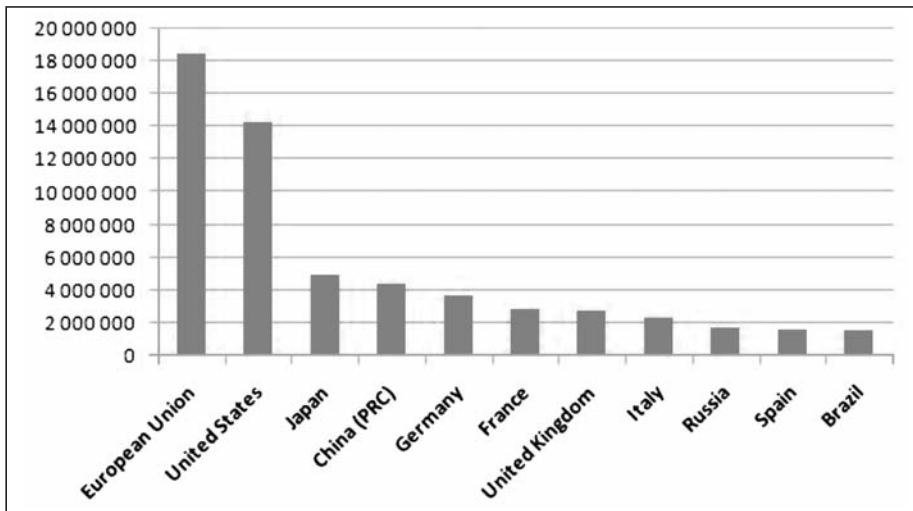
In the nominal sense, the situation is slightly different and, at the same time, more clear. Although the USA and the EU as a whole are fighting between themselves for first place, every statistical comparison also includes Japan in third place. However, everything seems to suggest that this situation

<sup>18</sup> Ibid.



will change soon. This is also obvious to the European institutions and the EU Member States, because – as indicated by all available statistical data, and not only from China – for almost every year in the last 30 years, i.e. since the reforms were initiated and China opened itself to the world, it has recorded an increase in GDP of more than 9 percent and it is clearly close on Japan's heels and soon going to outdistance it. The present situation in this respect is shown on Figure 1. below. Although it represents only the information from the IMF, the data concerning nominal GDP provided by other important institutions do not differ as much as in the case of the more subjective calculations according to the PPP.

**Figure 1. Nominal GDP according to IMF in 2008 (in \$M)**



Source: <http://www.en.wikipedia.com>. This site also includes comparisons of nominal GDP growth conducted by the World Bank and the CIA.

From the European point of view, there is another significant process taking place apart from the growing role of China on the world markets, *per se*. That is the rapidly growing trade volume of the EU Member States and the even more rapidly growing negative balance in the individual Member States' trade with China (although, naturally, to differing extents). Both sides are becoming each other's most important trading partner. At the same time, the European side is seriously concerned that, in trade with most European partners, the Chinese positive balance has been significantly increasing, and Chinese exports usually exceed imports by three or four times. According to the data provided by the European Commission, Chinese exports to the EU in 2008 reached



247.6 billion euro, while exports from the EU to the PRC amounted to only 78.4 billion euro.<sup>19</sup>

These trends, and the concerns of the European partners, are slightly mitigated by the fact that the European FDI in China clearly exceeds China's investments in Europe. Unlike China's investments in other parts of the world, in particular in Asia, its European investments are only starting to develop and amounted to only 0.1 billion euro in 2008, while European investments in China amounted to 4.5 billion euro. At the same time, it is worth noting that in the case of trade in services, which reflects how innovative and modern the trading partners are, Europe has also recorded a surplus, although not as big as some years ago.<sup>20</sup>

The aim of this article however is not to analyse the trade relations between China and the EU or their economic interconnections. It is rather to discuss the place and role of both partners, who are more and more extensively determining the shape and problems (not only economic) of the contemporary world. The fundamental issues which are of interest here are: What will the new international order look like after the end of the 'unipolar moment' (as dubbed by Charles Krauthammer<sup>21</sup>), i.e. after the period of roughly one generation since the collapse of the Cold War system, when the only world superpower was the United States? How can China, which continues to grow in power, contribute to this new order? What is the place and role of Europe, and more specifically of the EU, in this order – and what place would it like to attribute to other partners which are relatively 'new' in the global power structure, including China? How will these two very different actors on the international stage arrange their mutual relations in this new, multipolar world? How is this new emerging order different from the previous ones known in history?

### 3. In order or out of order?

In 1993, just after the collapse of the Cold War world order, Zbigniew Brzeziński published his book entitled *Out of Control*, in which he predicted, already in the subtitle, '*global turmoil on the eve of the 21<sup>st</sup> century*'.<sup>22</sup>

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<sup>19</sup> Data from the website: <http://www.ec.europa.eu>

<sup>20</sup> Ibid. According to the European Commission, trade in services in 2008 brought a European export of 20.1 billion euro, and a Chinese export of 14.4 billion euro.

<sup>21</sup> The term was used by C. Krauthammer in "Foreign Affairs" Winter Issue 1990/91. The author has returned to his idea in the text *The Unipolar Moment Revisited*, "The National Interest" Vol. 70/Winter 2002, when he was already writing about 'the crisis of unipolarity', p. 9, 10. However, he was still strongly supporting the idea of unipolarity, with American dominance.

<sup>22</sup> Z. Brzeziński, *Out of Control. Global Turmoil on the Eve of 21<sup>st</sup> Century*, Scribner's, New York 1993.

Although he was actually wrong about his forecast at that particular point in time, he perfectly recognized the fact that, following the collapse of the 'Eastern bloc' (1989) and the fall of the USSR (December 1991), the world found itself, in a way, beyond any institutional order. It was a world without an order imposed by any treaty, as the United Nations system was not fulfilling the role which it was expected to fulfil, and the bi-polar world order which existed after World War II, based on the arrangements made in Yalta and Potsdam, had just collapsed. This time, there was no Congress of Vienna (1815), no Versailles Treaty (1919), and no Yalta and Potsdam to guide the way. Therefore, as Brzeziński put it, the world really became 'out of control' in the international legal sense.

For a while it seemed – as Krauthammer believed, and even more so as Francis Fukuyama postulated in his famous essay *The End of History*<sup>23</sup> in which he prophesied the global triumph of the liberal-democratic world order – that the world would really remain unipolar for a longer period, and that the only superpower would still be the United States. It quickly turned out however that these were only vain hopes and illusory predictions. The USA first engaged in armed combat in the Balkans and then, after 11 September 2001, in the 'war against terror', with its peak being the intervention in Iraq (from 2003), followed by renewed military efforts in Afghanistan, where NATO forces, and in particular US armed forces, are still engaged without any clear hope for success.<sup>24</sup> Everything indicates that in its actions the USA made the same fundamental mistake as their superpower predecessors – it fell into '*imperial overstretch, or overreach*'<sup>25</sup>, as Paul Kennedy once called it in his famous study.

At the same time the EU, though struggling with the basic dilemma of 'deepening' or 'widening' – was dynamically developing in both directions: in 1995 the number of its members increased to 15; then it grew to 25 in 2004 and to the present 27 in 2007. The existing structures, i.e. the European Com-

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<sup>23</sup> F. Fukuyama, *The End of History and the Last Man*, Penguin Books, London 1992.

<sup>24</sup> *US general wants help in Afghanistan now. (Troops needed 'as soon as possible', top commander gen. David McKiernan says)*, 01.10.2008, <http://www.msnbc.msn.com/id/26972132/>

See also: *US general (McCrystal) in Afghanistan says inadequate forces 'will likely result in failure'*, "Los Angeles Times", 21.09.2009, [www.latimes.com/news/nationaworld/nation/la-na-afghan21-2009sep21,0,4876232.story](http://www.latimes.com/news/nationaworld/nation/la-na-afghan21-2009sep21,0,4876232.story)

<sup>25</sup> P. Kennedy, *The Rise and Fall of the Great Powers, Economic Change and Military Conflict from 1500 to 2000*, Random House, New York 1987, p. 515. By living beyond its means, the USA inflated a great bubble which exploded with a big bang in September 2008. The renowned financial expert, stock exchange player and philanthropist George Soros warned that this may happen in his book *The Bubble of American Supremacy*, Public Affairs, New York 2004.

munities, have also been transformed. From the moment of its birth in February 1992, the EU has constantly improved its institutions and mechanisms. The peak achievement of its development to date is the Treaty of Lisbon,<sup>26</sup> which entered into force on 1 December 2009.<sup>27</sup>

At the same time (also after 1992), China began its quick march, first on the path toward globalisation, which meant a symbiosis with the most important markets in the world, and then towards the status of a superpower.

The forces of European integration and China's 'quick march' towards modernisation and power, combined with the effects of the 'imperial overstretch' of the USA, have brought about a completely new quality in the state of international relations at the end of the first decade of 21<sup>st</sup> century, bringing with it – so it seems – the need for arranging a new world order which would be multipolar again.

The concept of 'international order', like many other important terms in contemporary social and political science, is not clearly and fully defined and is not understood in exactly the same way across different 'schools' and currents of political thought. It is not the aim of this article to engage in theoretical deliberations, as this would require a separate analysis and different set of tools. For our purposes here it is sufficient to say that there is at least one thing to which everyone agrees in this respect – that the foundation of each world order is the power that stands behind it. It should be noted that this is not only the opinion of the political realists, although this world order may be seen differently by liberals or constructivists, who consider other attributes of 'power' more important than the pure traditional realists' notion.<sup>28</sup>

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<sup>26</sup> The Treaty of Lisbon, signed on 13.12.2007. See the text at: <http://eur-lex.europa.eu/en/treaties/dat/12007L/htm/12007L.html>. According to the Treaty, prominent changes include more qualified majority voting in the Council of Ministers, increased involvement of the European Parliament in the legislative process through extended co-decision with the Council of Ministers, elimination of the three pillar system, and the establishment of the positions of the President of the European Council with a term of two and half years and High Representative for Foreign Affairs ('EU Foreign Minister') to present a uniform position on EU policies.

<sup>27</sup> It should be added that some 67 percent of the Irish voted 'yes' for the reform in the repeat referendum on 3.10.2009, after first voting against the Treaty of Lisbon and the reform of the EU on 13.06.2008. According to many analyses, one of the most important reasons for this change of attitude was the extremely difficult situation on the Irish market during the crisis and the widespread belief that Ireland could never cope with it without support from the EU. See: *Ireland backs EU's Lisbon Treaty*, 3.10.2009, <http://www.news.bbc.co.uk>

<sup>28</sup> To put it more simply, we could say that for the liberal and neo-liberal schools the most important matters are trade and the free exchange of goods, while constructivists consider symbols and traditions essential. These differences were discerned during the Roundtable discussion of the book by D.C. Kang, *China Rising: Peace, Power, and Order in East Asia*, "Asia Policy", Vol. 6/July 2008, p. 147–78.

Despite this general agreement, however, it is necessary to analyse a bit more extensively here how the notion of international order has changed in the age of globalisation, owing to many new and mutually overlapping factors.

#### **4. The components of the new order**

International order, a system guaranteed by law and treaties, was born on the European continent in the form of the Peace of Westphalia (1648). It came into being as a result of the bloody Thirty Years' War. Wars also spawned the subsequent world orders, which arose respectively after the Napoleonic Wars (the 1815 Congress of Vienna), World War I (the 1919 Treaty of Versailles), and World War II (1945 – when the bipolar Cold War order overlapped with a different one, connected with the UN system). It follows that so far, each international order has been born in pain, following great conflicts. This fact is generally acknowledged, and not only by the political realists, who believe that conflict or deep collapse and upheaval are necessary in attempting to impose a new world order.

As of the moment it is not clear whether the serious breakdown in the world market in 2008–2009 is upheaval enough to impose a new order. However, it seems that the crisis has already become a catalyst, although so far only in economic terms, for a new order at least partly related to a G-20 initiative. The first summit in this forum took place on 14 and 15 November 2008<sup>29</sup> in Washington, i.e. after the start of the crisis on world markets. The second summit took place in London on 2 April 2009,<sup>30</sup> and the third in Pittsburgh on 24 and 25 September 2009.<sup>31</sup> The next summit is planned for spring 2010 in South Korea.

Formally speaking, the G-20 is limited to discussions, although recently it has even undertaken to partially resolve economic problems. However, the composition of this group, encompassing not only the most important and the strongest economies in the world, but also representatives of all regions and continents, seems to show explicitly that it is not a club of 'strongest countries'. The G-20 is composed of all representatives of the UN Security Council: the USA, Russia, China, The United Kingdom and France; which aspire to this status (Japan, Germany, Brazil, and India); representatives of Latin America (Argentina, Chile), Africa (South Africa), the Middle East

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<sup>29</sup> '2008, G-20 Washington summit'.

<sup>30</sup> '2009 G-20 London Summit'.

<sup>31</sup> The documents from this summit, as well as all other important documents prepared during the process, can be found on the group's Web site: <http://www.g20.org>

(Saudi Arabia); other strong economies (Australia, South Korea, Italy, Canada); and additionally two countries which have strongly fought for their participation – the Netherlands and Spain (with a special status in G-20). The G-20 is complemented by the third most populous country in the world (after China and India) – Indonesia; Turkey, which is important from the strategic point of view; and last but not least the EU is included also as an individual partner. This composition shows that nearly all the most important interests in the world are represented in the G-20. Its members include the richest, most populated, militarily strongest, most modern and strategically most important countries in the world. However, it is especially significant that the G-20 – which is something quite new in contemporary international relations – is comprised of a strong representation of emerging markets. On one hand this demonstrates their growing importance, but even more importantly it illustrates that in the new order the world seems to be getting out from under the shadow of not only the single major superpower (the USA), but also of the West as a whole, which is an entirely new situation both for the West and for the entire world. A lot seems to suggest that for the first time since the Age of Discovery we will have a new order which is neither Eurocentric nor concentrated around the West or the Atlantic Ocean.

The G-20 is becoming the personification of these processes; processes which are complemented by two other initiatives which strengthen the above thesis. In the case of the emerging markets there is the initiative known as BRIC (from: Brazil, Russia, India, and China),<sup>32</sup> which is composed of all the most important emerging markets, which already started meeting together in this forum. Another initiative worth mentioning is the Shanghai Cooperation Organisation (SCO),<sup>33</sup> which was established at the initiative of Russia and China and which includes the most important countries of Central Asia. Other countries, such as Iran, India, Pakistan, Mongolia, and even Afghanistan, are also interested in this venture. In some studies these two organisations are referred to – although rather exaggeratedly – as ‘anti-NATO’,<sup>34</sup> but it is worth noting and stressing that these are two important undertakings which do not include the strongest western countries. In this sense, they definitely inject a ‘new quality’ into the international arena, where

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<sup>32</sup> The first summit in this form took place on 16.06.2009 in Yekaterinburg, Russia. See: “The Yekaterinburg BRICs and a closer look at their global reach”, <http://www.globalconditions.worldpress.com/2009/06/16/the-yekaterinburg-bricks-and-a-closer-look-at-their-global-reach/> and also “BRIC Summit To Frame Response To Global Recession, Terrorism”, 15.06.2009, <http://www.india-server.com>

<sup>33</sup> For its works and activities, see its official Web page: <http://www.sectsc.org>

<sup>34</sup> ‘hanghai Cooperation Organisation’.

– to use a handy expression coined by Robert Kagan – there has been the *Return of History and the End of Dreams*. Kagan is right when he postulates that the concept of ‘the end of history’ was nothing more than an illusion, and that the ideological determinism of the USA and the West, according to which ‘most Americans and Europeans believed China and Russia were on a path toward liberalism’<sup>35</sup> was very misleading. In fact, Russia has once again grown strong after a serious breakdown connected with the fall of the USSR, and has prospered under the authoritarian rule of President Putin, who has rather tended to look towards China than the West, benefiting from its good economic situation in terms of energy resources.<sup>36</sup> And has already been shown, China has recently grown to be one of the leading economies in the world, without which the formerly leading markets in the world economy can no longer function properly.<sup>37</sup>

Today, it is still difficult to foresee how these new groups – the G-20, BRIC or SCO – will operate and what they will bring about. However, the very fact that they were established and that they have started to function seems to clearly suggest that we face a broad outline of a new world order; an order which involves a substantially increased role of non-European and non-Western countries and at the same time of countries who do not attach great significance to the liberal and democratic order in its European or American versions. This is also a new quality emerging on the international stage. However, the West will have to be considerate and careful towards them, because their economic significance is continuously growing, as are their ambitions. The BRIC’s and SCO’s experience shows that these countries not only discuss economic matters, but also terrorism, scientific and technological development, and cultural co-operation. It is worth pointing out that the official motto chosen by the SCO is to ‘confront terrorism, separatism and extremism’.<sup>38</sup>

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<sup>35</sup> R. Kagan, *The Return of History and the End of Dreams*, Alfred A. Knopf, New York 2008, p. 5.

<sup>36</sup> For more on this subject see the deep and important work of a young Hungarian scholar, A. Orban, *Power, Energy, and the New Russian Imperialism*, Praeger Security International, Westport, Connecticut-London 2008. The author openly calls for decreasing the dependence of European countries on Russian natural resources and explicitly writes that ‘Brussels should work on lessening Russian influence in the European Union’, p. 182.

<sup>37</sup> For information on the influence of a growing China on the USA see: D.M. Lampton, *China’s Rise in Asia Need Not Be at America’s Expense* in: *Power Shift. China and Asia’s New Dynamics*, ed. D. Shambaugh, University of California Press, Berkeley 2005; on China’s influence on Europe see: Ch. Grant, K. Barysh, *Can Europe and China Shape a New World Order?*, Centre for European Reform, May 2008, London.

<sup>38</sup> See ‘Shanghai Cooperation Organization (SCO)’, <http://www.globalsecurity.org>



## 5. Europe's dilemmas with regard to China

How should Europe behave in this situation? And what is it supposed to do with the most spectacular case of an emerging market – China? Should it start '*embracing the dragon*', as suggested in one of the collections of works of well-known European think-tanks,<sup>39</sup> or do the opposite and take a much more assertive approach?<sup>40</sup>

It seems that this is currently one of the most important dilemmas (among many others) in the EU's policy towards China. On one hand, the EU knows perfectly well the importance of the Chinese market and good economic relations with this partner. There are many examples of this. It seems that the essence of this issue was very well captured by the European Trade Commissioner Catherine Ashton, who called for the EU and China to build greater confidence in one another in order to ensure a deep and lasting economic relationship.<sup>41</sup> From the European point of view, at least in the sense of an economic dialogue, there are two key phrases in relations with China – (mutual) confidence and enhanced partnership (not just relationship). It is all about building confidence and real partnership. But is this possible?

The strategic papers adopted so far explicitly present this point of view. As Benita Ferrero-Waldner, the EU Commissioner for External Policy and Neighbourhood Policy, said in October 2006 during presentation of the EU strategy towards China: '*Getting the partnership between Europe and China right is a key challenge for the Commission and the EU*'. She immediately added that the emerging partnership between the EU and China is not only about economic issues. '*Our new China initiative represents an ambitious agenda. To tackle the key challenges facing Europe today – like climate change, economic growth, migration, and international security – we need*

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<sup>39</sup> Ch. Grant, M. Leonard, *Embracing the Dragon. The EU's partnership with China*, Centre for European Reform, May 2005, London.

<sup>40</sup> See also: B. Gill, *China's Rise: Diverging US-EU Perceptions and Approaches*, [www.swp-berlin.org/common/get\\_document.php?asset\\_id=2402](http://www.swp-berlin.org/common/get_document.php?asset_id=2402), August 2005. This is a collection of papers prepared by the German Institute for International and Security Studies. In these papers, Franco Algieri analyses relations between the EU and China and states – quite rightly – that special attention should be paid to the high activity of China on international fora such as ASEAN, Regional Forum (ARF), or UE-Asian dialogue (ASEM), coming to the conclusion that '*The importance of regional initiatives of China for the EU is to a large degree determined by the form of the European influence that can be exerted on China. With respectively well established European-Chinese interaction schemes and steadily growing consolidation of the power of the EU, the Union has the potential to become a more influential actor in the region and for China*', p. 60.

<sup>41</sup> Commissioner Ashton says confidence the key to enhanced EU-China trade relationship, Beijing, 9.09.2009, <http://www.europa.eu>



*to leverage the potential of a dynamic relationship with China. Our joint goal should be to join efforts and offer joint solutions to today's global problems'.<sup>42</sup>*

This statement is important for a several reasons. First, Europe wants partnership with China because it sees as being in its own interests. Second, the EU knows (and the United States also understands this issue, at least under Barack Obama's administration) that it will not cope with the growing global challenges itself, and that it needs strong partners such as China, India, and maybe even Russia or Brazil. Third, there is a need for a constant dialogue with non-European partners because, in the age of globalisation, unilateral actions taken by individual entities may be doomed to failure from the start.

However dialogue alone, even if very successful, does not in and of itself determine the outcome. It will definitely be a very difficult undertaking because of its extensive nature and the distance (not purely geographical, but also mental and cultural) dividing the two partners. This means a constant clashing of opposing interests. As another high representative of the EU, the Commissioner for Trade Peter Mandelson, put it when presenting EU strategy towards China: *'China is not a globalisation scare story, it is a globalisation success story. China means cheaper goods in European shops, cheaper inputs for business, more competitive European companies, a growing market for Europe's exporters and lower interest rates. For China, access to Europe's market has helped lift 180 million people out of poverty since 1990. Europe has an economic interest in an economically strong China. Both sides benefit from openness. But China's growing trade muscle means growing expectations. China must fulfil its WTO obligations and commit to trading fairly. Europe must accept fierce competition. China must ensure it is fair competition'.<sup>43</sup>*

## **6. The new content of the new order**

The increasing role of the EU and China coincides with the era of globalisation, or – as it is called by some – 'the third wave' of globalisation.<sup>44</sup> There is no doubt that the unbelievable acceleration of the speed of everyday life and the interdependent interactions on the international stage related to globalisation deeply affect the content of international relations. They are

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<sup>42</sup> *EU-China relations: Commission sets out its strategy*, 24.10.2006, [http://www.eu-in-china.com/home\\_link\\_strategy.htm](http://www.eu-in-china.com/home_link_strategy.htm)

<sup>43</sup> Ibid.

<sup>44</sup> J. Aaart Scholte, *Globalization. A Critical Introduction*, Palgrave, London-New York 2000. The Chinese point of view: Yu Keping, *Quanqiu hua yu zhengzhi fazhan* (*Globalization and Political Development*), Shehui Kexue Wenxian Chubanshe, Beijing 2005.

changing rapidly in comparison to the classical era (which started from 1648, when the first modern order appeared on the international stage). In what ways is this concept changing in the era of globalisation?<sup>45</sup>

It seems that the factors which have the greatest impact on the shaping of the new quality of international relations, including the international order, in the era of globalisation are the following:

- a) **A constantly growing sense of interconnection** between the subjects of international relations, as geographical distance loses its previous significance.
- b) **Development of communication and transport**, which in turn has impact on the other factors.
- c) **Fast and easy flow of information** which, thanks to the pioneering solution applied in the EU called the ‘the four freedoms’, may be soon followed by the free movement of capital, people (including labour) and services all over the globe.
- d) **Unprecedented technological progress and/or the technological revolution**, which has brought such novelties as the fax, computers, mobile phones, satellite TV, the Internet, Skype, iPod, etc. Countless other rapidly multiplying examples could be added to this list.
- e) **A new threat of proliferation of nuclear weapons**, which is connected with the possibility that these deadly weapons can fall into the hands of terrorist networks. In other words, political and economic globalisation is unfortunately accompanied by the globalisation of crime and terrorism, which also includes a real threat of attacks in cyberspace.
- f) **Emergence of dynamic systems** on the international arena, which are characterised by a multitude of new institutional solutions and an unprecedented increase in the number and significance of non-state entities, such as international organisations, including non-governmental organisations and transnational corporations. This in turn leads to:

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<sup>45</sup> Apart from the sources in footnote 44, the author also used the following works and papers as main references in this section: D. Philpott, *Revolutions in Sovereignty. How Ideas Shaped Modern International Relations*, Princeton University Press, Princeton 2001; J.N. Rosenau, *Along the Domestic-Foreign Frontier. Exploring Governance in: In a Turbulent World*, Cambridge University Press, Cambridge 1997; D.P. Calleo, *Rethinking Europe's Future*, Princeton University Press, Princeton 2001; *Governance in a Globalising World*, ed. J.S. Nye Jr, J.S. Nye, J.D. Donahue, Brookings Institution Press, Washington 2000; A.D. Rotfeld, *Introduction in: SIPRI Yearbook 2002. Armaments, Disarmament and International Security*, Oxford University Press, Oxford 2002; *Polityka bez strategii. Bezpieczeństwo Europy Środkowo-Wschodniej i Polski w perspektywie ładu globalnego (Policy without Strategy. Security of East-Central Europe and Poland in the Global Order Perspective – in Polish)*, ed. A.Z. Kamiński, Instytut Studiów Politycznych PAN, Warszawa 2008.

- g) **Independence of many non-governmental entities from states and governments (which still remain the most important actors on the international stage), including extremely strong transnational corporations (often richer than governments) and many financial institutions.**
- h) **Changing threats to the international system and new global threats emerging in the world**, such as – apart from terrorism – radical ideologies, mass migrations, ecological crises, epidemics, threats to energy security and to the supply of natural resources (including the most important – access to drinking water), climate warming and others. In other words:
- i) **Natural resources and goods which were always considered ‘free’, such as air, water, climate, ecology, stratosphere, glaciers, or forests, are not ‘free’ anymore, just as happened previously with energy resources**, and are currently the subject of concern for all mankind, including all the most important players on the international arena.
- j) Traditionally, a country’s power was determined by its territory, its natural and human resources, and its military potential; **while in the age of globalisation the determining factors are: the level of technology, access to information and information flow, level of knowledge of the society and of individual citizens, and good-governance.**

The above list illustrates that a new era has arrived, one in which no individual state is able to cope by itself with newly emerged and emerging challenges, no matter how wealthy, rich in resources and potential it may be, as has most clearly been shown by the example of the USA. In the interest of the future of humanity, and not only of nations and states, there has come a time for constant, intensive co-operation of all entities on the international arena, including non-governmental and supra-national entities, the importance of which is quickly growing, in order to cope with global (i.e. common) challenges together. In this sense we can speak of a new international order which is emerging in front of our eyes and replacing the ‘unipolar moment’, and which is characterised by a global public good. With a growing and intensifying co-operation, everybody wins; with rifts, misunderstandings and conflicts, our future becomes uncertain (and not only the future of the parties to a particular conflict). It is the age when the world ‘*is rapidly becoming a seamless web of interconnections and interdependencies*’<sup>46</sup> and which requires new institutionalisation, for the existing institutional system – as shown most

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<sup>46</sup> *Power Shift. China and Asia’s New Dynamics*, ed. D. Shambaugh, op.cit., p. 18.

clearly by the example of the United States<sup>47</sup> – is not adequate to meet the current challenges anymore. A new web of interconnections and interdependencies has been born,<sup>48</sup> with the powers and functions of national states changing and being replaced by institutions acting on a supranational level, as has been proven by, for example, the fact that capital and financial flows are beyond any one state's control.<sup>49</sup> The international system has become more complex and, as a consequence, largely unpredictable, unclear and uncertain. As such, it requires our prompt reaction, especially in terms of institutionalisation. However, global institutions, such as the UN, are still in a nascent form.

The EU and China, two new actors on the international arena (in fact they were both 'born' in 1992, although for China it was more of a 'rebirth'<sup>50</sup>) and so different from each other, must work in close co-operation – not only for themselves, but also in the interests of all – and take a growing responsibility on themselves. This is not going to be easy, since China remains under the influence of the classical definition of international relations, as shown by the fact that Chinese diplomacy still refers to the principles of *pancha shila*, i.e. five principles of peaceful co-existence, in particular sovereignty and non-interference in the internal matters of other states.<sup>51</sup> However it seems that China too, devoted as it is to sovereignty in its traditional sense, will be forced to verify and modify its views.

In contrast, the European Union is still a 'project in development', a subject whose role on the international stage is not yet well-defined, although it is undoubtedly the most interesting contemporary experiment on a global scale when it comes to the formation of a supra-national entity. At the same time, it is a kind of model and important reference point, as it is the most institutionally, politically and economically integrated area in the world. The differing origins and the essence of both these entities – the EU and China – will certainly create obstacles to their bilateral relations. On the other hand,

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<sup>47</sup> See: *The Future of the United Nations System: Potential for the Twenty-First Century*, ed. Ch.F. Alger, United Nations University Press 1998; P.Kennedy, *The Parliament of Man: The Past, Present, and Future of the United Nations*, Vintage, New York 2007.

<sup>48</sup> The broadest and most insightful works on this subject were written by Manuel Castellas: *The Rise of Network Society. The Information Age: Economy, Society and Culture*, Oxford University Press, Oxford 2000; *The Power of Identity. The Information Age: Economy, Society and Culture*, Oxford University Press, Oxford 2004.

<sup>49</sup> G. Soros, *The Bubble of American Supremacy...*, op.cit., p. 83–93.

<sup>50</sup> As Jonathan Fenby rightly argues in his new history of contemporary China. Already in the subtitle he managed to convey the essence of the problem: *The Penguin History of Modern China. The Fall and Rise of a Great Power 1850–2008*, Penguin Books, London 2008.

<sup>51</sup> J.F. Kornberg, J.R. Faust, *China in World Politics. Policies, Processes, Prospects*, UBC Press, Vancouver-Toronto 2005, p. 18.

both sides can see and appreciate the great benefits cooperation can bring, both in the bilateral and in the global dimensions, which in turn seems to be augur well for their future.

## **Conclusions: the EU and China in the new multipolar world**

The period directly after the end of the Cold War was characterised by the unprecedented hegemony of the United States of America. For almost 20 years after the fall of the USSR and the 'bipolar order', we have experienced a type of *Pax Americana*, much more extensive than *Pax Romana* or *Pax Britannica* because the USA dominated in almost all areas: geopolitics, strategy, military, technology, science, IT, soft power, etc. Due to internal reasons – the inflated 'bubble' on US market and living on credit beyond its means – as well as due to its imperial overstretch in external relations, symbolised by the war on terrorism and military ventures in Iraq and Afghanistan, and even legitimised in US security and defence doctrine in 2002 in adoption of the principle of the 'pre-emptive strike', the unipolar moment has come to its end. At least in the economic and (partly) political sense, although not in the field of military or mass media, the USA is no longer the power it so recently was. Barack Obama's administration openly admits that the USA is no longer able to impose world order by itself, even though Americans were convinced they could do so for almost two decades.

This initial phase of the relative end of American power, which has been largely caused by the USA's own behaviour, has coincided with two global processes (of course among other, relatively less important, processes). Both processes were initiated in 1992. One of them took the form of the European Union, established by the Treaty of Maastricht – the first experiment in history involving a search for a supra-national structure which would in the end become something half way between a federal state and an inter-governmental structure. This 'project in development', *in statu nascendi*, as the EU is described, has so far brought measurable benefits in the economic field, so important in the contemporary world and for the current world order. These benefits are proven by the fact that the EU as a whole (composed of 27 Member States) is currently successfully competing with the USA for the rank of the world's greatest economic power. On the other hand, China is currently heading for the status of the number three economic power. It started this process with its 'second opening to the world', also in 1992, and probably pretty soon will outdistance Japan in this respect.

The new understanding of the concept of international order in the era of globalisation, which has been described in detail in this article, is much more

dynamic than ever before and much more dependent on non-military factors. In this context the role of the EU and China (as well as of Russia, which is returning to the role of an important centre of power) is constantly growing. Also in this context the constantly deepening and multidimensional relations between the EU and China are already extending beyond strictly bilateral relations and are pivotal to the further development of the international situation.

This new international order, so far emerging only in the economic field – which, though essential, is not the only plane of cooperation – will lack a hegemonic power. History shows that the absence of a hegemonic power creates a crisis situation which requires an immediate construction of a new *status quo*. The world has never tolerated a political void. What will come to replace ‘the only superpower’? It will certainly be a multi-polar order with several centres of power. It is not yet certain if this will be a G-2 (the USA-China tandem mentioned before), or G-3, i.e. the USA-China-EU triangle<sup>52</sup>, or maybe even a larger group, for instance with Russia returning to its former power, or the G-20 which has already begun formation. One thing is clear – this new order has to emerge because the only possible alternative to it is, it would seem, chaos and an out-of-control situation. In this sense, we are now in a moment without any real alternative – we must find a solution. As for now it is known only that there are different possible scenarios for the future: G-2, G-3, G-20, a yet non-existing G-4 (with Russia), or BRIC (an experiment in combining the largest emerging markets which could fulfil an important complementary role to the main stream), and maybe others not yet devised.

Everything mentioned above suggests that no matter what kind of new global order will be established, it will include the participation of both the EU and China. In the classical age described as the ‘Order of Westphalia’, the role of each country was defined by its geopolitical situation, potential (demographical, territorial, military and in natural resources), attachment to its own sovereignty and *raison d’état*. Today is very different. Jan A. Scholte was correct in postulating that: ‘*contemporary globalisation has made sovereign governance impracticable, but myths of sovereignty continue to have widespread currency*’<sup>53</sup>, in particular, as emphasised before, in China. Nowa-

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<sup>52</sup> This concept was proposed in May 2009 by David Gosset. He referred to the result of the G-20 summit in London, by saying in the closing communication that, in the context of a global crisis ‘*we face the greatest challenge to world economy in modern times*’. According to Gosset, ‘*the EU, China and the United States are the three main structuring forces of the 21st century global village*’ – and thus should take greater responsibility. See: *Not a G-2 but a Trio*, ‘Beijing Review’, No. 21, 28.05.2009.

<sup>53</sup> J.A. Scholte, *Globalisation...*, op.cit., p. 308.



days there are other factors which determine the power and potential of a state, i.e. knowledge, information, good governance and innovation. These are the factors which prove the potential of entities, and these entities may be – as shown by the EU's example – also of a supra-national or non-state nature.

China has a great history and long tradition, and therefore has something to refer to. The situation is different with the EU – it is a new creation, a transforming power which is still in the process of creation. It seems that if the EU wants to be a proper and equal partner for the goal-oriented China, openly striving for the superpower status,<sup>54</sup> it has to face up to several other challenges. These involve:

- entering Asia in the political and military sense;
- obtaining greater independence on the international stage and at least partly emerging from the protection of the American military umbrella, under which it has been hiding so far;
- establishing a unified external policy, in particular its own strategy, because the EU will never become a real independent power until it clearly defines its strategic and global goals.

If the EU does not meet these challenges, it will be losing in its relations with China, which is goal-oriented and conscious of its role and aspirations. It will record a 'negative balance' not only in trade, as is the case today, but also in other less tangible fields or dimensions. This negative scenario is not pre-ordained. In the new emerging configuration on the international arena, leading to the establishment of a new world order which consists of replacing the unipolar order with a multipolar one, the USA, China and Russia alike (though naturally each of them for different reasons) would like to see the EU become more active. For the latter two, the basic condition is that the EU become more independent from the USA. In other words, in the context of relations with an ever more assertive and self-confident China<sup>55</sup>, the EU cannot rest on its laurels and be proud of what it is proud of today – its 'soft power' status – and be satisfied with its prosperity, stability and commitment to international institutions.<sup>56</sup>

Unless it rebuilds its leadership and secures for itself an adequate role on the global arena – the EU will find itself in a disadvantageous position with China, which is not only becoming the most important of the emerging mar-

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<sup>54</sup> As two experts from that region, Zhang Yunling and Tan Siping claimed in *Power Shift. China and Asia's New Dynamics*, ed. D. Shambaugh, op.cit., p. 49: 'China's current goal is to make China a great power again'.

<sup>55</sup> Ch. Grant, *Liberalism Retreats in China*, Center for European Reform, July 2009, London.

<sup>56</sup> Ch. Grant, *How to Make Europe's Military Work*, "The Financial Times", 16.08.2009; Ch. Grant, *How the Rising Powers View the EU*, ISS Newsletter, 24.11.2007, <http://www.cer.org.uk>



kets, but also one of the most important centres of power at the beginning of the 21<sup>st</sup> century. It is true that China, like the EU, has very multi-layered and complex internal affairs and that its leaders continually face new and difficult tasks. However, unlike in the EU, there are at least no questions regarding the leadership.<sup>57</sup> The EU, although not a state, has to clearly define its interests just like a state. It cannot float on the international arena without being aware of its goals. Only clarity in its goals and actions will let the EU stand up to the new ‘Chinese challenge’, and at the same time get rid of the soft power image it has had until now.

In the contemporary world, characterised by, as James N. Rosenau put it, a ‘*worldwide crisis of authority...in which the constraints are imposed by dense populations, shrinking budgets, war-weary publics, weakened governments, divided societies, and transnational borders*’,<sup>58</sup> concepts such as authority, reliability of the government, responsibility for the future of the world, respect for differences, and deepening and broadening co-operation are becoming ever more important. This world needs both the EU and China, and their mutually constructive, matter-of-fact dialogue. It is an age of shrinking distances, also in the mental, cultural and civilisational dimensions. Geography in the strict sense has not become insignificant, as is often thought, but has rather become much more complicated. Together with the traditional interstate relations, networks of non-state and transnational interconnections and interdependencies have been born. Chinese goods have flooded world markets, and European brands and trade chains have merged with the Chinese landscape. The new technologies have created network dependencies. We are getting closer to each other even as the world around us grows more and more complicated. Responsibilities grow commensurately, in particular the responsibilities of those who can – and certainly will – determine the future of mankind. The EU and China belong to these ‘chosen ones’, and thus their mutual dialogue (or lack of it) will play a decisive role in shaping the future. Let us hope that both sides already know this very well and feel the responsibility that lies with them.

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<sup>57</sup> The current ‘fourth generation of leaders’ (Hu Jintao, Wen Jiabao) is supposed to be followed in the years 2012–13 by the fifth younger generation, even better educated, and the most serious candidates for the most important posts are: Xi Jinping (president) and Li Keqiang (prime minister). See also: Cheng Li, *China’s Economic Decisionmakers*, “The China Business Review”, March–April 2008 and B. Góralczyk, *Chiński Feniks...*, op.cit.

<sup>58</sup> J.N. Rosenau, *Along Domestic-Foreign Frontiers...*, op.cit., p. 384.

