Index

3G 73
‘24-character principle’ 3
ACP (African, Caribbean and Pacific) countries 108
conditionality and 114
and the North–South cooperation initiative 110
WTO-compatible economic partnership agreement 108–9
Afghanistan
military intervention 71
as ‘pre-modern’ 54
Africa
carbon dioxide emissions 250
and the demand for raw materials and energy 39
see also EU–China–Africa relations
Agenda 21 225
aid see development aid
‘all-under-heaven’ approach 51, 54
see also China’s China
Altman, Roger C. 71
An External Policy to Serve Europe’s Energy Interests 251
arms embargo 40, 288, 291–3, 302
lifting 42, 291, 302–3, 305, 306
objectives and effects 289, 291, 292, 293, 328
ASEAN + 3 (APT) process 275–6
ASEAN 275, 277
and institution building 275–6
promoting FDI and outsourcing 37
relations with the US 272, 275
ASEAN Regional Forum (ARF) 275, 277
Ashton, Catherine 64
Asia-Europe Meeting 277
Asian crisis (1997–8) 136, 157, 192
China and 141, 174, 193, 194
role of the IMF 30, 65, 136, 141, 151
Asian Currency Unit 156
Asian monetary cooperation mechanism 195
Asia’s China 50, 51
climate change and 56
Association of Southeast Asian Nations see ASEAN
Auto Parts case 86
Baghdad Project 33
Balkans 34, 285
Ballistic Missile Defence (BMD) system 268, 270, 271
‘bancor’ 2
Bank for International Settlements (BIS) 158
banks
in China 116, 189–90
reform 194
see also development banks; ECB; World Bank
‘Beijing Consensus’ 4
Beijing Summit (2006) 110–11, 113
bilateral free trade agreements (FTAs) 101, 102
bilateral negotiations, prioritising 326–7
bilateral preferential trade arrangements 38, 43
bilateral surveillance by the IMF 157, 183, 191–3
exchange rates and 191–3
and external stability 192
bilateral trade 127, 129
between China and the US 164, 165
EU–China 164, 165
growing discontent 83–5, 87, 91
and foreign exchange reserves 173–4
misleading nature of balances 172–3
biomass power 225, 246
BIS (Bank for International Settlements) 158
Bismarck, Otto von 33
BMD (Ballistic Missile Defence) system 268, 270, 271
Bonn Summit effect of US hegemony 71
and international economic policy coordination 68–9
branding
Chinese 24
technological standards and 23
Brazil
as an engine of the developing world 89
carbon dioxide emissions 250
and the DDA 100, 101
economic growth 21
energy consumption 247
and the financial crisis (2008) 193
as a member of BRIC 318
MNEs 25
and multipolarism 301
and permanent membership of the UN Security Council 313
Bretton Woods system 1, 2, 43, 67, 128, 153
Bretton Woods I 128, 130–32
failure 131–2, 147
Bretton Woods II 128, 132–5, 148
see also ‘new Bretton Woods’
BRIC 125, 311
China’s membership 312
benefits 318–19
China’s multiple objectives 316–17, 318, 320
Chinese dialogue with 314–17
as a developing country 317–18
disparities within 313
economic growth 21, 22, 312–13
effect on the world order 320
evolution 318
influence of the US 313
political angle 313, 318
rise of the middle class 55
and the rise of multipolarism 8–9, 311, 313, 315
share of global GDP 79, 312
see also Brazil; China; India; Russia
BRIC summits 313, 315
‘four-point’ proposal 315–16
British Empire 32–3
British power in late 19th century, erosion see UK decline in late 19th century
building sector, energy efficiency 253
Bush, George W. 64, 268, 270, 271, 272
business internationalisation 24–5
Cancun climate summit (2010) 7, 204, 209, 220, 234
failure 38, 326, 327
capitalism 1, 2
coordination of socialism with Chinese characteristics 59
socialism vs. see socialism vs. capitalism
see also market capitalism
carbon capture and storage see CCS
carbon dioxide emissions 220–21, 249, 250
in China 203, 220–21, 249, 250
reducing 219–20, 249
from developing countries 217
cars in China
production 21
sales 248
fuel efficiency standards 258
CCP 16–18
bureaucratisation 17
cooperation between the USSR and 16–17
leadership competition 184
programme and strategy 16
rapprochement with the US 18–19
rise 16
CCS
China’s own initiatives 259
China, the European Union and global governance

and an up-valuation of the RMB 179
and financing China’s outward FDIs 172
and hot money inflows 174–5
relevance of trade balances 173–4
role of net FDI inflows 174
Chinese industrial policy 43
Chinese MNEs 20, 24–5, 172
as a threat to the EU 44
‘Chinese threat’ 269, 276
civilian power, EU as 284–5
Clean Development Mechanism see CDM
climate change 7, 202
case study of identities and 55–8
EU’s role 57
negotiating an agreement 216–18
see also Cancun climate summit (2010); Copenhagen climate summit (2009); GHG emissions
climates and energy governance 201–11, 215–18, 227
evolving 208–11
areas of convergence 210
China’s position 55–6, 209, 225
EU’s position 209–10
multilateralism and 7, 208–9
G2 (China-US) type of arrangement 208–9, 217
material realities and policy responses 202–8
CNH market 155–56
CNP (comprehensive national power), China’s quest 314
COACH project 258
cut coal
China as a sales market 259
Chinese consumption 223, 224, 248, 256
and climate change 216, 218
for energy generation 204, 218, 219–20, 246
pollution associated with 256
coercion 8, 288–93
objectives and effects 288–9
vectors 284
coercive diplomacy 288–9
Cold War
effect on multilateral institutions 29
end 30
and US interests 16
colonisation 15, 38
imperialist race 32–3
commercial banks in China 190, 194
commodity market, regulation 161
‘common but differentiated responsibilities’, principle 56, 221
Common Foreign and Security Policy see CFSP
Common Security and Defence Policy (CSDP) 285
Communist Party of China (CPC) see CCP
competitive liberalisation 38, 127
comprehensive national power (CNP), China’s quest 314
Comprehensive Strategic Partnership (2003) 86, 330
conditionality vs. non-interference 39, 106, 112–13
middle ground 113, 120
trade preferences and economic partnership agreements 114–15
Confucius 59
construction sector, energy efficiency in 253
consumption 179, 180
dividing line between saving and 177
effect on emissions 205
see also emissions 205
containment
of China 40, 270, 271, 328
of communism 17–18
‘continental partner’ for China, Europe as 63, 74
continentalism 127
‘contract manufacturing’ 168, 171
Copenhagen climate summit (2009) 7, 204, 262, 297
China’s stance 58, 209, 234, 307, 308, 314
EU approach 209, 217, 307
Index

failure 326, 327
‘pledge and review approach’ 208
and technology transfer 221–2
Copenhagen criteria 285
development aid regime 109, 116
trade preferences 108–9
and conditionality 114–15
CPC (Communist Party of China) see CCP
cross-regional multilateralism 315, 318
CSDP (Common Security and Defence Policy) 285
Cui Liru 316
cultural G2 59
Cultural Revolution 2, 17, 19
effect on universities and scientific community 18
currency
functions 127, 154
IMS and 126–8
valuation 317
see also Asian Currency Unit;
dollar; dominant currency systems; euro; key currency systems; pound sterling;
RMB
current account convertability
China’s realisation 174, 188, 194
and foreign exchange management 190–91
and reform of banking and financial institutions 189–90
current account positions 147, 175–80
China’s and America’s imbalances 175–6, 317
and China’s record savings ratio 176–7
conceptual weaknesses of yardsticks 177–8
rebalancing 179

Davies, Howard 67
DDA 5, 98
comparisons with previous rounds 98–100
and the emerging economies 3, 21, 100–101
EU and Chinese positions 81, 88
failure to conclude 38, 67, 79, 91,
104, 326
legislative inertia generated 80
reasons 98–103, 326
India’s interest 89
and the interests of developing countries 80
lessons to be learned 98–104
methodology for tariff reduction 99, 100
negotiating issues 99
number of participants 99
role of China in negotiations 89–90, 327, 328
Singapore issues 21, 30, 81, 102
debt reduction in Africa 109, 111
debt relief in Africa 109, 111
‘decline of the West’ 311
defence policy, EU 44, 74, 143
democratic ‘messianism’ 285
democratic model, appeal of 285–6
Democratic People’s Republic of Korea (DPRK) see North Korea
Deng XiaoPing 3, 18, 185, 186, 287
deregulation of finance 133–5, 144
D’Estaing, Valéry Giscard 68
developed countries
convergence between developing and 125
as energy consumers and GHG emitters 202, 203, 217
energy security 39–40, 202, 206
and GHG emission reduction 221
and technology transfer 221–2
developing countries
China as 52, 55, 166, 287, 317, 319, 327
China’s relations with 89, 90
convergence between advanced and 125
DDA and the interests of 80
FDI flows to 20
and GHG emission reduction 56, 217, 221–3
shortage of energy supply 202
see also least developed countries (LDCs)
developing countries vs. developed
countries bloc 55  
climate change and 57  
‘developing world’ dialogue 9, 317–18  
development aid  
development cooperation and 115–17  
from China 111, 116, 117  
and penetration of developing countries 20, 25  
from the EU 109, 115–16, 117, 286  
development banks 211  
development policy in Africa 118  
China 39, 109–11, 118  
debt reduction and relief 111  
trade relations 110–11, 115  
contrasting approaches 112–13  
EU 107–9  
debt relief and aid for trade 109  
legal instruments 108  
trade preferences 108–9, 114–15  
values-based premise 39, 112, 113, 118  
Dillon Round 100  
diplomacy see coercive diplomacy; ‘public diplomacy’  
Disraeli, Benjamin 32, 33  
diverse globalisation 51  
Doha Development Agenda see DDA dollar  
crash 178  
as a dominant international currency 136–7, 143, 178  
fluctuations in value 149  
and the gold standard 131, 132  
IMS based on see Bretton Woods system  
as the international reserve currency 1, 43  
RMB’s pegging with 165, 180  
role in a key currency system 147–8  
dominant currency systems, gold standard as 159  
DPRK (Democratic People’s Republic of Korea) see North Korea dual-track price system 185  
East Asia  
China’s political and economic links 19  
and containment of communism 17–18  
crisis see Asian crisis (1997–98)  
development of a monetary area 155–6  
EU regional strategy 44, 276–8, 279–80, 305–6  
‘Europeisation’ 276  
‘overseas Chinese’ community 169  
security order see security order in East Asia  
shift from the West to 125, 311  
see also Japan; North Korea; South Korea  
Eastern civilisation vs. Western civilisation 54–5  
climate change and 57  
EBA (Everything But Arms) initiative 109  
EC  
and EU energy policy 250–51  
and EU strategy vis-à-vis China 298, 299  
and lifting the arms embargo 303  
and promotion of multilateralism 300  
EC – Anti-Dumping Measure on Iron or Steel Fasteners 88  
ECB 138, 140  
view of the G20 66  
economic development  
Stalinist model 2  
sustainability of China’s 246  
economic growth 22  
in BRIC 21, 22, 312–13  
in the EU 140  
economic growth in China 3, 20–21, 140, 166, 193  
between 1950 and 1978 19  
Europe’s emissions and 205  
exports as a driver 167  
factors 27–9, 82, 140–42  
capital investment 27–8  
labour 27  
technology 27, 28–9  
and global governance and multilateral institutions 29–31  
limits 22–7
short-term and structural challenges 142
economic interdependency between China and the West 36–8
effect of China’s successful growth 36–7
effect on protectionism 38
economic partnership agreements 114–15
economic policy cooperation and coordination between China and the EU 63–4
within Europe 70
within multilateral institutions 67–9, 73
economic power in Africa 39
global balance 79
economic reform in China dynamics 186–7
and international monetary institutions see China and international monetary institutions, effect of domestic reform
process and characteristics 185–6
economic sanctions, EU see EU sanctions
EEC (European Economic Community) 2
effective multilateralism 300
eficiency-seeking FDI 37
Eichengreen, Barry 62
electricity grids, improving 257
emerging economies challenge to neo-liberal economic governance 3–4
coalitions between 79–80
and the DDA 3, 21, 100–101
demand for raw materials and energy 39–40
economic weight 100–101
effect of the financial crisis (2008) 21–2, 155
and financial market reform 66–7
GHG emissions 56
influence on the multilateral system 30, 31, 65
representation in the WTO
Secretariat 80
interplay between over-consumption and export and investment-oriented economic growth 205
MNEs 25–6
share of GDP 125
shortage of energy supply 202
strength 21–2
trading agreements 43
in the Uruguay Round 21
and world growth 22
emerging power vs. postmodern model 55
climate change and 57
Emissions Trading System see EU ETS
Empire see British Empire; Chinese Empires
EMS (European Monetary System) 138, 156
energy 7
climate change and see climate change
scramble for 39–40, 44
see also fossil energy; renewable energy; sustainable energy
energy challenge 201, 202, 245–53
dealing with 210–11
nature 245
energy consumption 247, 248
in China 204, 219, 223, 224, 245–7
breakdown by source 246
outlook 247–9, 256
in Europe 207, 247
limiting 205–8, 219–20, 223–4, 234
energy efficiency in China 249, 253, 256–7
energy governance 210–11
climate and see climate and energy governance
common ground 211
energy policies Chinese 256–7
EU see EU energy policy
energy resources in China 245, 246–7, 248
energy security 39–40, 202, 206, 215–16
and China 40, 211, 245, 256
and the EU 211
energy-supply infrastructure, investment 248–9
Enfinity 260
ENP (European Neighbourhood Policy) 285
environmental problems in China 256
environmental security 245
see also climate change
EPC (European Political Cooperation) 289, 298
ESDP (European Security and Defence Policy) 285
ESS 277, 299–300, 303, 304
and effective multilateralism 300
EU
enlargement 139
international status 328–9
as a political union 143
relationship with the US 304, 305–6
common economic interests 43, 44
stabilisation 140
see also Western Europe
The EU, China and Africa: Towards Trilateral Dialogue and Cooperation 106–7, 117
EU energy policy 249–53
external policy 251–3
national sovereignty and 250
EU ETS 209, 210
demand for CERs (Certified Emission Reductions) 228, 230–31
EU sanctions 289
objectives and effects 289, 290
see also arms embargo
EU trade policy 42
and the global trading system 43
EU–27 139–40
EU–Africa Summit (2007) 107, 118
EU–Africa Summits 107, 330
EU–China CDM cooperation 227–41
regulatory frameworks 228, 229–34, 240
in China 228, 231–4
and wind power see wind power and EU–China CDM cooperation
EU–China cooperation 278
EU–China Energy Conferences 251–3, 258
EU–China High Level Economic and Trade Dialogue 83
EU–China Joint Statement (2007) 118
EU–China relations 4, 50, 74, 277–8
and China’s integration into the international community 299–300
and climate change 57–8
contribution to global governance 329–30
effect of the financial crisis (2008) 307
general degradation 84–5, 301–4, 329
and the failure of the EU as a coherent actor 302–4, 328
influence of the US 304–7, 329–30
legal framework 298–9
and multipolarism 299–301
necessary developments 330
and soft conflict 58
and trade
cooperation 82–3
disagreements 83–4
EU–China Summits 83
and African development policy 117–18
cancellation of the 11th 84–5
and CCS 258
EU–China–Africa relations 5, 39, 50, 106–20
conditionality vs. non-interference see conditionality vs. non-interference
development policy see development policy in Africa
trade preferences and economic partnership agreements 108–9, 110–11, 114–15
trilateral dialogue and cooperation 117–19
four sectors 117
guiding principles 117
key challenges 119
motivations 119
euro 140, 156
as an alternative to the dollar 137
exchange rate 149
Euro-Japanese cooperation 277
Eurogroup 70
European Central Bank see ECB
European Commission see EC
European Consensus on Development (2006) 107–8, 109
development aid and development cooperation 115–16
value-based conditions 112
European Economic Community (EEC) 2
European MNEs see Western MNEs
European Monetary System (EMS) 138, 156
European Neighbourhood Policy (ENP) 285
European Parliament, and lifting the arms embargo 302
European Political Cooperation (EPC) 289, 298
European Security and Defence Policy (ESDP) 285
European Security Strategy see ESS
‘Europeanisation’ of East Asia 276
Europeanism 55
Eurozone 2, 82
economic rationale 138
and monetary polycentrism 138–40
political representation 162–3
remedying the fault-lines 70, 139–40
tensions 4, 43
Everything But Arms (EBA) initiative 109
Exchange Rate Mechanism 138
exchange rates 147, 149–50
bilateral surveillance and 191–3
multilateral surveillance and 156–69, 191
Purchasing Power Parity (PPP) and 158
see also fixed exchange rates; floating exchange rates; real exchange rates
‘exemplary’ power, EU as 286–7
export trade
erroneous obsession with 173
from the EU 83, 103
export trade from China 83, 101, 103–4, 166–73, 287
and Chinese MNEs 172
development strategy away from growth 167
and the growth of China’s economy 166
imports and 171–2
link with inward FDI and relocation 167–9
restrictive practices 87
role of Hong Kong and ‘overseas Chinese’ 169
role of processing trade 170–1, 178–9
technological quality 169–70
Export-Import Bank of China 116
FDI flows
away from China 36–7
diversion 37
from China 63, 174
financing 172
liberalisation 35
outward 167
to China 20, 82, 167–9
importance 26
role of net 174
to East Asia 17
Ferry, Jules 33
FIEs (‘foreign invested enterprises’), Chinese exports and 167–8
finance see global finance
financial crises 136
see also Asia crisis (1997–98); Latin America debt crisis; Russian crisis
and access to Chinese consumers 26
China’s reaction 193–5, 306–7
effect on banks and financial markets 66–7
effect on the emerging economies 21–2, 155
effect on the Eurozone 70
effect on global governance 3–4
effect on the multilateral system 38
effect on the relationship between China, the EU and the US 306–7
effect on US hegemony 71, 297, 306
and EU economic policy
engagement with China 63–4
EU reaction 43–4
factors 135, 157
failure to prevent 326
and the G20 64, 73, 75
and the IMS 195
and loss of jobs in China 171
responsibility for 125–26
financial global governance
EU position 43, 44
see also IMS
financial offshore centres 144
financial regulation
liberalisation and deregulation
133–5, 144
effect on the social contract 126
reasons 133
reform 66–7, 144
America’s package 67
by strengthening 43, 159, 161
financial sector in China 142, 143
reform 194–5
Financial Stability Board see FSB
First World War 34, 129
Fisher, Admiral John 33
five principles of peaceful coexistence
52, 110, 112, 113, 118
arms embargo and 292–3
fixed exchange rates 1, 67, 131
and surveillance by the IMF 192
switch to floating from 132–3
see also Bretton Woods system
floating exchange rates 149
and surveillance by the IMF
191–2
switch from fixed to 132–3
FOCAC 109–11, 330
and non-interference 112–13
FOCAC Sharm-el-Sheikh Action Plan
116
Foreign Direct Investments see FDI
flows
foreign exchange markets 179
dual 155–6
foreign exchange reserves
build up 150–52
Chinese see Chinese foreign exchange reserves
foreign exchange systems
and bilateral surveillance 191–3
in China 185, 190–91
‘foreign invested enterprises’ (FIEs),
Chinese exports and 167–8
foreign policy, EU 42, 53
foreign policy in China 52, 314,
317–19
anti-imperialist 16–17, 26
end of 19
maintaining peripheral stability
318–19
‘public diplomacy’ 319
see also open-door policy
Forum on China-Africa Cooperation
see FOCAC
fossil energy
China as a sales market 259
see also coal; natural gas; oil
France
and the arms embargo 291, 302,
303
role of colonies 33
free trade agreements (FTAs)
effect on WTO negotiations 80,
101–2
use of 327
FSB
and financial market reform 144
and the IMS 127, 158
G2 21–2, 314, 318, 320, 326–7
EU replication of 64
see also cultural G2
G4 64
G5 101
economic coordination efforts
67–8, 69
origins 68
trade-off on market access
concessions 103
G7 3, 65
defence of 65
demise 62
economic policy coordination 67,
68–9, 74
share of global GDP 79
G8 21, 211
economic policy coordination 67–8
G20 3, 4, 21, 31, 62–75
and China–EU harmony 59, 88
effect of the financial crisis (2008) 64, 73, 75
effect of US hegemony 71
and financial market reform 66–7, 144
intergovernmentalism 126
and international economic policy cooperation 65–6, 71, 73–5
legitimacy and efficiency 326
and the new geopolitical context 72
and oil security 216
origins 64–7
rivalries 72
and trade issues 67
views of outsiders 72–3
Gang of Four 18
Garten, Jeffrey 30
GATT 1, 2, 79, 103, 130
Chinese membership 20
European Economic Community (EEC) representation 2
influence of the US and Europe 29, 30
rounds see rounds of GATT/WTO trade negotiations
see also WTO
Geely 24, 172
Geithner, Timothy 160
Generalised System of Preferences (GSP) 109, 115
Geneva Round 100
Germany
and the arms embargo 291, 302, 303
rise 32, 33–4, 40
GHG emission reduction
by developed countries 221
by developing countries 56, 217, 221–3
in China 56, 204–5, 219–25, 223–4, 257
dilemma 219–20
through developing new and renewable energies 225, 234
through structural adjustment of industry 224–5
exporting to emerging and developing countries 205
targets 204–5
and technology transfer 220–23
through harmonised charges 216–17
through limiting energy consumption 205–8, 219–20, 223–4, 234
GHG emissions 202, 245
in China 56, 202–4
consumption-related 205
current and historical 202–4, 227
internationally transferred 56
see also carbon dioxide emissions
Gjedrem, Svein 72–3
Glass-Steagall Act, removal 135
global actor, rise of China as 1–4
global balance of power shift 13–44
and China’s rise 54
effect on multilateral negotiations 79–80
role of the EU 41–4
global climate change see climate change
global economy
changes in the balance of power 21–2
entanglement between Europe’s emissions and growth 205
rise of China see China in the global economy
‘global energy hunt’, China’s 211
global finance
loss of control 125–6
oversophistication 135
regulation see financial regulation
and shaping the world economy 132–5
global financial crisis see financial crisis (2008)
global governance 4
and China–EU harmony 59
China’s role 3–4, 62–3, 287, 288
contribution of China–EU relations 329–30
domination by the US and Western Europe 1–4, 29–30
effect of the financial crisis (2008) 3
EU’s multilateral approach 4, 279–80, 288, 300–301
impact of China’s future growth
29–31
reform 325–7
China’s rise and 327–8
see also financial global governance
Global Governance Group 73
global powers see world powers
global technological standards and branding 23
global trading system
position of the EU 43
see also international trading system
globalisation
problems and challenges 193
rise 1, 126–7, 299
shift to diverse 51
Godement, François 63, 83, 303–4
‘going global’ strategy 20, 25
‘going out’ 247
gold standard 31, 128–30
dollar and 131, 132
and managing international liquidity 131–2, 159–60
Goldman Sachs 23, 312
good neighbour policy (mulin zhengce) 318–19
‘governance’
definition 215
see also energy governance; global governance; international governance; neo-liberal economic governance
‘Great Depression’ 32
Great Leap Forward 2, 17, 19
Greece, effect of the financial crisis (2008) 70
‘green protectionism’ 262
greenhouse gas emissions see GHG emissions
Greenspan, Alan 134, 148
Group of 77 30
GSP (Generalised System of Preferences) 109, 115
Haas, Richard N. 71
Hague Declaration (1991) 277
hard power
and the EU 44, 284
US as 304
Hatoyama Yukio 273
Havana Charter (1950) 2
hegemony
Chinese denunciation 287, 288
destabilising effects 270
see also US hegemony
Henning, Randall 68
high-speed rail expansion 224–5
and technology transfer 261–2
see also bagdadbahn project
Hong Kong, role in China’s export trade 169
‘hot money flows’ 174–5
Hu Jintao 110–11, 315
hub and spoke security system 267, 269, 274, 279
human rights
and the arms embargo 291–2, 302, 303
conditionality and 39, 112–13
meaning in China 56
hydropower 225, 257
hyper-financialisation 126, 144
dynamics 134–5
IMF
China’s accession 19
China’s weight in decision-making 31
collaboration with the Bank for International Settlements (BIS) 158
economic policy cooperation and coordination 67, 73
European and US influence 1, 29
and the financial crisis (2008) 306
Index

incremental reform 185–6
India
as an engine of the developing world 89
carbon dioxide emissions 250
and the CDM 231
and the DDA 89, 100, 101
economic growth 21
energy consumption 247, 248
and the financial crisis (2008) 193
GHG emissions 203
as a member of BRIC 318
and multipolarism 301
opening of its economy 30
and permanent membership of the UN Security Council 313
promoting FDI and outsourcing 37
relationship with China 318–19
rivalries in the G20 72
Indonesia, and the G33 group 101
industrial policy, China’s 43
industrial property rights, counterfeiting and violations 180–81
industrialisation
and the Great Leap Forward 17
state-led import-substitution 2, 16
of Western Europe 1, 15
in the late 19th century 31, 32
instrumentalism, and multilateral institutions 91, 327
intellectual property rights see IPR
internal reform in China, EU support 299–300
International Clearing Union 160
international community
China’s increasing assertiveness 307
China’s integration 299–300, 304, 328
International Covenant on Civil and Political Rights (ICCPR) 291
International Emissions Trading Mechanism 228
International Energy Agency 211
international governance 215
‘democratisation’ 215
international institutions
importance 325
integration of China 300, 328
legitimacy 326

governance 162–3
and the IMS 127, 153
intergovernmentalism 126
legitimacy 143, 326
as a lender of last resort 161
moralistic rhetoric 39
reform 21, 143, 163
role in China’s reform process 188, 191
Substitution Account 161, 162
surveillance by see surveillance by the IMF
imperial system
collapse 15
and relative isolation 14
import trade
China’s 83, 101, 103–4, 171–2
developing economies’ 101
EU’s 83, 103
IMS 5–6, 147–63
Bretton Woods see Bretton Woods system
cause of systemic problems 153
currency and 126–8
evolution 155–6
evolving needs 3, 143
exchange rates 149–50
gold standard see gold standard
and the governance of the IMF 162–3
and international liquidity see international liquidity
key currency systems see key currency systems
monetary polycentrism and see monetary polycentrism
multilateral surveillance and exchange rates 156–49
nature 147–8
position of the EU 43
reform 153–4, 157, 196
roles 127–8
as a semi-dollar standard 148, 156, 161
setting up 126
underpinning forces 127
and US quantitative monetary policy 152–3
US and Western European dominance 29
multilateralism and 301, 330
see also multilateral institutions
international liquidity
  IMS and 147–8
  and the key currency system 153, 159
  managing 159–62
    through the gold standard 131–2, 159–60
  regulating 153
  US as the main supplier 131–2, 133–4
  world money and 150–52
International Monetary Fund see IMF
international monetary institutions
  China’s participation see China and international monetary institutions
  weakness 195
see also IMF; World Bank
international monetary system see IMS
International Trade Organization 2
international trading system
  cooperation between China and the EU 82–3
  disagreements between China and the EU 83–5
  effect of approaches to climate change 217–18
  multilateral framework to regulate see WTO
see also global trading system
IPR
  in climate change areas 222
  liberalisation 35
  and the renewable energy market 237, 238, 240
  technology transfer and 222
  violations 43
see also TRIPs (Trade-Related Aspects of Intellectual Property Rights)
Iraq
  establishment of democracy 285
  military interventions 42, 71
Ireland, effect of the financial crisis (2008) 70
Japan
  acquisition of technological capability 26
  Ballistic Missile Defence (BMD) system 268, 270, 271
  business internationalisation 24–5
  carbon dioxide emissions 250
  development aid and 20, 25
  economic growth 22
  economic problems 69
  energy consumption 247
  engagement and cooperation between the US, China and 272–4
  Europe’s relations with 277
  participation in the Library Group 68
  political and economic links with China 19
  US economic support 17
  war with China (1895) 51
see also US–Japan alliance
Japan–EU Action Plan (2001) 277
Japanese invasion of China 15, 16
Japanese MNEs 25–6
  internationalisation of production processes 35
  Jiang Jieshi 16
  Joint Africa–EU Strategy (2007) 107
  value-based conditions 112
Juncker, Jean-Claude 65
Kan Naoto 274
Kenen, Peter 68, 69
Kennedy Round 100
key currency systems 147–8, 153–4
  international liquidity and 153, 159
  role of the dollar 147–8
Keynes, John Maynard 159, 160, 161
King, Mervyn 66
Kirton, John 65, 73, 74
Kissinger, Henry 18
Koizumi Jumichiro 268, 270, 271
Korea see North Korea; South Korea
Kuomintang (KMT) military dictatorship 16
Kyoto Protocol 208, 221, 227, 228
  ‘common but differentiated responsibilities’ 56, 221
Index

229 International Emissions Trading Mechanism 228

defining the CDM 229

labour income 180
Latin America debt crisis 69
least developed countries (LDCs) 125
gDPs 125
trade agreements 108–9, 110–11
Lenovo 24, 172
Liang Qichao 50
‘liberal internationalism’ 315
liberalisation 21, 35
and the balance of power in the global economy 21
of finance 133–5
see also competitive liberalisation; trade liberalisation

Library Group 68
Libya 286
Lin Piao 18
liquidity see international liquidity
Lisbon EU–Africa Summit (2007) 107, 118
Lisbon Treaty 42, 210, 283, 285, 308, 329
Article 194 250

Lomé Conventions
development aid regime 109
trade preferences 108
and conditionality 114

Long March 51
Louvre accord 69
‘low intensity’ protectionism 35
low-carbon societies 207
building 210, 245
European postponement
behaviour 239

low-carbon technology
in China 222, 223
development 221, 223–5, 256
competitiveness
concerns over 255
cooperation and 209
friction and increasing 261–3
importing from China 262

low-carbon technology transfer
221–3, 261–2
and CDM projects 229, 237, 240
and CER revenue 234–5
and the clearing union principle 160

Macao 169
macro savings 176–7, 179, 180
Mandelson, Peter 42, 63, 74
Manners, Ian 53
Mao doctrine 16
Mao Zedong 18, 51
market capitalism 128
combining state capitalism and 141
consequences of the financial crisis (2008) 136
in the global economy 2
market economy
granting China status 25, 84, 90, 91
see also socialist market economy
market fundamentalism 133
market-seeking FDI 37–8
Marshall Plan 286
Middle East
carbon dioxide emissions 250
energy imports from 206, 245
see also Persian Gulf
military modernisation in China 29, 40, 269, 270
military power, EU as 53, 74, 284–5
Millennium Development Goals (MDGs) 118, 315–16
MNEs
and China’s industrial policy 43
in the emerging economies 25–6
international production networks (IPNs) 23, 35–8
integration into 21
regionalisation 37
resilience 36
opening up of China to 2
‘wintelist’ production system 23, 222
see also Chinese MNEs
modern country, China as 54
monetary polycentrism 127, 128, 136–42, 154, 157, 159
China and 140–42
and the clearing union principle 160
reserve asset 161
the Eurozone and 138–40
the US and 137–8
money see currency; world money
mulin zhengce (good neighbour policy) 318–19
multilateral institutions 1–2
China’s accession 19
China’s growing dynamism in 311–12
domination by the US and Western Europe 2, 29–30
economic policy cooperation and coordination 67–9, 73
impact of China’s future growth 29–31
instrumentalism and 91, 327, 330
integration of East Asian countries 17
legitimacy and efficiency 326
see also IMF; international institutions; World Bank; WTO
multilateral monetary system, setting up 126
multilateral surveillance 191
exchange rates and 156–9
multilateral trading system
balance of power 100
blockade 43, 90
China and EU as major actors 85
cooperation in strengthening 103–4
responsibility for reform 89–90
DDA and 104
and the WTO 80, 81, 85
multilateralism 4, 59, 144
Bretton Woods I and 2, 130–32
China and 288, 300, 301, 315, 318–19, 327
commitments 26
and China–EU harmony 329, 330
and climate and energy governance 7, 208–9
current crisis 325–6
effect of the financial crisis (2008) 38
effect of a stalled DDA 80
international institutions and 301, 330
multipolarism with 9, 288, 312, 327
post-Second World War 1–2
and the rise of emerging economies 30
support of the EU 4, 43, 286, 288, 300–1
see also regional multilateralism; trade multilateralism
multinational enterprises see MNEs
multipolarism 4, 8, 59, 136, 270, 288, 297, 308
China–EU relations and 299–301
differences between multilateralism and 301
effect of differentials in economic growth 22
effect on multilateral negotiations 79–80
growth 79–80, 315
multilateralism with 9, 288, 312, 327
poles within 308, 316
and the rise of BRIC 8–9, 311, 313, 315
role of the EU 42
NAMA II 101
nation-states
centrality in East Asia 276
sovereignty 287
natural gas 215
imports by China 248
Near Zero Emissions Coal (NZEC) initiative 258
neo-liberal economic governance, challenges 3–4
NEPAD (New Partnership for African Development) 118
‘new Bretton Woods’ 3, 143
new world identity 51
new world order 30, 306–7, 308
effect on China’s foreign policy 314
shaping 297, 300–301, 320, 329
New York Times 72
Nixon, Richard 2, 18
non-fossil energy sources
China’s use of 257
see also hydropower; nuclear energy; solar energy; wind power
Index

non-interference 52, 118
conditionality vs. see conditionality vs. non-interference
normative power
China as 287
EU as 53–4, 89, 285–6
North Korea
denuclearisation 272
threat perceptions 268, 269, 275, 277
North–South cooperation initiative 110
nuclear capacities
China’s modernisation of 271
non-proliferation and disarmament 277
North Korea’s 268, 269, 275, 277
nuclear energy 206
China as a sales market 259
China’s use 225, 257
and technology transfer 261–2
NZEC (Near Zero Emissions Coal) initiative 258

OAU (Organisation of African Unity), Charter 112
Obama administration, and East Asia 270, 272–3, 278, 279
OECD countries 125
Bretton Woods system and 130
carbon dioxide emissions 250
as energy consumers and
greenhouse gas emitters 202
energy consumption 246
growth comparative to BRIC 22
OECD Development Assistance Committee (DAC) 116

oil
demand in China 246, 247–8
imports by China 248, 256
oil security 39–40, 215–16
and the price of oil 216
One China principle 110
‘open regionalism’ 38
open-door policy 20, 35, 168, 169, 171, 318
Opium Wars 19, 51
Organisation of African Unity (OAU), Charter 112
‘overseas Chinese’, and China’s exports 169

Pakistan
and Chinese rapprochement with the US 18
and rivalries in the G20 72
Paris Declaration on Aid Effectiveness 116
Partnership and Cooperation Agreement (PCA) 298
partnership-building by China 40
‘Pax Britannica’, end of 31–4
peaceful coexistence, five principles see five principles of peaceful coexistence
peaceful development, China and 287–8, 292, 328
People’s Bank of China (PBC) 189
as the central bank 189
‘people’s heart’ 54
People’s Liberation Army (PLA) 16, 18
People’s Republic of China (PRC) 51
see also China
peripheral stability, maintaining 318–19
Persian Gulf
oil from 215–16
see also Middle East
Peterson Institute for International Economics 67
Pittsburgh Summit 74, 178
Plaza Accord 69
effect of US hegemony 71
political coercion see coercion
postmodern model
emerging power vs. 55
climate change and 57
EU as 54, 284
pound sterling 31, 129, 159
poverty
in China 223
eradication in Africa 108, 115–16
power
effect of the financial crisis (2008) on distribution 306
EU 284–7
rising Chinese 52
see also economic power; hard power; military power;
normative power; soft power; world powers

*Power Audit of EU–China Relations* 83

'power politics' world 284

PPP (Purchasing Power Parity) 158

preferential trade see trade preferences

preferential trade agreements 38, 80, 90, 327

processing trade 172

and China’s exports 170–71, 178–9

protectionism

BRIC and 21

in China 181

effect of economic interdependency 38

and the EU 84

fighting against 104

and the G20 67

in the late 19th century 32

‘low-intensity’ 35

and mitigation of climate change 218

in the US 35

see also 'green protectionism'

‘public diplomacy’ 319

public procurement practices in China 181

Purchasing Power Parity (PPP) 158

Putnam, Robert D. 68

the Quad 81, 101, 104

quantitative monetary policy, US 152–3

R&D

in China 23–4

expenditure on 23, 24, 27, 41

railways, high-speed see high-speed rail

Rambouillet 68

rare-earth resources 206

Rato, Rodrigo de 192

raw materials, scramble for 39–40, 44

real estate sector in China 28, 37

real exchange rates 317

developments 158

regional multilateralism 8

see also cross-regional multilateralism

regional trade agreements (RTAs) 38, 43, 80, 101–2

regulation of finance see financial regulation

relocation 167–9

renewable energy 206–8, 218

in China 206–7, 225, 234, 237–8, 240, 246, 257

business opportunities 259–60

driving force behind targets 206

and the regulatory framework for the CDM 228, 231–4

cooperation and competition 209, 262–3

EU objectives 207

see also biomass power; hydropower; nuclear energy; solar energy; wind power

renewable portfolio standard (RPS) 258

renminbi see RMB

Republic of China 51

research and development see R&D

Rio Earth Summit (1992) 221

‘rise of the rest’ 311

RMB

as an alternative to the dollar 137

convertibility 141, 143, 195

exchange rates 149–50, 176

gradual revaluation 178–80

internationalisation 142, 195

pegging with the dollar 165

undervaluation 6, 83, 141, 164–81, 317

rounds of GATT/WTO trade negotiations 98–100

negotiating issues 99–100

number of participants 98–9

see also DDA; Uruguay Round

RPS (renewable portfolio standard) 258

RTAs (regional trade agreements) 38, 43, 80, 101–2

rural sector in China, and remodelling of the development pattern 179–80

Russia

carbon dioxide emissions 250

economic growth 21

energy consumption 247
Index

energy imports from 206, 245
and the financial crisis (2008) 193
as a member of BRIC 318
relationship with China 40, 318–19
Russian crisis 157

SAARC (South Asian Association of Regional Cooperation) 317
SACU (Southern African Customs Union) 115
sanctions, EU see EU sanctions
Saudi Arabia, as a major oil producer 216
savings
  dividing line between consumption and 177
  see also macro savings
Schott, Jeffrey 67
Schultz, George 68
science degrees in China 23–4
SDRs 6, 161–2
  enhancing the role 161
  increasing the attractiveness 161–2
Second World War 1, 129–30
effect on global order and multilateral institutions 29, 34
Security Council see UN Security Council
security order in East Asia 8, 267–80
  engagement and cooperation between the US, China and Japan 272–4
EU’s regional strategy 44, 276–8, 279–80, 305–6
  evolving 274–6
  intra-regional collaboration 275–6, 278, 279
US–Japan alliance see US–Japan alliance
Seoul Summit 178
Shanghai 195
Singapore 73
Singapore issues 21, 30, 81, 102
‘Single Undertaking’ rule 80, 102–3, 326
six-party talks (SPT) 272, 275, 330
smart power, concept 285
social contract, effect of deregulation of global finance 126
socialism with Chinese characteristics 52
  coordination of European capitalism 59
socialism vs. capitalism 54
  climate change and 57
socialist market economy, establishment 187
soft power
  China as 287, 319
  EU and 42, 278, 279, 284, 304
solar energy
  in China 225
  feed-in tariffs 258
  foreign investment 260
  and technology transfer 261–2
South Africa
  industrial composition 115
  and NAMA II 101
South Asian Association of Regional Cooperation (SAARC) 317
South Korea
  acquisition of technological capability 26
  business internationalisation 24–5, 26
  chaebols 25
  US support 17
South–South alliance 316
South–South cooperation framework 110, 113
Southern African Customs Union (SACU) 115
sovereign debt crisis 53, 139
Special Drawing Rights see SDRs
SPT (six-party talks) 272, 275, 330
Stalinist model of economic development 2
state capitalism, combining market capitalism and 141
STRACO2 project 258
Strauss-Kahn, Dominique 62, 64–5
subsidiarity, principle of 215
surveillance by the IMF 191
  Chinese position 192–3
  of exchange rates 156–69, 191–3
sustainable development 108, 114, 118
sustainable energy 255–63
  China as a sales market 259–60
  EU–China cooperation 257–9
comparison with China’s own initiatives 259
limited impact 258
in policymaking 257–8
friction and increasing competitiveness 261–3
and low-carbon societies 207
see also renewable energy
’sustainable peace’ 53
Swiss Formula 99
Taylor, Virginia 110, 115, 269, 270, 287, 292
US policy 17, 270–71, 273, 305
tao guang yang hui 52
technological capability
acquisition 18, 22–7, 171
gap between China and other advanced economies 41
risks of slow progress 27–9
technological and marketing standards 23
technology
development in East Asia 17–18
see also low-carbon technology
‘Third Way’ 135
Tiananmen Square 288
Tirpitz, Admiral Alfred von 33
Tokyo Round 99, 100
trade
and China-EU relations 82–3
divergences and competing interests 83–5
and China’s development policy in Africa 110–11
effect of the financial crisis (2008) 155
see also bilateral trade; export trade; global trading system; import trade; multilateral trading system; processing trade
trade agreements 38
for least developed countries (LDCs) 108–9, 110–11
see also free trade agreements (FTAs); preferential trade agreements; regional trade agreements (RTAs)
trade balances
bilateral 172–3
deficits
EU with China 83, 164, 165t
US 66, 164, 165, 317
role of the G20 66
solving imbalances 193
and foreign exchange reserves 173–4, 193
through up-valuation of the RMB 178–80
surpluses 66, 141, 174
Trade and Cooperation Agreement (1985) 298
trade liberalisation 1, 17
effect of a stalled DDA 80
in the late 19th century 31–2
trade multilateralism 127
trade preferences
China’s approach 110–11, 115
EU’s approach 108–9, 114–15
see also preferential trade agreements
trade protectionism see protectionism
transport, oil demand 247–8
Treaty of Rome 2
Triffin’s dilemma 147, 150
Trilateral Coordination and Oversight Group 275
TRIPs (Trade-Related Aspects of Intellectual Property Rights) 41
Truman, Harry S. 2
UK decline in late 19th century 31–4
comparisons with 21st century
comparisons with 21st century
changes to the balance of power 34–41
the scramble for raw materials and energy 39–40
strategic tensions 40
technological gap 41
trade, investment flows, protectionism and economic interdependency 34–8
UN 2
Chinese seat 19
democratic system 215
UN Charter 112
UN Security Council 2, 215
and China-EU harmony 59
Index

permanent members 31, 313
China as 56
UNFCCC 208, 210, 221, 228
and technology transfer 221, 262
UNFCCC Conference of the Parties 217
‘uni-multipolarity’ 288
uni-polarity 288
unilateralism
avoiding 4
destabilising effects 270
unipolarity, structural imbalance 317
Uruguay Round 30, 81, 100
influence of the emerging economies 21
success 79, 102
US
and the arms embargo 303, 305
carbon dioxide emissions 250
containment strategy see containment
crisis in economic governance 3
domination of global governance 1–4
economic growth 22
energy consumption 247
engagement and cooperation
between China, Japan and 272–4
GHG emissions 202, 203, 220–21
mitigation 218
influence in BRIC countries 313
influence on China–EU relations 304–7, 329–30
monetary polycentrism and 137–8
protectionism 35
quantitative monetary policy 152–3
recession 179
relations with ASEAN 272, 275
relations with China see China–US relations
relationship with the EU 304, 305–6
common economic interests 43, 44
relationship with the UK 34
Taiwan policy 270–71
trade deficit (1960s) 34–5
US hegemony 2, 4, 297
balancing 8, 297, 301
and the Bretton Woods system see Bretton Woods system
and changes to the balance of economic power 30–31
in East Asia 267, 269, 270, 279
and economic policy cooperation 71
erosion 71, 315, 316
comparisons with UK decline in the 19th century 34–41
US MNEs
internationalisation of production processes 35
as market-seeking investors 37–8
US–China Strategic and Economic Dialogue 272
US–Japan alliance 267, 274, 278, 279
strengthening 268–9
Chinese worries and responses 269–71, 279
effect of distrust of China 268–9
USSR
collapse 133
cooperation between the CCP and 16–17
geopolitical position 18, 19
see also Russia
Vestas 260
Vietnam War 18, 26
Volcker, Paul 69
Wall Street crash (1929) 129
‘Washington Consensus’ 3, 143
Washington, George 287
Weigel, George 53
Wen Jiabao 52, 219
West, shift to the East from 125, 311
Western civilisation, Eastern vs. see Eastern civilisation vs. Western civilisation
Western colonisation process 15
Western Europe
development of military spending
and long-distance trade 14–15
domination of global governance 1–4
economic integration see EU; European Economic Community (EEC); Eurozone industrialisation 1, 15 in the late 19th century 31, 32 Western MNEs interest in East Asia 26 internationalisation of production processes 35 wind power in China 225, 235 foreign investment 260 electricity grids and 257 feed-in tariffs 257–8 friction and increasing competition 261 wind power and EU–China CDM cooperation 228, 234–9, 240, 262 70 per cent local content rule 237–8, 240, 261 finance 236–9, 240 technology transfer 237, 238, 240 wind concession system 238, 240, 261 ‘wintelist’ production system 23, 222 World Bank 1–2, 55, 188 China’s accession 19 economic policy cooperation and coordination 67 European and US influence 29 moralistic rhetoric 39 world money international liquidity and 150–52 see also currency world order effect of BRIC 320 nature 317 see also new world order world powers China as 287–8, 300, 312 ‘peaceful rise’ 63, 287 EU as 42, 283–7, 308, 328–9 deployment of power 284–7 meaning of coercion in cooperation see coercion ‘modern’ 284 the world’s China 50, 51–2 balance between China’s world and climate change and 56 European focus 58 focus to China’s world from 51 WTO 5, 29, 79–91, 103 adaptation to multipolarism and rise of emerging powers 80 bilateral trade and 127 Chinese membership 3, 20, 51, 63, 81–2, 86, 141, 300, 327 commitments 83–4, 90 and financial sector reforms 194–5 economic policy cooperation and coordination 67 EU membership 81 EU–China interaction 80–91 future agenda 104 improvements needed 103 leadership role for China 328 role of China in reform 89–90 ‘Single Undertaking’ rule 80, 102–3, 326 WTO dispute settlement system 85–8 attraction 85 EU–China interaction 80–81, 85–8, 91, 327 evolution of actors’ behaviour 86–7 substance of disputes 87–8 timing of disputes 86 use of formal litigation 86 significance of use 88 WTO Doha Development Agenda see DDA ‘WTO plus’ obligations 82 WTO Secretariat, representation of emerging economies 80 WTO-compatible EU–Africa (ACP) trade regime 108–9 Yaoundé Convention 108 Yeo, George 73 yuan convertibility for non-residents 155–6 exchange rate 150 Zhang Baijia 52 Zhou Enlai 18, 112