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DRAGON IN PARTNERSHIP'S CLOTHING. ABOUT EUROPEAN-ASIAN COOPERATION – EXAMPLE OF CHINA AND SPAIN

Abstract: The relationship that exists between Asia and Europe has always been important for both sides. As a result of the great development of the Orient, these countries have begun to be more and more important for international relations. The process of the industrialization of Asian economies was possible thanks to some countries like Japan, China, Hong Kong, Singapore or India which have gradually become new "giants". By taking China and Spain as representatives of European Union and Asian cooperation, an important image of the present and future situation will be created. The background of China's peaceful rise will come under close scrutiny, as well as the origins of foreign investments. At present China is trying to implement the politics of the United States of America that consist of "dividing and ruling" and is directing it towards the EU.

Key words: cooperation, Asia, Europe, bilateral trade, partnership.

1. Introduction

Since ancient times Asia has played a significant role in the world's economy, which has not always been admitted by some dominant countries. The relationship between Europe and culturally and socially diversified Asia has been of special importance and very well defined in the mutual cooperation. The historical intercontinental links were close and had mainly commercial character. Each of the partners possessed exclusive goods in which the other party was interested. At this point it is crucial to mention the ancient Silk Road, the spice and herb trade and the contemporary exchange of technology, innovative projects, industrial structures or political and economic models. All Asian countries belong to the wider group of the Asia and Pacific group, which makes them even more complex and multidimensional. The Asian influence and the cultural impact it had on the religion, cultural life and traditions of European society many centuries ago is visible on a daily basis. As a result, it is not surprising that some academics treat Europe and Asia as one huge continent, Eurasia. The Asian market nowadays is considered to be the most important, and the region itself to be the most dynamic in terms of growth and development. Recently China and India have joined the group of East Asian countries like Japan, Taiwan and Hong Kong and

became one of the giants. China, together with Spain, was chosen to be an example on which we will try to show the new relations that are creating the bilateral relations between Europe and Asia, which impacts the situation on the world's stage.

The aim of the present article is to reveal the true nature of the European Union--Asia strategic partnership at the economic level. In the past decades there have been a plethora of various bilateral agreements as well as other documents signed that have confirmed a mutual engagement towards political, security and economic policies. However, although many diplomatic papers have been issued, are both parties obeying the rules and patterns created? We will focus on the real picture of EU-Asian cooperation using an analysis of the regional traces on both of the continents taking as examples the People's Republic of China and the Kingdom of Spain.

2. The emergence of Asia in the international stage

Nowadays, there is a constant discussion taking place regarding the emergence of Asian countries and their increasing significance in the world. However, it is necessary to stress that the Orient has been of great importance to the rest of the world long before today. In past centuries, active intraregional trade took place in the region of Asia and had a very positive influence on the countries that participated in a mutual exchange. The process of the internationalization of Asian economies was strongly supported by the regional powers: at first it was China, later overtaken by Japan. The presence and significance of India have always been discernible due to its geographical location on the many trade and sea routes, which contributed to the country's improvement.[1] The 20th century was very significant for the Asian continent. Over 70 years ago, the majority of the countries were poor, overpopulated, illiterate and were focused mainly on the agricultural sector. All of these factors were the last of the era of colonialism that severely influenced Asia. The situation began to change after World War II when some economies began on their path of industrial development thanks to the changes in the global system, augmented capital sources, foreign investments and the inflow of technology. The 1970s were the breakthrough years for the continent and since then some Asian countries have become the engines of the world's development, with approximately 9-10% growth. An example are the so-called the "Asian Tigers" of the first and second generation.

Having mentioned this, it is important to stress that not every Asian economy has found itself at the same level of development. They differ in population size, political systems, religion, growth rate, their engagement in the international issues, etc. The numerous human resources which had previously been obstacles to Asian development

[1] S. Mazurek, Procesy integracji i globalizacji w regionie Azji i Pacyfiku, [in:] B. Drelich-Skulska (ed.), *Azja – Pacyfik. Obraz gospodarczy regionu*, AE, Wrocław 2007, pp. 33-34.

have recently become a strong drive for the industrialization of the region.[2] The vast seams of natural resources like crude oil and minerals have attracted foreign investors from Europe and contributed to the economic development. Aside from the natural resources of Asia, investors have looked for an appropriate infrastructure, which was already of a high level more than six centuries ago, highly developed harbours, easy transport and political support for their actions. Another advantage of Asia is the fact that it started its economic processes a century after the western part of the world and allowed its economies to flow with the stream of globalization. Asian countries allow their governments to participate actively in coordinating the market mechanisms. Moreover, they opened their economies and placed emphasis on the export of low processed goods, a low cost and adequate workforce and good infrastructure. The main proof of the effectiveness of such an approach are the relatively high positions of Asian countries in the world's competitiveness rankings.

3. The Sino-European relations – a key of the present world's order

Gradually, China has gained more and more importance on the international stage and consequently has become the focus of attention for the European Union. As one of the biggest trading partners and beneficiaries of foreign investment, China actively supports economic reforms, opening markets, creating laws and rules that allow democratic freedoms and future order that have enhanced the investment climate. Nowadays, both the EU and The People's Republic of China play an important role in the world economy and international affairs. Any global key-initiative that the EU undertakes could not be done without Chinese cooperation or agreement and *vice versa*, which is why there is a great necessity to maintain bilateral relations that are as close as possible. However, by conducting very tight Sino-European politics, the EU might worsen its relations with the United States for whom China is a significant threat in global leadership. China started the mutual relations with European countries in the 1960s, beginning with France and Italy, which were followed at the end of the seventies (1978) by the first trade agreements with the European Community. However, it was the end of the Cold War that allowed both entities to tighten their relations. After struggling for many years to introduce a regular and coherent policy plan, the sides signed a "Long-Term Policy for China-Europe Relations" in 1995. The main belief of the EU-27 is that China should continue the process of implementing economic and political reforms in order to proceed with the internal transition of the country. As K. Barysch mentions, in order to achieve this goal, the EU actively helps in sectors like: strengthening civil society, poverty alleviation, protecting the environment, consumer laws, improving education, developing human, scientific

[2] H.W. Chung, *El papel de Asia en la economía mundial*, Banco Central de la República Argentina, Buenos Aires 2006, pp. 1-2.

and technological resources, modernizing the information, transportation, trade and investment sectors, etc. In the late 1990s a common dialogue tool between the two partners was introduced that has a form of annual summits. Despite the fact that some consider them to be merely symbolic, these summits contribute to bilateral benefits because they raise awareness of the mutual presence, force some agreements and approve the work done by the partners' officials throughout the whole year.[3]

At the moment the bilateral relations with the EU were established, the main aim of the authorities in the People's Republic of China was to take advantage of the EU's relations with other powers such as the United States or the Soviet Union and to act as a counterbalance to the importance of the U.S. on the world's stage. However, Beijing's point of view began to change after some developments. First of all, K. Barysch reckons that thanks to these transformations China started to consider Europeans as serious partners with an attractive economic model. Among the factors that influenced the change of view were: the completion of actions related to the internal market, the successful introduction of the euro, deepening and growing bonds between member states, which have shown the great engagement of each state, and its presence at World Trade Organization (WTO) sessions, where the Chinese realized how powerful and influential the EU's institutions are. It became clear that this integration organism is not a mere trading bloc, but an important participant in the world's economy with well-defined policies. These policies were one of the main threats for the Asian giant, because they might have been directed against China. Since 2003, where there was a change in Chinese leadership, the EU has become the most important foreign partner; the fear of the governance of G.W. Bush even tightened the mutual relations, and this enthusiasm has been showed through intensive and frequent meetings.[4]

According to A. Berkofsky, the European Union's external policy towards Asia has not yet received proper attention and is not comprehended as it should be. Moreover, it should not only be a set of numerous projects and strategies, but a well-defined and organized process. The Asian integration method itself, called "hard integration", which involves strong political links, differs from the European model. Asia opts for an "open" regionalism and integration that is based on the market and does not need to create separate formal institutions. This situation is caused by the fear of losing state sovereignty in key aspects, nevertheless; it is rather favourable for the region and allows flexible actions. This can be observed in the case of the People's Republic of China, which is perceived to be a motor of Asian growth. However, it is excluded from the integration initiatives since the country does not participate in any regional organizations such as APEC or ASEAN. Moreover, it prefers bilateral agreements

[3] K. Barysch, Ch. Grant, M. Leonard, *Embracing the Dragon. The EU's Partnership with China*, Centre for European Reform, London 2005, pp. 3-10.

[4] *Ibidem*, pp. 26-29.

and relations, which can be improved, over multilateral ones.[5] One such bilateral relation is the Asia-Europe Meeting (ASEM) created in 1996 during a summit in Bangkok, sometimes called the "new interregionalism" whose aim is to increase mutual interaction between the EU and Asia. The main goal of the European Union is to create and sign a partnership and cooperation agreement to replace the document published in 2006: *EU and China: Closer partners, growing responsibility*. European political strategy towards China involves non-confrontational dialogue while raising delicate issues like human or intellectual rights. Additionally, a still open question is the European debit balance, which the EU is trying to reduce by means of the adequate size of trade relations.[6]

In today's globalized world, China and the EU face the same global security challenges related to worldwide peace, stability, economic growth, the alleviation of poverty, and environmental and energy issues. As they profess to share a similar view on the above-mentioned aspects, they need to act together to cultivate harmonious bilateral relations. Recently the mutual relations between China and the EU, which are driven by economics, have become one of the most dynamic on the world stage. A plethora of financial resources has been invested in Chinese enterprises by Europeans and in relation to that the EU has started to create a more organized political structure. A "comprehensive strategic partnership" requires the cooperation of both sites concerning many different areas, like for example: trade, energy, science, corporate governance and security.[7]

The institutional framework of the EU-China relationship is in good shape, nevertheless it might be more efficient if the powerful European economies acted under one organized strategy instead of creating individual links. The common European objectives are affected by individual rivalries among its members, such as Germany, France, the United Kingdom or Spain, who, in the majority of cases, are focused on their own benefits and among whom there is significant competition. According to K. Barysch, the Chinese government takes advantage of such a situation and exploits the rivalries in the commercial field for its own political benefits. Following the example of the United States, China wants to "divide and rule" when it comes to its relations with Europeans. However, when we compare the economy of the EU and China we can easily notice that they are complementary to each other. This is due to historical and regime matters, nevertheless, it does not impede any of the common initiatives. Nowadays, the relationship between these partners is good, even though there are some disagreements owing to cultural or political views, especially on issues such as multilateralism, sustainable development and the promotion of global peace and stability. From the Chinese point of view, economic cooperation ought to be

[5] A. Berkofsky, EU and Asian Integration Processes Compared, [in:] Conference: *Japan – EU Think Tank Roundtable "Next Steps in Global Governance"*, 13-14 January 2005, Tokyo, pp. 5-11.

[6] Z. Burska, UE i jej azjatyccy partnerzy – główne zagadnienia w kontekście ASEM, *Biuletyn Analiz UKIE* 2008, nr 21, pp. 6-7.

[7] K. Barysch, Ch. Grant, M. Leonard, *op. cit*., p. 5.

based on reciprocity and any artificial restrictions and barriers should be abolished. One of the main objectives of President Hu Jintao is to deepen overall political ties with the EU, which he is willing to achieve by means of closer relations with individual European governments in areas like finance, agriculture, the environment, IT, energy, and transport. In addition, people and student exchanges should be more frequent, and scientists should be cooperating in the field of technology, research and development.[8] Since 2004, China has become one of the most important trade partners for the EU. A reflection of this situation is more than 12% share of Chinese imports from Europe, which is double if we take into account the first years of the 21st century, compared with the 18% of Chinese exports to the EU. Within spite of the fruitful cooperation, Ch.M. Dent mentions a significant challenge, namely competition. A similar situation is the sensitive issue of Chinese relations with the United States. Brussels has tried to apply as many restrictions as possible, like anti-dumping duties, in order not to suffer the same fate as Americans.[9]

The above being said, there is no doubt that the EU is not only the most important partner in trade for China, but also it is its most important foreign investor. Thanks to its significance, European representatives in Asia can coordinate, stimulate and steer markets or their growth. Additionally, they might help to improve working conditions and standards, care for the environment, transfer knowledge and improve quality of life. However, it is crucial to ask ourselves, how in a decade or even shorter, the European economies are going to defend themselves against vehement Chinese competition of goods that are of high quality but dramatically cheaper than domestic ones? For the time being, European economists still perceive the fast growing Chinese economy as an opportunity rather than a threat or an enemy. Nevertheless, they should bear in mind that many of the bilateral projects might be productive only when we look at the paper documents and politicians' discourses. From the Chinese point of view, Europe is merely a market for their goods and additionally it is providing new technologies, licences, know-how, etc., which are crucial for the further development of the Dragon's country.

4. Talking China. About the motor of Asian growth

In the last decade the increasing role of the developing Asian economies like China or India, whose inhabitants constitute one third of the total population on the world's stage. Owing to their importance, the rest of the world's continents have focused on maintaining mutual relations that are as good as possible. Some academics predict that in the near future these two motors of Asia will outstrip today's "giants", the

[8] *Ibidem*, pp. 10-29.

[9] Ch.M. Dent, China's economic relationship with the European Union, [in:] Hearing on: *China's Growing Global Influence: Objectives and Strategies*, 21-22 July 2005, US-China Economic and Security Review Commission, Washington DC, pp. 1-3.

United States of America, Japan or the European Union.[10] The most feasible of the candidates is China, whose economic growth, military modernization and widespread diplomatic actions are crucial in confirming its position. Also its presence in world politics is constantly growing. As a proof of this we can mention the annual meetings of the G8 group and invitations of Chinese authorities to participate in these sessions, as well as taking part in many international institutions like ASEAN or United Nations. Moreover, talking China is talking about a huge country with a population reaching over 1300 million inhabitants and an immense market with a vast potential for expansion. The wide range of possibilities that China can offer is a result of being at the top of the list of emerging countries and consequently receiving the majority of foreign capital, making China a "World's Factory".[11]

In the 1970s, the Chinese government introduced principles of the market economy into its socialist system. Additionally, in order to maintain growth, China decided to tighten its cooperation with partners and neighbours who could contribute to its gradual evolution. As a result of these decisions, the People's Republic of China started a dialogue with Russia. They reached agreements on domination issues in the Asia-Pacific region, military influences and economic matters related mainly to the oil and gas export to China. The strong position of the United States of America on the global map has also exerted an influence on Beijing's politics. Besides being its main competitor, the US is one of the biggest markets for Asian goods and, consequently, the mutual bonds are growing and becoming more correlated.[12] The governmental cooperation of China and the United States is not devoid of distrust; however, it is gaining in scope and range due to the current demands of international relations. An element that the two mentioned economies have in common is an interest in India and its prompt development. In spite of all these efforts, India is focused on taking advantage of this situation and making good use of it for its own benefit and for gaining even more importance on the international stage. In the last two decades of the 20th century, the GDP of China increased from 147.3 billion US dollars to 1.65 trillion. The average growth rate oscillated between 9 and 10%. As similar situation was with foreign trade that registered an increase from 20.6 billion to 1.15 trillion US dollars and a 33-fold increase of foreign direct investment on the Chinese territory. Moreover, China made its contribution to world economic growth. In the first five years of the present century the 21% rate of growth in gross product in PPP was thanks to China, followed by the U.S. and the EU.[13] For the past several years the majority

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[10] S. Lawson, R. Dragusanu, Building the world: Mapping infrastructural demand, *Global Economics Paper* 2008, No. 166, Goldman Sachs, London.

[11] M. Varela Bellido, El Plan Asia Pacífico. Un balance económico, *Boletín Económico de ICE* 2008, No. 2937, pp. 55-58.

[12] J. Michalczyk, Chiny – trudny partner w regionie Azji i Pacyfiku, [in:] B. Drelich-Skulska (ed.), *Azja – Pacyfik. Obraz gospodarczy regionu*, AE, Wrocław 2007, p. 253.

[13] P. Bustelo Gómez, China's emergence: Threat or 'peaceful rise'?, *ARI* 2005, Vol. 135, Real Instituto Elcano de Estudios Internacionales y Estratégicos, pp. 1-5.

of politicians worldwide were optimistic about the "peaceful rise" of China which has become a popular slogan. The principal assumption of Europeans was that the more developed the Chinese economy, the more similar to other countries it would become. Interested parties, for whom it was obvious that economic growth requires appropriate relations with the world giants, had a significantly different approach. Nevertheless, the Asian policy has started to change recently. Using Ch. Grant's observations, we can note some attacks related to internet frauds, working behind the scenes, political repressions, increased censorship, a return to nationalist ideas, the growing discrimination against foreign investors and entrepreneurs, etc. that confirm the idea of Chinese politics becoming more assertive. This situation should lead to a reappraisal of EU-China cooperation and strategies whose values could turn out to be very doubtful as the two sides are significantly different.[14]

5. Spanish economic relations with Asia

After an analysis of the origin of foreign investments in the Spanish Kingdom, we can draw a conclusion that although it is one of the main destination countries, the inflow from Asia is still at a relatively low level (so far Japan and Korea have been the most active countries). Nevertheless, as a country, Spain can offer some incentives for Asian market representatives. First of all they need a European country in which to found a branch in order to use it as an export hub to other European and non-European countries, an example being North African countries. Why choose Spain? The answer is related to the history of the market development, as a vast and strong market which is characterized by a potential, good infrastructure, competitiveness in comparison with other western European countries, and strong determination to restore the economic balance after the crisis of 2008 and 2009. In order to do that, the Spanish Kingdom is forced to be as investor-friendly as possible. To date the concentration of foreign investment was in the transport and motor industries (i.e.: Nissan, Honda, Hyundai, Kia and Yamaha), followed by the chemical industry and the real estate market. The history of common relations between Spain and Asia was started thanks to Portugal and its colonies. After the incorporation of the Portuguese Kingdom to Spain in the 16th century, these territories automatically became part of the great empire of Philip II of Spain. At present the Asian region has become one of the principal foreign investment destinations on the world's stage, attracting almost half of the total interest which is directed mainly to China and India.

The trade impact of the People's Republic of China is a positive phenomenon for some groups of countries. First of all, for those who import consumer products whose domestic prices have been reduced. Secondly, for countries that export primary products whose prices have increased and finally for exporters of goods and services

[14] Ch. Grant, How should Europe respond to China's strident rise?, *CER Bulletin*, February/March 2010, issue 70, pp. 1-2.

absolutely needed in China. At the same time it is a negative situation when there are similarities in the array of goods offered. The Chinese market constitutes almost 80% of the total Spanish presence in Asia, followed by India, which represents less than 15% and still does not play an important role in imports. The majority of established companies are meant to satisfy local market demands; however, they are without the publicity campaigns necessary to ensure widespread product advertisements in that region. Surprising as it may seem, China is not as ideal as it is painted. Many foreign investors falsely perceive this country as an *El Dorado*. Even though it is a very open market, it is characterized by many peculiarities that might cause obstacles, for example in the development of investments, a lack of knowledge about the culture and market characteristics, the difficult language and the bureaucratic red tape. Another difficulty in taking over the Asian market and its niches is also caused by the lack of reliable sources of information. Nevertheless, P. Bustelo[15] still judges that both China and India could be potential markets for Spanish export and investments. Moreover, he suggests that this region could become an important tourist or student exchange destination. When it comes to the Spanish presence on the Asian market, it is still not very significant. It is characterized by being relatively recent, still growing and unstable. There is no regular tendency in the geographic distribution of investments. At the end of eighties and the beginning of nineties of the 20th century, both Hong Kong and Singapore were leaders (with the maximum of 70% share in 2000) when it came to the scope of entrepreneurship goals. Spanish enterprises have met many obstacles and barriers in Asian countries that hinder the investment flow. Unquestionably, apart from the geographical and cultural distance and little general knowledge about that part of the world and its market characteristics, there are linguistic difficulties and lack of administrative transparency. Another disadvantage could be the very low level of copyright protection and strong competition due to the presence of the investments in Asia of other developed countries.

In the last decade, the Spanish government has placed emphasis on the promotion of economic relations with Asia. According to the European tendency to build partnership between EU countries and Asia, Spain created a plan called *El Plan Marco Asia-Pacífico* (Asia-Pacific Frame Plan). The main aim was to stimulate interest in the role Spain plays on Asian continent and to focus its foreign policy towards it. The project started in 2000 and consisted of two two-year periods and was extended for 2005-2008 under the name *España hacia Asia y el Pacífico. Plan de Acción* (Spain towards Asian and Pacific. The Action Plan). Political and economic objectives were among its main goals. Moreover, the ministries of economy, foreign affairs, education, culture, sport, science and technology planned to strengthen cultural and developmental cooperation by introducing appropriate tools. What is more, many promotional events have been organized in Asia, and especially in

[15] P. Bustelo Gómez, España ante el auge económico de China e India, *Boletín Económico de ICE* 2008, No. 2937, pp. 111-113.

China, examples being the Sino-Spanish Business Summit, Food and Hotel fair, Business Investment and Cooperation Discussion Group, etc. The greatest part of the trade balance between Asia and Spain is constituted by its relations with China and Japan. The percentage share at the end of nineties was 35.4% and 33.6% for China and Japan, respectively. A decade later China (50.3%) substantially outpaced Japan (14.3%). Taking the year 2005 as an example of Sino-Spanish relations, we can examine the situation in foreign trade. In the mentioned time the percentage of Spanish exports was 9.68%, which meant an almost 10% increase in comparison with the previous year. The imports from Asia amounted to 8.73% and represented a 20.32% increase. When we analyze the Spanish exports by sectors, we come to the conclusion that two of them are especially dominant: machinery and electrical devices. Among other products we find: chemical, plastic, metallurgical and railroad products and materials, vehicles, fibres, etc. The majority of imported goods (19.2%) belongs to the textile and footwear sector and are followed by the toys and furniture sectors.[16] All of the companies that decided to make these investments, mainly in the industrial sector, were motivated by the vision of the low-cost advantage and a desire to gain new consumers for their products.

Spain wrestles with the same problems as the European Union as far as EU-China relations and the balance difference are concerned. The country's trade deficit with Asia represents almost one third of the total foreign deficit. Even though the value of bilateral exchange doubled, the value of Spanish exports in 2004 was 8 million euro; however, the value of imports reached almost 30 million euro. One solution for this situation could be the "Theory of Gravity" presented by Dutch economist J. Tinbergen in the sixties of the 20th century, which was modified for Spanish purposes by J. Soler Matutes. In accordance with this theory, "the volume of trade between two countries is directly proportional to their economic weight and inversely proportional to the distance between them."[17] This is reflected in the level of exchange between the Kingdom of Spain and Asia that, like that between the EU and Asia, is lower than the one on the intra-community level, even though the group of Asian countries is a second trading partner of Europe. The difference in the balance of trade is caused by the growing interest in importing goods from China, which has become the main Asian supplier, without any improvements in the world competitiveness of national production. According to a world investment report from 2007, the percentage of Spanish investment in the Asian region came to 0.13% of the total global amount. Among the many countries in the region China is the principal destination of Spanish investment (approximately 80%). Along with the universally growing interest in this region, there are some key aspects that have attracted the majority of attention. The

[16] E. Seoane Rodríguez, *Análisis de las relaciones comerciales entre España y China en 2005*, Cámara Oficial de Comercio de España en China, Pekin 2006, pp. 1-6.

[17] J. Soler Matutes, *Relaciones económicas entre España y Asia: comercio, inversiones y cooperación*, Grupo de Trabajo Asia-Pacífico, sesión 24.10.2005, Real Instituto Elcano, Madrid 2005, pp. 7-8.

most obvious one consists in easy access to the low-cost work force, which implies a delocalization of industries that creates an economy of scale. Development in this region has contributed to an increase in the number of people who belong to the so-called middle class and has enhanced demand.

6. Meeting *el Nuevo Mundo* half way – the Spanish mediation

Asia's role on the world's stage has become very visible. As an important actor, it is trying to take advantage of the situation. Recently an interest in deepening Spanish-Asian relations has significantly increased and consequently, many promotional initiatives have been launched. Nevertheless, according to the Theory of Gravity, the low level of mutual exchange is justified by the geographical distance and the role that Spain plays in the world. Following J. Soler Matutes opinion, the cultural and spatial distance between Spain and the Asian continent notwithstanding, there are some situational advantages like presence on a trade route with many harbours located on its north, east and south coasts and more importantly the possibility to be part of Latin America's market with the Spanish Kingdom as an important middleman.[18] Due to the fact that Spain has achieved enormous success with its presence on many markets of South America, it has become a key factor in the growing interest of the Chinese and other Asian governments in the Iberian Peninsula. The increasing volume of trade exchange between Asia and Latin America is not the only aspect of their cooperation. It is crucial to mention the investment and financial aspects. As is the case in Spain, American countries are afraid of commercial competition from the Asian giants. The major beneficiaries of such an alliance are Bolivia, Paraguay or Venezuela owing to their specialization in the export of raw materials.

With regard to the advantage that Spain has and that the Asian countries want to use, it is important to mention the language that the New World and Spain have in common. This chief asset helps in gaining a better knowledge of the market and companies, and is one of the main reasons why South American multinational enterprises have decided to choose Spain as its European headquarters. Unquestionably there were many other critical aspects, in addition to the cultural closeness, moderate costs and prices, Spain's optimal geographical situation between Europe and Africa, a well-developed infrastructure and good communication with the American continents. All of these factors, and probably a wide range of others that are slightly less important, make Spain a commercial and financial trampoline for new multinational companies.[19] Latin America is a kind of a meeting point between Asia and Spain that helps it to increase its importance in comparison with other

[18] J. Soler Matutes, Relaciones económicas entre España y Asia: balance y perspectivas, *Anuario Asia-Pacífico* 2004, No. 1, pp. 337-339.

[19] A. Alonso Arroba, R. Avendaño Pabón, J. Santiso, América Latina. Punto de encuentro entre Asia y España, *Boletín Económico de ICE* 2008, No. 2937, pp. 139-140.

powers in the contemporary world. *El Nuevo Mundo* is a symbol of success on the internationalization field for Spain and makes them real leaders in South American issues. Asian companies use Spain as a platform in Latin American relations, and the Kingdom should know how to make the most of this opportunity for its benefit and thereby become more attractive for Asia on the world's stage.

7. Conclusion

Many books and articles have been written on Asia-Europe cooperation. The majority of them see this relationship as a bilateral partnership with mutual benefits. The contours of the emergence of Asian countries in the international system are gradually becoming more visible on the world's stage. A few statistics like growth rate, GDP, foreign investment rate, etc., are sufficient to take note of this emerging region as a very serious threat to both the Old Continent and the New World. What is even more dangerous is the fact that Asian and European countries have different priorities when it comes to the development of foreign policy, energy resources politics, law issues or international and regional security issues. Moreover, a constant discussion is being held regarding such aspects as human rights, freedom of expression, intellectual property rights, administrative impediments and obstacles in launching an enterprise in China or other Asian counties. Strange as it might seem, in the Sino-European relationship, China does not consider the EU as an important enough partner, not only because of the complex administrative structure and long decision-making process, but also because the EU is not developed military as compared to the U.S., which makes the relationship less important. The situation is the opposite if we take into consideration the European point of view for whom Chinese and the whole Asian markets are crucial.

Many initiatives and actions that the EU and Asian countries have undertaken corroborate the fact that their policies often do not coincide. The Europeans perceive Asia as a partner and they agree to compromise in order to win what is needed. Asia has already begun to realize the importance of its position, and more importantly for the People's Republic of China, the EU is not a strong partner. We should not analyze the situation in terms of friendship or rivalry conditions because we still treat both as complementary regions. The importance of European countries could be weighted by their presence on Asian markets and their mutual bonds. An example is Spain, whose lack of presence in China and other important countries like India or Japan confirms the above mentioned opinion. As a country it began mutual cooperation centuries ago and nowadays, Asia has became one of the principal destinations of many countries, including Spain, which despite administrative, cultural and political obstacles and impediments, are still interested in investment in Asia. The low level of interest in European economies is visible after analyzing the foreign trade balances of Spain and China. Some part of the Spanish deficit could be explained by the Theory of Gravity; nevertheless, this is not as sufficient. A very strong asset

of the Spanish Kingdom are its good relations with Latin America. At present, the emerging economies are beginning to dominate on the international stage, as is the case with Chile or Venezuela. Following the idea of the South-South integration model, it should come as no surprise that there is a bilateral interest between these countries. In view of the fact that Spain is treated as an intermediary in facilitating the establishment of contact and cooperation and in this situation it could be one of the examples of taking advantage of EU experience and resources.

The positive and friendly relationship between the European Union and Asian countries should last until Asia becomes more developed and other parts of the world become dependent on China, India or the creation of any integration. After this happens, it is probable that the new dominant countries are going to dictate a new order, ignoring previous agreements and declarations of friendship. With the situation being that insecure, European politicians should think twice about whether, as P. Mandelson points, continuing the politics of exchanging Airbuses for T-shirts still makes sense and is worth making so many concessions.

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SMOK W OWCZEJ SKÓRZE. O WSPÓŁPRACY EUROPEJSKO-AZJATYCKIEJ NA PRZYKŁADZIE CHIN I HISZPANII

Streszczenie: Stosunki między Azją i Europą od zawsze były niezwykle istotne dla każdej ze stron. W związku z szybkim rozwojem Orientu kraje tego kontynentu zaczęły odgrywać coraz większą rolę w relacjach międzynarodowych. Proces industrializacji azjatyckich gospodarek był możliwy dzięki wysiłkom i zaangażowaniu takich krajów, jak Japonia, Chiny, Hongkong, Singapur czy Indie, które stopniowo stawały się nowymi „gigantami" ekonomicznymi. Na przykładzie Chin i Hiszpanii, które reprezentują współpracę między tymi kontynentami, można zauważyć istotny obraz obecnej sytuacji oraz perspektyw dalszego rozwoju. Analizie poddane zostaną tło chińskiego wzrostu gospodarczego, a także źródła zagranicznych inwestycji. Obecnie Chiny starają się wprowadzić w stosunku do Unii Europejskiej politykę opartą na wzorze amerykańskim: „dziel i rządź". Pomimo braku zaawansowanej technologii, kraje azjatyckie powiększają zakres poszukiwań i starają się odnaleźć jak najwięcej możliwych kluczowych partnerów w celu uzyskania jak najkorzystniejszej pozycji. Jednym z głównych celów jest wejście na rynek Ameryki Południowej z wykorzystaniem przedsiębiorstw hiszpańskich.