

Cooperation from conflict

Europe must grasp the opportunity that a relationship with China can provide, writes **Glyn Ford**

EU-China relations are a flurry of noisy activity creating all the appearance of progress, but in reality are going nowhere fast. A whole labyrinth of structures has been created to manage relations, but process has not matched product to date. The problem is that the EU is still deeply ambivalent about Beijing.

For a few in Brussels, China's rise offers opportunities for a partnership with an industrial, economic and emerging political superpower, yet for most China is more threat than promise.

Chinese entrepreneurs hollowing out the remnants of European manufacturing, its importers snatching vital raw materials from under the noses of ours across sub-Saharan Africa, and its politicians playing a global game that doesn't conform to our old rules. Consequently, the EU has no clear strategic line. We neither know what we want, nor how to get it. Next week European trade commissioner Karel De Gucht is to do the first, defending European interests at the annual EU-China summit in Tianjin, demanding Beijing reduces state subsidies, improves access to public procurement and the market, enforces intellectual property rights and stops restricting the exports of rare earths, before the rest of the commission delegation does the second. We can at least be thankful that we aren't raising the 'strength of the Renminbi', that US obsession demonstrating Washington is in denial that the problem is as much the dollar's weakness as Beijing's intransigence.

Europe's mass production of medium tech goods has gone forever. Even if China disappeared tomorrow, there are far too many other Asian tigers eager and able to take their place to prevent the reappearance in Europe of those vast interlocking conglomerates of factories and workshops that policed the

peripheries of our major cities. As for rare earths, and other resources, there is a vast barely tapped supply next door in Mongolia, a country that the commission ranks in importance below Djibouti, East Timor and the Solomon Islands with the latter three meriting EU embassies while the former does not.

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by state of the art technology and creative design to produce high value goods and services that global consumers will beat a path to our door to buy. Yes, we need to pressure Beijing, but our priorities must focus on market access and the protection of IPR rather than wistfully hoping that 'made in Europe' labels will magically reappear on the goods in our kitchens and living rooms.

We must cooperate and compete with China simultaneously, working together politically to complement each other's

development aid in Africa and to find a fair and balanced way to share the costs of climate change between producers and consumers, but also industrially, in sectors where it serves the European national interest like aircraft, where a state subsidised Boeing corporation threatens us both and where Washington's restrictions on Europe's technology transfer hamstring European competitiveness. Brussels must also sell when it can. China is on a 'Bosman' for market economy status (MES). It will get it in May 2016, 15 years after its accession to the World Trade Organisation. This rapidly declining asset should go under the hammer now in exchange for access to the market for goods and services, particularly in the financial sector where China's smaller companies have as much to gain as ourselves. That's a policy, but it might be too much to expect us to get there any time soon when the EU spends almost seven times more money subsidising farmers than underpinning R&D. ★

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