

# **An Overview of EU–China Relations: From the Race for Energy Security to the Development of Soft Power and Public Diplomacy<sup>1</sup>**

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## **Introduction**

One of the most frequently discussed issues in the global arena has become certainly energy security, and therefore, the big question of the 21<sup>st</sup> century will most probably be the access to raw material markets. The need for oil and gas is growing in parallel with the 'shift to the East'. Asian countries (such as Japan, Taiwan, South-Korea, India and China, each individually) perform huge economic growth, while still a part of the so-called Global South (except for Korea and Japan, noting that both countries are extremely dependent on oil and gas imports), thinks there is a lot (more need) to come. India's population has been steadily growing, while Chinese economy still dazzles the world. In addition, we should not forget that the developed world is also dependent on raw materials – on oil and gas – while the reserves are exhausted.

The energy race, the race for raw materials is simply a diplomatic game until the demand meets with the supply. Behind the curtains, however, a crucial rush started for the newly discovered reserves and towards huge oil exporter countries in hope of future contracts and concessions. In the game 'smart' strategies are badly needed to win, thus, any public diplomacy using soft power in a smart way can add to the successful performance of the given entity, let that be a country or a non-state actor.

In this paper the steps of two entities will be examined in light of this rush, also focusing on their relations: China's definite and determined way versus the European Union's hesitant and vulnerable attempts. While one has the momentum and 'power' to fulfill its future needs, the other has less and less options for new markets. Power in the discussion will be used as Joseph S. Nye (2004, 2011) suggests, i.e. in a broader and more comprehensive way than any actor thought in the course of history when focussing only on either military might or increasing economic strength. The intention here is not to challenge either the realist or the liberal approaches to international relations, but to draw attention to the increasing need in global politics to include other, and explicitly 'softer' elements in the diplomatic game than simply coercion by military means.

Focus hereby is laid only on the chance to bring up the topics of 'energy security' and the 'race for raw materials', and examine the tendencies, but with mentioning China's and the EU's relatively different relations to the oil-exporting countries, as the two ways can be easily recognized, in particular when the question how to foster the "ability to achieve one's purposes or goals" (Nye, 1990: 177) in such a race.

## Diplomatic relations

Before examining the relations between the two entities in detail, a question emerges: why is it important to focus on diplomatic and economic ties? The answer is simple: it has characteristics which determine their different positions in the race for raw materials.

It was in 1975 when the European Union (at that time the European Communities) and the People's Republic of China established diplomatic relations. Until today, despite their differences, the Community and the Asian giant have deepened this relationship by a common aim of building up global strategies. *"Since 1998, an annual EU–China summit is held between European heads of state/government and Chinese leaders to discuss bilateral, as well as global issues and since October 2003 the EU and China have acknowledged each other as 'strategic partners'."* (Casarini, 2006: 7) The diplomatic connections look healthy and intensive between European countries and Beijing while the trade rates also indicate growingly strong ties: *"Since 2004, China has become the EU's second biggest trading partner (after the U.S.) and, according to Chinese sources, the EU has become China's biggest trading partner – ahead of the U.S."* (Ibid.)

It is clear, therefore, that in the past few years relations between Europe and China has deepened, but it is not yet visible that much, whether the common stakes or the conflicting interests will dominate these relations. It is so because behind these numbers and summits there are still a lot of problems and worrying characteristics.

Among the problems we can name the increasingly negative views among the European public due to China's growing economic and military power: Europeans have become much more critical of China and the EU has serious concerns about the human rights situation in Beijing. The Asian giant *"has now overtaken the United States as the greatest perceived threat to global stability in the eyes of Europeans, according to the opinion poll commissioned by the Financial Times. The poll, carried out by the Harris agency [in 2008] found that 35 percent of respondents in the five largest EU states see China as a bigger threat to world stability than any other state."*<sup>2</sup>

Beside close economic connections we have to notice another thing: it is a new trend that because of internal problems (and the lack of integrity) the EU is not a global partner for China. Beijing seeks bilateral connections with each country in the community. It is therefore true that import and export rates are growing and we count them together as EU imports and

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<sup>2</sup> Europeans View China as Biggest Threat to Global Security. Atlantic Review.  
<http://atlanticreview.org/archives/1058-Europeans-View-China-as-Biggest-Threat-to-Global-Security.html>

exports but the community cannot emerge and act as a global power, which can make decisions. (Inotai, 2010) In addition, the new position of the High Representative of the Union for Foreign Affairs and Security Policy held by Lady Catherine Ashton will not solve this problem either. So, as we can see today, while China is a global player, the European Union is just a ‘bunch’ of countries in the international political arena and the countries seek connections on their own – naturally based upon their national interests – instead of forming a single EU strategy for international relations.

This momentum is the main key of EU–China race for raw materials. It is obvious that both China and the EU are in crucial need of oil and gas imports, but while Beijing can act as a global power, looking for its own partners, the Union is unable to build up one single strategy.

China can do this gradually more easily as its ‘new diplomacy’ – including soft power – has been supporting its aspirations to “alleviate fears and reduce the likelihood of other countries allying to balance a rising power.” (Kurlantzick, 2007 cited in Nye, 2011: 89) This approach, as we can realise later on in the arguments, will add a lot to China’s successful and effective steps on, for instance, Central Asian soil (not mentioning its giant steps on the African continent) so that it can diversify its energy imports and transit routes. As Swanström (2007) emphasises, “China is perceived by the Central Asian regimes to be a more trustworthy ally than the West because of its strict adherence to a policy of non-interference in other countries’ internal affairs,” which then could result in the current situation that “it has managed to strengthen its position at the expense of both Europe and the United States.”<sup>3</sup> Obviously, however, as the transforming transnational multipolar world has complexities that challenge each and every stakeholder, and states themselves have been in transition learning the new rules of the game, there are limitations to the use of soft power, and therefore, it should not be mystified either. The first thing to notice and accept (for any of the states of the world) is that “power is less hierarchical in an information age and that social networks have become more important.” (Nye, 2011: 101) So, any state needs to think in the long run in terms of building up and maintaining relationships, thus, they need to create “an enabling environment for government policies” (Ibid, 105) inside and outside the realms of the state.

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<sup>3</sup> <http://www.worlddialogue.org/content.php?id=402>

## The need for oil

Both Europe and China are in need of further amounts of raw materials while their present partner countries (especially Russia and countries in the Middle East) are the same, which might predict future conflicts. In this game Europe is naked because, for example, Russia (one of the biggest partners of the Union) wishes to expand sales to China (where the demand of the enormous economy is expected to grow) to reduce its dependency on European markets and also to gain a better position to negotiate with Europe.

The economy of the People's Republic of China is now the second largest in the world, following only the performance of the United States. China is the fastest-growing major economy in the world. Over the past 30 years it has had an average annual GDP growth rate of over 10 percent. To keep this enormous economy going a lot of energy is needed. China's need for energy is projected to increase by 150 percent by 2020. To maintain this enormous growth China requires increasing amounts of oil. The country's oil consumption grows by 7.5 percent per year, seven times faster than that of the U.S. and the ability to provide its own needs is limited by the fact that its proven oil reserves are immensely tiny in relation to its consumption and future needs. (Vörös, 2011) China's oil consumption in 2011 is approximately 8.5–9 million bpd (barrels per day). According to the Energy Information Administration (EIA), the country's oil demand will reach 14.2 million bpd by 2025. That same year, net imports are expected to reach 10.9 million bpd. And even if Chinese authorities decided to invest heavily in renewable energy sources as well, the share of oil in the country's energy consumption will grow steadily.

On the other hand, though the EU's need for energy is not going to increase that much, the community is desperately dependent on oil imports. And even if numbers are not growing that rapidly, they are already high. At the beginning of the 1990's, major oil consumer countries in the Community (Germany, France, Italy, the United Kingdom, Spain, Belgium, the Netherlands) used about 10.5 million bpd. Today, the EU's oil consumption is at around 15 million bpd – in a Community with 21 additional states than those six. It is obvious that Europe is cutting its consumption of oil. The Community is extremely active in reduction, but still dependent on oil: The Union imported at around 9.8 million bpd in 2005 and this number is expected to grow to 12.6 million bpd by 2012 – an increase of 29% over 7 years... (Meams, 2006) By 2030, 90% of EU oil consumption<sup>4</sup> will have to be covered by imports. Because of

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<sup>4</sup> Geopolitics of EU energy supply. EurActiv. <http://www.euractiv.com/en/energy/geopolitics-eu-energy-supply/article-142665>

these expectations, several European committees called for reduction of oil demand because of environmental problems and of course because of “the growing difficulties of obtaining secure access to diminishing global resources of oil.”<sup>5</sup>

### **Lack of raw materials**

It is a constantly repeated sentence that the world is running out of crude oil and gas. The one we do not know is its timeline: when is it going to happen – but, if we think it through, by the time we ran out of these raw materials, the world will face a great crisis for years. As the main point is the balance of the demand and the supply. Until the producer countries can increase their exports to meet the needs, the lifestyle of humanity is in safe. But as Campbell and Laherrère (1998) noted in their article, “*about 80% of the oil produced today flows from fields that were found before 1973, and the great majority of them are declining*”. The world’s oil consumption is roughly between 85–90 million bpd<sup>6</sup> and the demand has been increasing at 3% per year<sup>7</sup>. Geologists think half of the recoverable oil is now gone, but experts say, it is hard to estimate the real amount of the reserves because the oil companies keep presenting fake details: as L. F. Ivanhoe noted few years ago, “*the former Soviet states are still reporting the same amount of oil reserves they had 10 years ago.*”<sup>8</sup>

However, it is obvious that in a few decades demands will outgrow supply, the oil-wells will run out of steam in several regions and only a few countries will be able to get the oil amounts they need. This race has begun, and even if new (and more expensive) technics will be introduced to get more oil – we are in the final phase.

Naturally, when we talk about global games we should not forget about the United States (In 1993, the United States consumed roughly 16.8 million barrels of oil a day. In 2003, that number increased 16% to 20 million barrels a day) (Nunnally – Bottarelli, 2007) or the growing needs of India, so it is clear, this race is going to determine the upcoming new multipolar world order. All of the emerging actors, as Tarrósy (2011) underlines, “need to be taken seriously, not just individually for their own sake, but rather in wider contexts. ... all the bi-, tri- and multilateral types of South–South and North–South co-operation need to be

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<sup>5</sup> European demand for oil must be reduced by over 50% by 2050! Europa.eu.  
<http://europa.eu/rapid/pressReleasesAction.do?reference=CES/09/1>

<sup>6</sup> Energy Statistics. Oil Consumption. NationMaster.com. [http://www.nationmaster.com/graph/ene\\_oil\\_consumption-energy-oil-consumption](http://www.nationmaster.com/graph/ene_oil_consumption-energy-oil-consumption)

<sup>7</sup> Understanding our physical limits. The Oil Depletion Resource Page.  
<http://www.gulland.ca/depletion/depletion.htm>

<sup>8</sup> Has Production Peaked? Bulls and Bears Duel Over Supply. The Oil Depletion Resource Page.  
<http://www.gulland.ca/depletion/peakaapg.htm>

analyzed in the global arena as such for they hold implications for the entire system.” (Tarrósy, 2011: 29)

### **Common sources**

We do not need special reports to note that both China and the European Union import oil and gas from approximately the same sources. In our paper we are going to focus on four of them, Africa, Russia, Central Asia and the Middle East, given that the last three ‘regions’ are extremely important for both entities.

Driven by its focus on economic growth, and the need to find the necessary resources to fuel that growth, China has become increasingly active not only in its own neighbourhood but also much further afield. China is spreading its influence and investments across Africa, it has built increasingly close ties with several Latin American governments, seeks connections in the Arab World, tries to be a dominant player in Central Asia, as well, and signed oil and gas contracts with Russia. China imports oil from the Middle East (50%), Africa (30%) and other parts of the world according to data from 2009.<sup>9</sup> Also, according to figures “*the top 10 sources of the China’s imported oil are Saudi Arabia, Angola, Iran, Russia, Sudan, Oman, Iraq, Kuwait, Libya and Kazakhstan. Experts said that the sources of the country’s imported oil are too concentrated, and those areas are experiencing political instability.*”<sup>10</sup>

Chinese experts points out that “*as strategic resources, oil supply is closely related to national energy security and the country should cut its crude oil import dependence through a number of ways including cutting oil consumption, finding a new replacement for oil, stepping up overseas purchases and developments of oil, and [what is really important according to our topic and seems to be in the focus of the energy policy of Beijing is] promoting the construction of the oil pipes to diversify sources.*”<sup>11</sup>

On the other hand, in 2000, the EU’s oil consumption was covered from the Middle East (32%), Africa (19%), Russia (and Russian interests 16%) and Europe (mostly Norway; 32%). Since then, the North Sea region (Norway, the UK and Denmark) peaked at around the Millennium (UK in 1999, Norway in 2001 and Denmark at around 2005) so the oil from these countries declined, forcing the Community to find additional sources, the production declined overall at 8% in 2005 (Meams, 2006). So, until 2002 the North Sea was the biggest source of

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<sup>9</sup> China: Oil. US Energy Information Administration. <http://www.eia.doe.gov/cabs/China/Oil.html>

<sup>10</sup> China’s crude oil import dependence exceeds 50%, raises security concerns. Global Times. <http://business.globaltimes.cn/china-economy/2010-03/517059.html>

<sup>11</sup> Ibid.

oil for Europe, but since then, the former Soviet Union, and in particular Russia, has become the EU's largest source of oil imports overtake the Middle East as well. In the past this region (Middle East) was the largest exporter of Europe but since the Millennium the volume of import has declined.<sup>12</sup> Nowadays, the EU consumes oil originating from the former Soviet Union (42.5% – Russia gives 30%), Africa (20.9%), the Middle East (17%), Europe (16%) and other parts of the world (3.5%).<sup>13</sup>

China and the EU are bumping up against each other in more and more parts of the world.

### *Africa*

*“Taking into account Sino-Africa relationship and prosperous oil trade, some western governments and experts think that this relationship in recent years will indicate Sino-Western energy conflicts,”* notes a Chinese student (Zhang, 2009). But the truth is, that even if there will be a massive conflict between the two sides, it will not happen because of African oil. Basically, the main sources are different and because of evident geological conditions (giving priority to the closest and easiest ways of transferring oil) and growing production rates, both sides will find its own calculations. Here, we have to note that, for example, Nigeria can be a hot issue for U.S.–China relations given that Beijing is really interested in future concessions in the West African nation. As for future contracts for newly discovered oil fields or additional amounts, China is in a better position, the Asian giant is a much more trusted partner across the continent than the EU. The reason is their Africa policy which is more successful than western solutions and help.<sup>14</sup> According to a poll by BBC World Service in 2010<sup>15</sup>, China has an undoubtedly net positive image across the African continent, compared with Europe's rather neutral or even poor performance. As for recent connections, the “Chinese partners” are Angola, Chad, Equatorial Guinea, Gabon, Nigeria and Sudan, while the EU imports are mostly from Lybia, Nigeria and Algeria.<sup>16</sup>

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<sup>12</sup> Russia has become the main source of oil imports to Europe. Intertanko.  
<http://www.intertanko.com/templates/Page.aspx?id=43551>

<sup>13</sup> Registration of Crude Oil Imports and Deliveries in the European Union (EU27). European Commission.  
<http://ec.europa.eu/energy/observatory/oil/doc/import/coi/eu-coi-from-extra-eu-2010-01-08.pdf>

<sup>14</sup> See: Vörös, Z. (2010): *Segíti-e a fenntartható fejlődést Kína afrikai szerepvállalása.* In: Tarrósy, I. (ed.) (2010): *Fenntartható Afrika.* Pécs: Publikon Books. pp. 105–150.

<sup>15</sup> [http://news.bbc.co.uk/2/shared/bsp/hi/pdfs/170610\\_bbcpoll.pdf](http://news.bbc.co.uk/2/shared/bsp/hi/pdfs/170610_bbcpoll.pdf)

<sup>16</sup> Registration of Crude Oil Imports and Deliveries in the European Union (EU27). European Commission.  
<http://ec.europa.eu/energy/observatory/oil/doc/import/coi/eu-coi-from-extra-eu-2010-01-08.pdf>

## ***Russia***

The EU and Russia are highly interdependent in terms of energy trading: the Community needs oil, Russia needs buyers because their oil fields are landlocked and nearly the only way was to sell their own oil reserves to Europe. “*As energy security becomes an increasingly important issue, the strategic significance of the energy relationship between Europe and Russia is growing.*” (Koyama, 2009) In recent years, however, two series of events have affected this relation: the financial crisis and the Ukrainian ‘price-war’. “*As energy prices and oil and gas demand in Europe declined because of the economic recession, profits from oil and gas export plunged in Russia, which is a big cut for Russian economy*” (Ibid.), therefore, they accelerated building new partnerships, especially with Beijing. Furthermore, the disputes between Russia and the Ukraine results from time to time in the disruption of gas supply, which is obviously a problem for both sides.

For Russia, an emerging Chinese economy is a way out from decline and by diversifying exports, it can gain extra profit. Russia, in close co-operation with Chinese companies, started to build a pipeline to China, as well as to the coast to be able to diversify oil exports—these steps will help Russia to extinguish dependence on the European market. Another example of future co-operation, which is in fact not good news for the EU, is a 25-billion dollar deal from China to Rosneft and Transneft and a 20-year contract on oil deliveries: the diversification process of Beijing seems successful.<sup>17</sup>

As we can see, while Russia stepped in to replace declining European sources a decade ago, now Europe will have to find another extra source. “*According to the official projections of the Russian ‘Energy Strategy 2020’, the huge supplemental gas demand in Europe will not likely be matched by Russia.*” (Harks, 2004) “*Russia aims to ship 30 million tons of crude oil to the Asia Pacific region per annum, and in the future could raise that to 50 million tons.*”<sup>18</sup> Thus, Europe will have to turn towards new exporter countries and towards the Middle East for additional import amounts.

## ***Central Asia***

Beside the Middle East region there is one territory in the world where the production is going to grow in the upcoming years: Central Asia, former Soviet Union states. These five

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<sup>17</sup> Rosneft President Sergey Bogdanchikov Joined Russian Delegation on a Visit to China. Rosneft. [http://www.rosneft.com/news/news\\_in\\_press/23042009.html](http://www.rosneft.com/news/news_in_press/23042009.html)

<sup>18</sup> Test run of Russia China pipeline successful. Allvoices.com. <http://www.allvoices.com/contributed-news/7213929-test-run-of-russia-china-pipeline-successful/content/64226523-the-russia-china-oil-pipeline-will-connect-the-world-s-biggest-gas-producer-with-the-world-s-largest-energy-consumer>

countries (Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan) found themselves in the center of superpower attention, in terms of geopolitical importance. Russia, China, the United States, India, Iran and Turkey try to secure the oil treasure, which could further diversify their imports (in the case of China, India and the U.S.), or could raise their importance as oil exporter (in this case: transit) countries (Russia, Iran and Turkey). Most of the fields are in Russian hands, but the named countries are also interested in producing oil, and these countries are certainly in the focus of geopolitical developments. Europe can only reach these stocks via transit countries, this is why Turkey and Russia are so interested in Central Asia, to sell oil to Europe.

The strategic importance of abundant oil and gas resources in Kazakhstan and Turkmenistan has increased. The method, routes in which the transit country used to export these land-locked resources will have critical importance in terms of politics, economic security and energy geopolitics for all stakeholders. *“To grasp control, Russia is striving to enclose the resources in Central Asia by making sure that oil and gas from the region are exported through Russian infrastructure where possible.”* (Koyama, 2009) And for Europe, this is the only manageable way.

Meanwhile, China is focusing on expanding imports from Central Asia and is taking actions, such as constructing pipelines, in order to diversify import source (to ease the dependence on oil from the Middle East) and to gain a better position to negotiate with Russia. *“Central Asian countries, fully recognizing the situations, are developing strategies to maximize their national interests.”* (Koyama, 2009)

As the situation stands right now, the expansion of the production and export of oil and gas in Central Asia, together with the question with regards to which regions and by which routes oil and gas are exported will critically influence the supply/demand balance and stability of the global energy market.

In addition, to be able to understand the stakes in Central Asia: while Russia has the main oil fields, China becomes the closest partner to these countries with helping them with several aid and development policies: the region means the path for China to get access to resource-rich Iran. The U.S., at the same time, is also in the region via military bases backing Afghanistan operations and also hungry for Central Asian oil. Europe is hardly playing in this game, and can only get oil from the region via Russian infrastructure. India also stepped in the picture, referring to its close connections in the past with actors from the region.

China's strong interest to contribute to the creation of a stable Central Asian community via the Shanghai Co-operation Organisation and/or via bilateral agreements with

countries of the region is clearly seen. “The current authoritarian climate in Central Asia also gives China [and Russia] leeway in influencing and supporting the ruling regimes from which the West has distanced itself” (Swanström, 2007). In this respect China’s use of its soft power, for instance, in the form of promoting Chinese culture and the Confucian heritage across the region will help develop an even larger degree of trust both in political and economic terms.

### ***Middle East***

As Mustafa Balat notes in his paper, “*the Middle East has over half of the world’s proven oil reserves (65%), and remains the center of gravity in the global oil market.*” (Balat, 2006) The region’s major oil producers – Saudi Arabia, Iran, Iraq, Kuwait, the UAE, Oman and Qatar – produces approximately 22 million bpd of crude and condensate.

The Middle East will invariably play a pivotal strategic role in delivering the much needed oil to the consumers: currently over 60% of exports from the Middle East is destined for Asian markets.<sup>19</sup> “*The geographical proximity of the two regions, growing Asian supply deficit and absence of alternative sources for Asian countries will result in an even larger share of eastern sales for Middle East Oil.*”<sup>20</sup>

But the region will become strategically important for Europe because of reasons mentioned earlier: a moderate role in Africa, declining in the North Sea region, and problems with Russian partnership. “*EIA projections call for worldwide production totaling 122 million bpd by 2025, an increase of 37 million bpd over 2006 production levels.*” (McLean, 2006) And the reason why the EU will have to turn back to this region: the majority of this increase is expected to come from the Persian Gulf countries (18 million bpd, 50% of total supply additions). So, the region has the potential to feed growing European needs.

“*China is relying too much on the Middle East since more than 50 percent of China’s imported oil is from this area. In addition, China’s transpiration of oil relies on the Straits of Melaka and once the strait is attacked, the country’s oil transportation will be threatened, according to analysts*”<sup>21</sup>, so, it is obvious why Beijing would like to diversify oil imports and why they would like to cover additional needs from different sources.

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<sup>19</sup> Middle East Crude Oil Production And Exports. Middle East Economic Survey. <http://87-85.netway.com.cy/postedarticles/oped/a46n40d01.htm>

<sup>20</sup> Ibid.

<sup>21</sup> China’s crude oil import dependence exceeds 50%, raises security concerns. Global Times. <http://business.globaltimes.cn/china-economy/2010-03/517059.html>

The plans the two chosen powers about this region are rather different: “*with declining North Sea oil production and stagnating Russian oil exports from the Baltic area*”<sup>22</sup>, and it is Europe who will have to take more oil from the Middle East, while Beijing tries to reduce the share of the region’s oil in their import amounts.

### **Chinese soft power on the rise**

Since the development of the concept in the early 1990s substantial scepticism has led to attempts to reject ‘soft power’ as such, as many critics departed any of their arguments – including Ramo (2009) – saying that “armies weren’t stopped by even the deepest cultural affinity.”(Ramo, 2009: 76–77) The father of the concept, Joseph S. Nye (2011) is right when he states that “soft power is not a form of idealism or liberalism. It is simply a form of power, one way of getting desired outcomes.”(Nye, 2011: 82) As opposed to the ‘harder’ side of power (military or economic might), soft power is about how to make the given country (or other stakeholder in the web of interconnectedness, let that be an NGO or a multinational corporation) attractive, trustworthy, persuasive in global politics; or in general terms, how to transmit an image to publics at large that the given country is seen positive in the eyes of many. Any soft power attempts, built in the public diplomacy machinery of the country can be successful if the country has the necessary credibility to perform its activities of persuasion. Drawing upon the works of Nye (2004) and Lampton (2008), we arrive at the combination of soft and hard power in a ‘smart-power’ approach, which, as Lampton puts it, “points to the need for an effective nation to use all forms of power available in an optimal mix to address a problem.”(Lampton, 2008: 10) As for the elements of soft power, there have been ongoing debates what can be included, but the majority of analysts and academics agree that the spectrum ranges from social values such as freedom and civil liberties, human rights, to media (the film industry, movie stars, the printed press), to education (especially universities) and culture, sports and fashion.

Following the arguments of Salát (2010), China’s declared position on the use of soft power is rooted in its long-term traditions and history. One of the most known examples of the confrontation of soft and hard is the duality, or dichotomy of *yin* and *yang* – *yin* as the more female, soft and passive, *yang* as the more male, hard and active. To be able to achieve plenitude, both are needed – one of them without the other is insufficient to reach the state of

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<sup>22</sup> Russia has become the main source of oil imports to Europe. Intertanko.  
<http://www.intertanko.com/templates/Page.aspx?id=43551>

completeness. In the course of the history of Chinese thinking, along the basic lines of Confucianism, the “barbarians” around the Middle Kingdom (i.e. any other country outside China) should not be conquered but persuaded to follow the Chinese rulers because of the moral and cultural superiority (and attractiveness) of the country. In the words of Nye (2004), “seduction is always more effective than coercion.”(Nye, 2004: x)

In the last decade the Chinese Academy of Sciences (CAS) has been conducting a research about how to improve Chinese soft power, as after the first and second generations of party leaders ranging from Mao Zedong to Deng Xiaoping, the new political elite led by Jiang Zemin, Hu Jintao and Wen Jiabao pay more attention to soft power approaches while positioning China in the global arena. In a document entitled *China Modernization Report 2009* the modernization of cultural life was put high on the agenda. The basis for convincing Chinese leaders and party officials was to show the performance of China in the fields of cultural supply and consumption, cultural competitiveness and cultural influence. As far as the modernization of cultural life is concerned, which “means a nation’s ability in meeting current demands of cultural life and the cultural consumption level reaching or maintaining the world advanced level”<sup>23</sup>, China has been lagging behind a number of countries – actually was ranked 57<sup>th</sup> out of the 131 countries measured. China did perform badly in the cultural production index but well in the cultural dissemination index. Although it is taken for granted that any influence is relative, the cultural influence of China in the last couple of years has been steadily growing – in 2005 it was ranked 7<sup>th</sup> in the world.<sup>24</sup> Soft power has therefore become embedded in party thinking and leadership rhetoric, moreover, it has been developed as a cornerstone of present-day Chinese politics – both in the national framework and in foreign affairs terms. All these were strengthened by the keynote speech of President Hu Jintao at the 17<sup>th</sup> National Congress of the Communist Party of China on 15 October 2007. President Hu underlined that “culture has become a more and more important source of national cohesion and creativity and a factor of growing significance in the competition in overall national strength,” therefore, the party must “enhance culture as part of the *soft power* of [the] country to better guarantee the people’s basic cultural rights and interests.”<sup>25</sup>

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<sup>23</sup> [http://en.chinagate.cn/dateorder/2009-02/24/content\\_17327414\\_5.htm](http://en.chinagate.cn/dateorder/2009-02/24/content_17327414_5.htm)

<sup>24</sup> In 2005, the Top 10 countries in the evaluation of cultural influence index were: the US, Germany, England, France, Italy, Spain, China, Canada, Japan and Belgium. See: [http://en.chinagate.cn/dateorder/2009-02/24/content\\_17327414\\_5.htm](http://en.chinagate.cn/dateorder/2009-02/24/content_17327414_5.htm)

<sup>25</sup> <http://english.peopledaily.com.cn/90002/92169/92187/6283148.html>

## Concluding remarks

Nye (2011) draws attention to the current trends in the development of soft power among the major centres of gravity in global politics by saying that “China is far from America’s or Europe’s equal in soft power [at present], but it would be foolish to ignore the gains China is making” (Nye, 2011: 90). China is driven by its national interests at least in terms of (1) increasing its energy security; and (2) diversifying its energy imports and transit routes. To be able to succeed with both it is useful to show not only its two faces of (hard) power, i.e. military and economic might, but its “third face”, which is closely connected with how to win the “hearts and minds” of any of the population and governments it establishes co-operation with. China has been building up a strategy of an effective combination of all kinds of power to be able to win the case – as shown in this paper, the case of energy, and that of raw materials. How to use all kinds of power in a ‘smart’ way is therefore closely related to ‘smart public diplomacy’, and long-term thinking about when to choose which tactics to be successful. For stabilizing the global oil (energy) market and minimizing conflicts between the importer countries it is required to “*promote cooperation and investment in the resource-rich [exporter] countries like Russia and Central Asian countries. In addition to that, energy consumer countries need to enhance cooperation and investment to promote energy efficiency improvement and diversification of energy supply sources.*” (Koyama, 2009)

The diversification and more likely the change to renewable energy sources are indispensable for further growth. With deep co-operation, together with further trade ties, the possible conflicts zones and areas can be demolished and turned into co-operative connections, but both sides will have to give up some of their aims to reach this situation.

All these events in these regions will show us the real significance of EU–China relations but at this point it is obvious that in the race for additional resources China is ahead of the EU which can affect bilateral connections. For a few years now it is obvious that power is shifting from west to east, and that the world is becoming multipolar. We are part of a transition from the unipolar world order of the 1990’s, which was dominated by the U.S., to a more complex international system in which several poles – including Brazil, China, the EU, India, Japan and Russia – have weight or the potential to develop it. And even the public opinion is, let us say, against deepening connections, the world’s democratic powers, so as the EU, may not want to form an alliance against China, and may wish to lay even more emphasis on convincing the potential partners and their populations about goodwill and positive contributions, which, then, in exchange might result in better positions in the global arena.

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