
The EU-China economic dialogue--more process than results?

Begun with some expectations more than a year ago and propelled into a possibly key and urgent role in the current economic recession, the EU-China economic and trade dialogue in Brussels May 7-8 unfolded with barely a trace of an achievement or impact.

The High-Level Economic and Trade Dialogue between senior Chinese and EU leaders was launched in late 2007 as an effort to replicate the US-China counterpart initiated by former US Treasury Secretary Henry Paulson as a much-needed problem-solver and safety-valve to ease mounting economic and trade tensions between Beijing and Washington.

For whatever reasons of timing or personalities, the second such EU-China session in May gathered a Chinese Vice Premier, two ministers and officials and a team of European Commissioners and officials who apparently did not report any major or concrete results or accomplishments. The Commissioners, led by Catherine Ashton who recently replaced the high-flying and image-conscious Peter Mandelson at the trade portfolio, were all likely to be lame-ducks in the final phase of their tenure in Brussels. But their lack of visibility in this crucial and symbolic exercise might be seen as overly complacent.

Chinese State Council Vice Premier Wang Qishan, who headed his delegation, tried to call attention to one or more of his country's objectives for the talks by writing well-timed and carefully-crafted commentaries in major European media to coincide with the Brussels meetings. In opinion pieces for the International Herald Tribune and the Financial Times, he stressed in the first, the general need to avoid protectionism, and in the second, for countries such as China and the UK to coordinate closely their fiscal, monetary and regulatory measures: "and make good use of 'both hands', the government and the market." In the first, he also appealed for the EU to grant China its long-sought "Market Economy Status."

Following the two days of sessions in Brussels though, the participants' declaration were dominated by ritualistic support for the moribund Doha Round of world trade negotiations, focusing on cooperation to assist small and medium enterprises, energy and a second Chinese procurement delegation to Europe, following the initial one in March that resulted in announcements of some \$14 billion in contracts for European products and services. The EU Commission statement placed the emphasis on Commissioner's belief that "trade and investment will lead us out of the current crisis"--a not entirely convincing declaration in view of continuing reports that both trade and investments are still plunging or stagnating virtually everywhere.

She told the press afterwards on May 8 that "We have shown that we can work together on setting the strategic direction of our relations, and that we can find ways of dealing with issues between us..." She also quoted Vice Premier Wang as saying that their talks were "inspirational.."

A more realistic declaration by the EU-China Chambre of Commerce, which also met with the officials, focused on more specific concerns and problems by leaders of European firms operating in China.

The latest outcome, or apparent lack of it, could undermine the credibility of the process, of the EU in both China and international perceptions, and worse of all, fail to produce any tangible results that could have an impact on resolving the current economic and financial crisis.

Although, the higher-level EU-China summit should finally take place in Prague later in May and provide another occasion to take some more visible joint steps forward on the road to recovery and more harmonious relations, this dialogue was supposed to have a distinct role in forging closer cooperation across a number of key areas. The participation of senior officials on both side from transport, environment, energy, consumer protection, agriculture, science and research and other fields would imply they were trying to work in that direction.

But the failure to report more than routine exchanges not only damages the process and the notion of transparency and accountability, but it could also imply that the work, like many other EU-China undertakings, is a "process" or "dialogue" that is not sufficiently result-oriented in the foreseeable future. With markets, jobs and other important economic needs riding at least in part on the results for such contacts, the participants have something to prove--that they have a useful role to play. Instead what began as a high-level political and policy dialogue involving a Chinese Vice Premier and several ministers has given the impression of having been downgraded in Brussels into yet another obscure technical workshop between bureaucrats.