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GESTURING TOWARD COOPERATION

Xi's visit brings world's largest developing country and EU closer







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Cover Photo: Chinese President Xi Jinping

speaks to journalists in Berlin on March 28

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EDITOR'S DESK

Becoming Superpartners

Imagine a free trade area that covers 29 countries representing one third of the world's GDP. No longer just a wild dream, this is now a long-term goal that China and the European Union (EU) have pledged to pursue.

In a joint statement issued during Chinese President Xi Jinping's recent visit to the EU headquarters in Brussels, the first by a Chinese head of state, the two sides vowed to advance ongoing negotiations on an investment agreement. The agreement is expected to prelude a comprehensive free trade pact.

Given their strong commitment to making progress together—which was reaffirmed throughout Xi's just-concluded trip to Europe—China and the EU look poised to accomplish their goals. The realization of free trade is always an uphill battle. Even the United States has encountered myriads of difficulties when negotiating its own free trade agreement with the EU—the Transatlantic Trade and Investment Partnership. But considering how far China and the EU have come despite their vast differences, there is reason to be optimistic.

This ambitious vision was unthinkable only a year ago when China and the EU were embroiled in a bitter row over solar panel imports from China. Instead of letting the dispute escalate into a full-blown trade war, they came up with an amicable solution by setting a minimum price for panels—a breakthrough that set a good precedent for the resolution of trade disputes. It also showed that the two sides are willing to cooperate and compromise for their common good.

By the same token, they will forge ahead with investment agreement negotiations with a focus on investment protection and market access. They must also collaborate to resolve other pressing issues such as the EU's recognition of China's market economy status and restrictions on the exports of hitech products to China before going on to discuss free trade.

Trade is only one of the testaments to the cooperative spirit at work in China-EU relations. Their collaboration has long transcended the business sphere to make an impact on global issues ranging from counter-piracy to climate change. From a cultural perspective, it may be argued that their across-the-board cooperation is grounded in a shared belief in the time-honored philosophy of harmony in diversity. With this idea in mind, they may become superpartners committed to world peace and development some day, instead of superpowers that seek to dominate international affairs.

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THIS WEEK



A DAY FOR REMEMBRANCE

Children at a kindergarten in Suzhou, Jiangsu Province, learn to make Qingming cake on April 2. Green Qingming cake, made of sticky rice and wormwood juice, is a special offering made to worship ancestors. During the period of the traditional Qingming Festival, or Tomb-sweeping Day, which falls on April 5 this year, Chinese people mourn their ancestors and other deceased relatives.

THIS WEEK SOCIETY



No Words Today

People in Xi'an, capital of northwest China's Shaanxi Province, wear masks with "No Words Today" printed on to express their support for autistic children on April 2, World Autism Awareness Day. China now has more than 1.6 million children with autism, according to researches.

PX Controversy

The construction of a petrochemical plant in Maoming in south China's Guangdong Province will be halted if the majority of residents object to it, the municipal government has announced.

"We are at a stage of disseminating information relating to the paraxylene (PX) project," a municipal government spokesman told Xinhua News Agency on March 31 anonymously, adding that the local government would not go ahead with the project without consulting the public.

More than 1,000 locals staged protests on March 29 and 30 in front of the government building to express their objection to the project.

Since 2007, PX projects planned in Xiamen in Fujian Province, Dalian in Liaoning Province and Kunming in Yunnan Province have been shut down after residents protested, as they believed that the facilities would threaten the local environment. PX is a material used for making a number of polyester products.

Maoming is a major Chinese petrochemical production base. The PX project was approved in 2012 with an annual production capacity expected to meet 600.000 tons.

Carbon Trading

Central China's Hubei Province launched the country's sixth carbon trading scheme on April 2.

The scheme covers 138 companies in 12 high pollution industries, including power generation and steel, which have been given a combined carbon emission quota of 324 million tons for this year, the Hubei Carbon Trade Exchange said in a statement.

Under the trading program, those which emit below their quotas can sell

BLOSSOM **SFASON**

Tourists view flowers at the Flower Birthday Festival, or Flower God Festival, which kicked off at the Xixi Wetland in Hangzhou, Zhejiang Province, on April 2



their excess to other enterprises or investors for profit. Hebei is the first place where the government has sold reserve quotas. About 2 million tons of carbon have been sold at a price of 20 yuan (\$3.22) per ton.

The exchange also signed carbon trading agreements with other provinces including Shanxi, Anhui, Jiangxi and Guanadona.

The scheme is a big step forward for China in building a nationwide carbon trading market, with an expectation of 40- to 45-percent reductions of 2005's emissions slated for 2020.

Terrorists Arrested

Four suspects from the Kunming terror attack have been arrested for the crimes of organizing, leading, taking part in a terrorist attack and intentional homicide, the Yunnan provincial procuratorate said on March 29.

A group of knife-wielding assailants attacked civilians at a railway station in Kunming, the provincial capital of southwest China's Yunnan Province, on the evening of March 1, causing 29 deaths and injuring another 143.

Police shot and killed four of the attackers at the station. The other four were captured and detained by police on March 3.

Care for Elderly

China on March 28 established its first government-sponsored national fund specially designed for aged parents who have lost their only child.

The fund, which has raised donations worth more than 10 million uuan (\$1.61 million), will be under the direct supervision of the Ministry of Civil Affairs.

It will offer life assistance and psychological counseling to these elderly with financial difficulties by giving aid directly or through communities and nursing homes, according to Han Xuechen, director of the fund.

The fund is currently sponsoring pilot programs in cooperation with a subdistrict in Beijing and the earthquake-hit Beichuan County in southwest China's Sichuan Province, according to Han.

If successful, the plan is for the program to be gradually expanded.

China is undergoing a fast transfor-

mation and 202 million, or 14.9 percent of the total population, were aged 60 or above at the end of 2013, said Vice Minister of Civil Affairs Dou Yupei.

This number is expected to exceed 300 million by 2025, and a large number of them will also lack children and need special care from society, according to Dou.

Logging Ban

Heilongjiang Province in northeast China will ban commercial logging of its natural forests from April 1.

The measure was important in restoring the nation's forest resources and insuring ecological security, said Zhao Shucong, chief of the State Forestry Administration.

He said that industries such as tourism and green agriculture should be developed as substitutes for logging.

Heilongjiang is home to 18.5 million hectares of state forests.

Ocean Regulation

China will issue a policy on regulating the country's maritime area commercial use via tender. auction or listings in 2014, said the State Oceanic Administration (SOA) on March 31.

According to a SOA guideline on sea area management in 2014, it will improve the system of maritime property deals and jointly release a mortgage policy on the right of maritime use with the central bank.

The administration will make utmost efforts to complete the establishment of county-level oceanic "The logging ban in Heilongjiang ends more than 100 years of excessive exploitation of forests."

> Zhao Shucong, Administrator of the State Forestry Administration



functional zones and improve a threetier oceanic zone system including national, provincial and city and county levels, the guideline said.

The SOA will also tighten implementation of the country's sea reclamation plan. establish a multilevel coastal protection mechanism, and promote the protection and use of provincial-level coastlines.

CAS Ranking

The Chinese Academy of Sciences (CAS) topped the Asia-Pacific region in the Nature Publishing Index (NPI) released on March 27. a benchmark for research success and achievement.

The CAS was ranked sixth in the NPI 2013 Global Top 200, up eight positions from the previous year. The

University of Tokyo was ranked eighth in the global list and second in the Asia-

A woman displays how to operate a piece of

medical equipment at the 26th International

On March 31, the Chinese Government unveiled a new regulation on the supervi-

Under the new rule, medical equipment

The regulation will come into effect on

in China will be registered and divided into

health risks they might pose to the public.

three categories based on the potential

Medical Instruments and Equipment

Exhibition in Beijing on March 21.

sion of medical equipment.

June 1.

Pacific region. The CAS published 165 articles in Nature, a well-known scientific journal, in 2013.

University of Science and Technology of China, affiliated with the CAS, ranked 57th in the global list and tops the Chinese universities on the list.

Harvard University, Massachusetts Institute of Technology and Stanford University, all in the United States, were the top three on the global list.

The NPI ranks institutions according to the number of primary research articles they publish in the Nature journal, regarded as a pre-eminent platform for publication of international research.

Heavy Rain

Local residents make their way through a flooded street in Foshan City, Guangdong Province, on March 31.

Rain and hail had hit south China since March 29, triggering landslides in mountainous areas.

At least 21 people had died and four had been reported missing by April 1, according to the Ministry of Civil Affairs.

More than 1 million people were affected across the six provincial-level regions of Fujian, Jiangxi, Guangdong, Guangxi, Hunan, Guizhou and Chongging.



THIS WEEK ECONOMY

More Quotas

China granted new investment quotas of 29 billion yuan (\$4.7 billion) to qualified foreign institutional investors (QFIIs) in March as the country moves cautiously to encourage capital flows.

Of the quota, \$1.45 billion was granted to six investors under the QFII program, and 20.1 billion yuan (\$3.24 billion) was made to renminbi-denominated qualified foreign institutional investors (RQFIIs), according to data from the State Administration of Foreign Exchange.

China's currency, the yuan, is convertible for trade purposes under the current account, while the capital account, which covers portfolio investment and borrowing, is still largely controlled by the state over concerns of abrupt capital flows moving in and out of the country.

To gradually open the capital account, QFII and RQFII programs were introduced, under which foreign investors are given a certain quota to move money into China's capital account, to encourage flows.

As of March 28, 241 overseas institutions have received QFII quotas amounting to \$53.6 billion, and the volume under the RQFII scheme totaled 200.5 billion yuan (\$32.3 billion).

PMI Expands

The purchasing managers' index (PMI) for China's manufacturing sector rose to 50.3 percent in March, up from 50.2 percent in February.

It is the first month-on-month rise



CURRENT DEVELOPMENTS

An engineer tests equipment at Tianjin Haitai Integrated Filling Station, which has the facilities to recharge electric cars



Surviving the Drought

An agricultural technician plants tomato seedlings on Longyun Farm in Xiangyun County of Dali Bai Autonomous Prefecture, Yunnan Province.

To ensure normal plantation of agricultural crops in the drought, the local government has established a large plantation and processing park to produce quality agricultural products. Xiangyun has finished planting 8,000 *mu* (533 hectares) of greenhouse vegetables such as Chinese cabbage, pimento and tomato, with water consumption reduced by 30 percent.

since November, according to a statement jointly released by the National Bureau of Statistics (NBS) and the China Federation of Logistics and Purchasing.

The index shows China's manufacturing sector is stable, said Zhao Qinghe, a senior analyst with the NBS, who attributed the rise to the resumption of production and business after the Spring Festival holiday (January 31-February 6).

Meanwhile, the PMI for the nonmanufacturing sector stood at 54.5 percent in March.

Surging External Debt

China's outstanding foreign debt had hit \$863.2 billion by the end of 2013, up 17 percent over the previous year, data from the country's forex regulator showed on March 31.

Of the total outstanding external debt, registered external debt reached \$526.7 billion, while the balance of trade credit between businesses amounted to \$336.5 billion.

Most of the debt owed to foreign creditors resulted from short-term borrowing, as outstanding external debt with a term of one year or less amounted to \$676.6 billion, while longand medium-term outstanding external debt came in at \$186.5 billion.

In terms of currency structure, debt denominated in U.S. dollars accounted for 79.6 percent of the outstanding registered external debt, and that in euros and Japanese yen accounted for 5.54 percent and 5.02 percent, respectively.

Preliminary calculation showed China's foreign liability ratio of 9.4 percent, debt-to-GDP ratio of 35.59 percent, and debt-service ratio of 1.57 percent were all within the internationally recognized safety range.

Rare Earth Exchange

China's first rare earth products exchange opened on March 28 in Baotou, Inner Mongolia Autonomous Region after a three-month trial.

The Baotou Rare Earth Products Exchange is expected to regulate the country's rare earth market, improve the way prices are formed and promote development of the industry, said Jia Yinsong, an official from the Ministry of

THIS WEEK

Music to the Market's Ears

A foreign visitor appreciates traditional Chinese instruments at the Eighth China Henan International Investment and Trade Fair opened in Zhengzhou, capital of central China's Henan Province on April 1.

The fair attracted more than 6,000 businessmen from both home and abroad.



Industry and Information Technology.

The exchange will introduce three spot transaction modes, namely price bidding, listed trading and realtime trading online, with more than 10 trading items including cerium oxide, praseodymium-neodymium oxide and europium oxide.

The exchange was initiated by Baotou Steel Rare Earth (Group) Hi-Tech Co., China's leading rare earth producer, and another 11 firms and institutions with a registered capital of 120 million yuan (\$19.32 million).

Tax Credit Prolonged

Tax breaks for small and micro-sized firms will be extended till the end of 2016, the State Council announced on April 2.

The State Council is also considering raising the tax threshold significantly above the current level of 60,000 yuan (\$9,666). The statement that followed the State Council's meeting on April 2 said that small and micro businesses are vital to employment and revitalizing the market.

The policy that a company with annual taxable income under 60,000

NEW ENGINE

Workers produce 1.0-liter turbocharged engines at Changan Ford Mazda Automobile in southwest China's Chongqing



yuan would have its business income tax halved during 2012-15 was made in 2011.

Trade With HK, Macao

The Chinese mainland's trade with Hong Kong totaled \$46.92 billion in the first two months of the year, slumping 21.4 percent year on year, the Ministry of Commerce (MOFCOM) said on April 2.

The mainland's exports to Hong Kong dropped 20.9 percent year on year to \$45.27 billion during the January-February period. Hong Kong's exports to the mainland totaled \$1.65 billion, down 33.2 percent year on year.

Mainland authorities approved 1,393 Hong Kong-invested projects during the period, a year-on-year decrease of 3.5 percent. Hong Kong's investment on the mainland increased 22.4 percent year on year to \$12.7 billion during the period.

As of the end of February 2014, mainland authorities had approved a total of 362,291 investment projects from Hong Kong, with a paid-in capital of \$678.37 billion. Hong Kong's investment had accounted for 47.9 percent of the mainland's total inward overseas direct investment.

Trade between the mainland and Macao decreased by 16.5 percent year on year to \$480 million during the first two months of the year, according to the MOFCOM.

The mainland's exports to Macao dropped 5.7 percent year on year to \$440 million during January and February. Macao's exports to the mainland totaled \$40 million, a decrease of 63.8 percent year on year.

Mainland authorities approved 33 Macao-invested projects during the period, a year-on-year increase of 10 percent. Macao's investment on the mainland increased 54.7 percent year on year to \$120 million during the period.

As of the end of February 2014, mainland authorities had approved a total of 13,485 Macao-funded projects, with a paid-in capital of \$11.47 billion. Macao's investment had accounted for 0.8 percent of the mainland's total inward overseas direct investment.

Tech Trade

Beijing concluded 62,700 technology contracts in 2013, with the total tech trade volume reaching 285.1 billion yuan (\$45.9 billion), accounting for 38.2 percent of the country's total, up 16 percent from 2012, according to the Beijing Municipal Science and Technology Commission.

Of the city's tech trade volume, 161.6 billion yuan (\$26.03 billion), or 56.7 percent, came from other provinces, indicating that Beijing's tech trade is becoming a powerful driving force for the national economic transformation.

The added value of tech transaction in Beijing was 183.9 billion yuan (\$29.62 billion), up 11 percent from 2012, accounting for 9.4 percent of the city's GDP. This signals that the tech market is making even greater contributions to the city's social and economic development.

Beijing's foreign tech trade volume hit 65.4 billion yuan (\$10.53 billion) in 2013, up 56.4 percent, centering on high-end tech fields such as environmental protection, software and telecommunications.

THIS WEEK WORLD





Stranded immigrants wait on a boat at sea off the Greek island of Crete on March 31 before being rescued by the Hellenic Coast Guard



Residents take shelter on Yeonpyeong Island on March 31 after North Korea started a live-fire drill. Pyongyang and Seoul traded live fire into the sea across their disputed maritime border that day







A woman shops at a supermarket in Tokyo on April 1, the day a controversial sales tax rise went into effect. The move sparked fears that a drop in consumer spending will derail a nascent economic recovery





Residents of Iquique evacuate on April 1 after a massive earthquake measuring 8.2 on the Richter scale struck under the sea off north Chile









AFGHANISTAN

A supporter of Afghan presidential candidate Ashraf Ghani Ahmadzai is playfully tossed into the air during an election rally in Jalalabad on March 27





A view of the Las Vegas High Roller on March 30 on the eve of its opening. The 168-meter-tall attraction, the highest observation wheel in the world, features 28 spherical cabins that can hold up to 40 people each

PHENOMENAL PLAYER

Golf prodigy **Guan Tianlang** received the Star of Hope award at an annual ceremony called You Bring Charm to the World—Chinese Influencing the World on March 29. The event was launched in 2006 by Phoenix TV to honor outstanding Chinese individuals and is jointly sponsored by a dozen of Chinese media organizations.

Born in October 1998, Guan qualified for the 2013 Masters Tournament when he won the 2012 Asia-Pacific Amateur Championship in Thailand. On April 12, 2013, at 14 years and 5 months of age, he became the youngest player to make the cut in PGA Tour history.

Government Report China Newsweek March 31

Chinese Premier Li Keqiang delivered his first government work report during the Second Session of the 12th National People's Congress (NPC) on March 5. Containing many new ideas on reform, the report was passed with recordbreaking support by NPC deputies.

Some members of the government work report drafting panel gave the reasons why the report was so welcomed by deputies. Deng Wenkui, a member of the panel and head of the Social Development Department of State Council Research Office, said that the report 2014 showcases the new leadership's ideas and approach to policy-making.

China underwent economic challenges since the new government took office in 2013. Economic growth began sliding, government finance saw negative growth and banks were short of cash. Under such circumstances, the Chinese Government did not issue stimulus policies as many other countries did. Instead, China allowed economic growth to slow and took measures to make sure it stabilized at 7.5 percent. Soon afterward, Chinese leaders vowed to deepen reforms comprehensively. In the past year, the Central Government made a lot of preparations for upcoming reform. These efforts are all included in the report.

The government work report received a total of 1,138 views during drafting and it underwent numerous changes, according to Deng. The report took an honest and practical attitude to many current issues. It also displayed strong confidence of the Central Government to implement reform policy and advance social and economic transformation in a bid to fulfill the objectives that the Premier had promised.



China's leadership has defined objectives and approaches for rule of law in the country since the Third Plenary Session of the 18th Central Committee of the Communist Party of China last November. The Chinese Government is expected to enhance work on building a judicial and legal system to advance social justice and equality in the coming years.

Drastic changes have reshaped China's social landscape. At this time, old and new issues should be addressed within the framework of the law. To this end, all Chinese citizens need to have spirit of law and follow the law conscientiously. Similarly, the country itself must improve the current legal system and mechanisms.

This year, China has carried out two significant moves to reform its legal system. The country abolished the decades-old system of reeducation through labor. For a long time, reeducation through labor drew criticism from the public for its poor ability to rectify juvenile delinquents and for causing physical and mental damage.

The Chinese Government also vowed to reform the current petition mecha-

"Many countries in the world have national cemeteries for military personnel. As the military service is associated with the sacrifice of one's life, we must properly bury those sacrificing themselves for us."

Gong Fangbin, a professor at the National Defense University PLA China "Discussions about the China Railway Corp.'s debts are mainly about the scale of its investment in high-speed rail, the main body of the corporation's investment. The high-speed rail network is our railway system's lifeline."

Zheng Xinye, a professor at the School of Economics, Renmin University of China

中国大新闻周刊





nism, which is the major legal outlet for citizens to appeal to government when they encounter injustice or difficulties. But some local governments have worked to prevent local citizens from making appeals to upper level authorities, leading to many conflicts between citizens and governments. Recently the Central Government has forbidden local governments to intercept petitioners.

Violent Protests April 1 Qilu Evening News

On the evening of March 30, a thunderstorm hit the airport of Shenzhen, south China's Guangdong Province, leading to largescale flight delays and leaving passengers stranded in the airport for a whole night. Some passengers lashed out at airport staff for its mismanagement. They had a quarrel with airport staff and even smashed a service desk. That same evening, a conflict between passengers and staff also broke out at the airport of Guangzhou, capital city of Guangdong.

In recent years, similar conflicts often broke out between passengers and airports due to flight cancellations or delays. Some passengers resort to violence and demand compensation from airline carriers or airports. In fact, this kind of behavior cannot protect passengers' legal rights but damage public order in airports and threatens the safety of both passengers and airport staff.

Affected passengers might have reason to be angry. Due to some unequal terms and clauses, passengers of delayed flights find it difficult to claim compensation from airlines. Moreover, some domestic airlines and airports ignore the complaints of passengers and fail to improve their services. Passengers hope their extreme methods can arouse public concern and safeguard their rights and interests.

For citizens to protect their legal rights is progress. But the violent behavior could harm public security and have serious consequences. Violence itself goes beyond the bottom line of law. Passengers need to calm down and claim their rights in a peaceful and rational way.

HEROIC MOUNTAINEER



Pan Duo, 75, the first woman to ascend the summit of Mount Everest, the highest point on Earth, from its more dangerous northern face, passed away in Wuxi, east China's Jiangsu Province, on March 31.

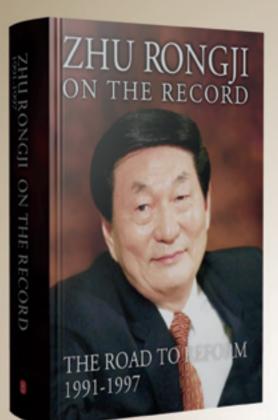
Born in Tibet Autonomous Region in 1939, Pan lost her father when she was 8 years old, and her mother raised the family alone. She said her hard life nurtured her strong body and will. At the age of 20, she joined the China Female Mountaineering Expedition.

In January 1974, Pan was elected as deputy captain of the China Mountaineering Expedition. On May 27, 1975, Pan, a mother of three children, reached the top of Mount Everest along with eight male expedition members.

"The percentage of female senior managers in China is higher than the global average. Women hold 38 percent of corporate senior management positions in China, compared with an average of 24 percent globally."

Rose Zhou, partner of the Chinese branch of Grant Thornton, a global organization of independent audit, tax and advisory firms, talking about a survey conducted by her company "We should strengthen the management on 'naked officials,' whose wives and children have moved abroad, by limiting the power to their positions. The Guangdong Provincial Government has taken the lead in this issue, which should be followed by other places."

Guo Yuanpeng, a netizen on People.com.cn







He has been as direct in his editorial selections as he was in his leadership style in office and has not shied away from difficult or sensitive issues.

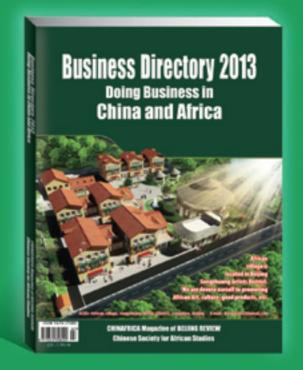
—— Henry A. Kissinger

It is a unique historical document of China's unprecedented economic evolution over the past few decades. And it gives a fascinating insight into the political work of Zhu Rongji—an exceptionally gifted statesman and a dear friend.

-Helmut Schmidt

Zhu Rongji on the Record

Zhu Rongji on the Record is a compilation of Zhu's writings. It covers China's reform, opening up and modernization drive. It includes important speeches, articles, letters, and directives. Zhu Rongji is a key Chinese reformer and statesman, and served as Vice Premier of the State Council from April 1991 to March 1998. He later served as Premier, from March 1998 to March 2003. Most of the materials in the book are being published for the first time. The Chinese edition of the book was published in Chinese mainland in 2011, and was very well received. The two-volume English edition includes 112 speeches, articles, letters, and directives selected by Zhu himself from the 348 articles in the four-volume Chinese edition. The English edition of the book is published by the Foreign Languages Press of the CIPG and the Brookings Institution Press in the U.S. Both Henry A. Kissinger, former U.S. secretary of state and Helmut Schmidt, former chancellor of West Germany wrote prefaces.



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COVER STORY

By cementing a strategic policy of cooperation, China and Europe forge a more practical partnership By Ding Ying



wo major powers, two major markets and two major civilizations. China and the European Union (EU) represent the world's largest developing country and the biggest union of developed economies, respectively. A common need for development has brought them

From March 22 to April 1, Chinese President Xi Jinping conducted his first European tour since taking office in March 2013, sealing cooperative agreements between China and Europe both strategically and practically.

Cooperation blueprint

As Chinese Foreign Minister Wang Yi said on March 8 when introducing the country's foreign policies and relations, Europe occupies a place of priority in China's 2014 diplomatic schedule. Xi's tour covered state visits to four EU member states and a visit to the EU headquarters in Brussels. On April 2, when the Chinese president ended his tour, China issued its second policy paper on the EU, clarifying the China-EU relationship and its role in the world. The country's first policy paper on the EU was released 11 years ago.

Xi's visit aimed to promote mutual political and economic trust between China and Europe, and expand bilateral cooperation in new areas as well as in traditional fields including trade. In addition, the trip plotted out a clearer cooperation strategy between them, so as to put their allround strategic partnership into practice, said Feng Zhongping, vice president of the China Institutes of Contemporary International Relations.

The four countries Xi visited were thoughtfully selected. Germany and the Netherlands are China's biggest and second biggest trade partners in the EU; France was the first major Western country to establish a diplomatic relationship with China at the ambassadorial level; and Belgium is

where the EU is headquartered.

A host of new "firsts" were made during Xi's European tour. It was the first time a Chinese president has visited the Netherlands; the first state visit China's president had conducted to Germany in the past eight years; the first state visit China's president had made to Belgium during the past 27 years; and the first time a Chinese head of state has visited the EU headquarters. China and the EU issued a joint statement on March 31, defining Xi's visit to the EU headquarters as "a historic landmark in China-EU relations." China's relationships with the four countries were also promoted during Xi's visit.

The China-EU relationship has become increasingly close in recent years. Last year, Chinese Premier Li Keqiang paid two visits to Europe. And a series of European leaders— French President Francois Hollande, Prime Minister of the Netherlands Mark Rutte and British Prime Minister David Cameron successively arrived in China to meet China's new government formed in March. On November 26, 2013, a significant cooperative document, titled China-EU 2020 Strategic Agenda for Cooperation, was released, posing 93 initiatives on peace and security, prosperity, sustainable development and cultural exchanges.

China's diplomatic strategy has become more active due to its growing strength and increasingly mature diplomatic wisdom. Greater relations with Europe will be the main diplomatic direction of China, said Ruan Zongze, Vice President of the China Institute of International Studies (CIIS), pointing out that Xi's visit signaled the growing trend. "China's major-power diplomacy focuses not only on the United States and Russia, but also on Europe," Ruan said.

China and Europe share similar targets of development and global functions, which provides the motivation for their closer bond.

"There is a historic opportunity to deepen the relationship between China and Europe," said Cui Hongjian, a researcher on European studies with the CIIS. During Xi's trip, China and European countries expressed their support for each other's reform and development plans. As China carries out a new round of reform and expands overseas investment, European countries are struggling to recover from the financial crisis, which presents an opportunity for high coherence, said Cui. The joint statement issued by China and the EU confirmed they would deepen their relationship based on equality, mutual trust and mutual respect, devoting themselves to building partnerships of peace, reform, growth and civilization.

According to the joint statement, China and the EU reached consensus about their roles in the world on a policy level, summarized as protecting world peace and stability, multipolarization, free trade, finding political and diplomatic solutions to disputes, and diversity of civilization.

In the joint statement, the two sides reiterated their commitment to further advancing China-EU relations in next 10 years to benefit Chinese and European peoples and promote world peace and prosperity. Moreover, China

closer together.



and the EU agreed to upgrade their defense security dialogue and promote legislation cooperation, reflecting the all-round cooperation strategy.

Business opportunities

The solid strategic basis will serve to support cooperation in various aspects between China

and Europe, particularly in the trade, economic and investment areas. Mutually beneficial cooperation will create a tremendous boon for both China and Europe.

"The China-EU relationship now stands at a new starting line, as they face a significant opportunity to deepen cooperation," said Ruan. As China carries out its 12th Five-Year Plan (2011-15), Europe is advancing its Europe 2020 **CELEBRATING A SUCCESS:**

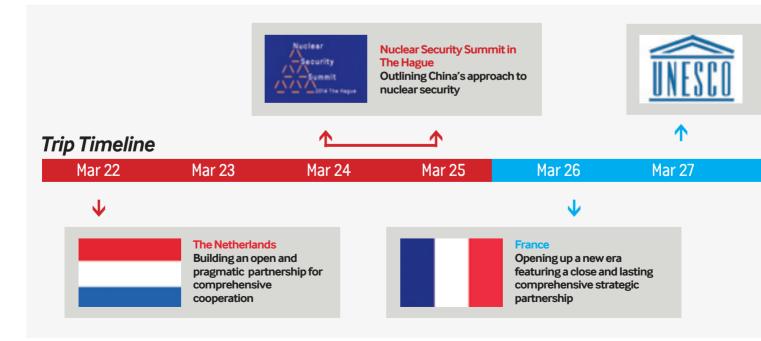
Chinese President Xi Jinping (second left) and Belgian King Philippe (third right) co-present the 300,000th car to be exported to China at a Volvo plant in Gent, Belgium, on April 1

Strategy, which means their development plans are at an abutting joint, he added. "Their interests have already deeply intertwined."

Economic cooperation has been the adhesive between China and Europe. The EU has been China's top trade partner for the past 10 years, while China is the EU's second biggest trade partner. China and the EU are each other's top exporter. Their trade volume in 2013 was \$559.1 billion, according to official Chinese statistics. In spite of the slug-

gish world economy, their daily trade volume reached \$1.5 billion.

Trade and economic cooperation between the two sides has been complementary. China has provided industrial and consumer products to Europe, while the EU has sold high value-added products to China. Even in traditional aspects, there is still huge room to boost trade between the two. Trade



between China and 16 Central and East European nations barely reaches one 10th of the total trade volume between China and the EU. Additionally, bilateral service trade is only about one 10th of the China-EU trade.

Mutual investment has been on the rise. In 2013, the EU's direct investment to China was \$6.52 billion, increasing 21.9 percent from the year before. China's direct investment to the EU was \$3.62 billion, seeing a 6.2-percent growth. But this figure doesn't match the high economic cooperation level between China and the EU. According to statistics from the EU, China's investment to the EU was only 1 percent of the total foreign investment that had flown into the latter, of which U.S. investment accounted for 21 percent. EU investment to China, meanwhile, was only 2 to 4 percent of its overall overseas investment, of which 30 percent went to the United States.

The bottleneck is expected to be passed now. During Xi's visit, China and the four EU members signed over 120 cooperative agreements, valuing more than \$70 billion. According to the joint statement that the two sides issued on March 31, China and the EU will fully implement the China-EU 2020 Strategic Agenda for Cooperation and launch the negotiation process of the China-EU Investment Agreement that covers investment protection and market access. On China-EU trade and investment relations, the two sides underlined the necessity of coordinating their policies to ensure strong, sustainable and balanced growth and to foster financial stability.

Such a pact "will convey both sides' joint commitment toward stronger cooperation as well as their willingness to envisage broader ambitions," the statement said. It also listed "a deep and comprehensive" free trade agreement as a longer-term perspective.

"The cooperative prospects before China and the EU are very bright," said Qu Xing, President of the CIIS. He noted many linking points between China and Europe in their development targets, such as green energy, environmental protection, poverty reduction, scientific research, urbanization, cultural communication, energy conservation and emission reduction.

In past years, China has actively assisted Europe in surviving the financial crisis in different channels including purchasing national bonds—efforts that are greatly appreciated by the EU. Moreover, China and the EU are exploring new ways of cooperation spanning the Eurasian Continent, Qu added. For example, with an eye to lifting transport relations, the two sides decided to develop synergies between China's Silk Road Economic Belt initiative and EU policies, and to jointly explore common cooperation initiatives along the belt.

China and the EU have been adjusting the definition of their relationship, Wang Yiwei, a professor with the Renmin University of China said. China would primarily consider the EU as a partner of peace in addition to a major trade partner, mirroring China's new expectation toward the EU, while the EU chooses to be a "superpartner" rather than a "superpower," Wang explained. He added that the EU targets itself as a player between China and the United States, no longer at one end of a multi-polar world because of its debt crisis and the U.S. Asia-Pacific policy.

Communication between China and Europe can be traced back to centuries ago. Napoleon Bonaparte metaphorically referred to China as a sleeping lion in the early 19th century, when China was too weak and poor to be a world player. During Xi's tour, China confidently declared its return to the global arena. The Chinese president stated China's opinions on the world in four speeches in Europe, promising China will continue to contribute to world peace and prosperity.

"China, the sleeping lion, has woken up," said Xi in a speech delivered in France. "But it is peaceful, pleasant and civilized." When meeting with EU leaders in November 2013, Xi defined China and the EU as two major powers protecting world peace, two major markets promoting common development, and two major civilizations pushing forward human progress. Now, the biggest developing country and the biggest union of developed countries in the world have set their seamless joint.

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