

THURSDAY 4 JUNE 2009

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Present

Crickhowell, L  
Hamilton of Epsom, L  
Jay of Ewelme, L  
Selkirk of Douglas, L  
Symons of Vernham Dean, B (Chairman)

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Witness: Lord Patten of Barnes, a Member of the House, examined.

**Q549 Chairman:** Lord Patten, welcome. We are delighted to see you here and thank you very much for coming to give us some evidence on the EU's relationship with China. May I apologise for the absence of our colleague and Chairman, Lord Teverson, who is unable to be with us today. Also, you will notice that there are fewer of us than usual. A number of our colleagues are, unfortunately, abroad at the moment but, as you see, you have the crème de la crème around the table and I am sure that we will have a very useful session. Thank you very much for being here. May I ask you before we start with the questions – and I think you have had notice of the questions but there are obviously themes that my colleagues and I would like to develop with you – is there anything you would like to say to start off?

**Lord Patten of Barnes:** No.

**Q550 Chairman:** Fine. In that case, perhaps I can start with a question which you have not had notice of but which I suspect will be something that you will be more able to answer than many of us. We have seen on our televisions again recently, in the last couple of days, that here we are at the 20th anniversary of the events in Tiananmen Square and we have seen the footage again of everything that went on and, of course, it is 25 years since the agreement on Hong Kong. We wanted to ask you what do you think has changed over that period? In the time that you have been intimately acquainted with our relationship with China, how do you

think the relationship has changed vis-à-vis China's positioning with the rest of the world and with the EU? It is a big question but a thematic one which I think is an interesting one given the date.

*Lord Patten of Barnes:* It is an issue I think about quite a bit myself because I was in Beijing until a week or so before the killings in or perhaps off Tiananmen Square. I was attending a meeting of the Asian Development Bank as a Statutory Vice Chairman, I think, because I was Britain's Development Minister. It was an extraordinary spectacle, a great democratic festival. We had a meeting with Zhao Ziyang, at which I remember everybody sitting round in a circle, anxious to avoid causing offence and asking any questions about what was consuming our interest in the square and outside, because we were holding the meeting in the Great Hall of the People. Eventually, I asked Zhao Ziyang, whose leaked memoirs have just come out, as you know, what he thought about it, and he took some notes out of his pocket and delivered what I think were the remarks which helped to bring him down about his understanding of the students' position, and his hope that they would wind things up. I recall the British Ambassador at the time – he would not mind me saying this, I am sure – explaining to me how it was all going to end peacefully. He said it was like a Chinese military strategy, that you could tell it was going to end peacefully because the policemen, the paramilitaries, were wearing brown plimsolls and he said you do not put down this sort of thing with violence if you are wearing plimsolls. Well, the plimsolls went and the tanks came in. Since then China has continued to put all its emphasis on economic growth and economic reform rather than any political development. Such political changes as there have been have been vestigial but that is not to say that people's lives have not improved hugely, not just in terms of disposable income but in terms of the amount of freedom they have to do the sort of job they want, to live where they want. They have a range of economic choices which they did not have before, and they have become, of course, much more prosperous. I look back to the first time I saw

China, 1978-79, and I recall that in 1979 China exported as much in a year as today it exports in a single day. Nine per cent a year growth compound makes quite a difference, as I am sure we would discover in our own country. So China has become an important economic power and therefore an important power, full stop. I do not doubt for one moment that people's lives in China are incomparably better than they were in 1989. I do not doubt that most of the 240,000 people who work in the Foxconn factory in Shenzhen think mostly of whether they can afford a plasma screen television or a small car rather than arguing with one another about what happened in Tiananmen Square. But is there something acultural about democracy and human rights in Asia in general or China in particular? I do not think there is. Is it the case that you can go on indefinitely with a lack of symmetry between economic development and political development? I do not think that is true. I do not think there is any automaticity about economic development bringing political change and development but I think you are already starting to see the argument within China itself, and it is even occasionally reflected in what leaders say – for example, what Wen Jiabao, who was of course one of Zhao Ziyang's right-hand men, says about accountability and transparency. What he said in relation to the melamine scandal and to the scandal of collapsing buildings in Szechwan during the earthquake. A couple of years ago the argument between the reformers and the hard-line conservatives, with a small "c", in Beijing broke cover in the Hong Kong press, *Ta Kung Pao* and *Wen Wei Po*, which is often the case. The argument went like this. The modernisers, many of whom were running the financial services and banks, which is a nice reflection on our times, were arguing that unless there was further reform and opening up, unless, in other words, the state gave up more of its control over the economy, the economy would not grow as fast, there would not be as many jobs and, in those circumstances, the Party would lose control, not just of the economy but of the state. The hardliners were saying if the Party gives up control over the economy, sooner or later it will certainly lose control over the state. It

always seems to me that the dilemma in China is that both of those propositions are entirely correct. As I have said, I do not think there is anything mechanistic. If you look at Liberty House and some of the other people who draw up freedom indices, there is sometimes a suggestion that there is an automatic link between levels of per capita GDP and the outbreak or sustainability of democracy. There are always plenty of arguments on the other side, like Singapore, but Singapore is a pretty small example on the other side. That may all be true. I do not happen to think it is true. What I do think is true – and this is part of the scandal I have occasionally caused with Sinologists – is I do not think China is totally different from any other part of the world. David Pilling in the *Financial Times* this morning makes the point that everybody uses soap, that soap is universally popular; it is not simply a Western substance. I think the same is true of democracy; I think the same is true of freedom; I think the same is true of due process and I think the same is true of torture. Human rights are pretty much the same everywhere.

**Chairman:** Thank you. Perhaps we can turn now to Lord Crickhowell.

**Q551 Lord Crickhowell:** I found that fascinating. That takes us to the very fact that the economic change has taken place. When I was in China during the signing of the Hong Kong agreement – I was actually on holiday on my way to government business in Tokyo – there were virtually no cars. There are now something like 25 million cars. I do not think I need to ask you whether it is worth the European Union engaging with China because they are a sufficient player on the world stage for it to seem obvious, but what do you see as the key features of the relationship between the EU and China, and what is your general assessment of the EU's approach to China? How could it be made more effective?

**Lord Patten of Barnes:** Can I say at the outset that anything you say about the EU and China is equally true about the EU and Russia or the EU and Latin America or the EU and the United States. Secondly, nothing I say is meant to be critical of the European Commission,

which does its best in extremely difficult circumstances. Let me give an example of what I mean. There are, I think, six climate change dialogues with China: the European Union's and five of Member States. I think there are seven human rights dialogues, one which is officially the European Union's and then ones with Member States. I asked somebody the other day how many trade and economic dialogues there were with China, and they thought there were probably slightly more than the number of Member States, that is, 28, so 27 Member States and the Commission/EU. It is very difficult to have a coherent strategy on China and one which is pursued effectively if the Member States do not sign up to it and act accordingly. There are some very obvious consequences of the present fracturing of Europe's relationship with China. The British Prime Minister, the German Chancellor, the French President, all agree at one time or other to see the Dalai Lama. Each of them is then picked off by China. I do not particularly blame China. If this sort of thing works, you cannot be surprised when countries pursue it. Not a single Member State comes to the defence of the others. So the British Prime Minister or German Chancellor, when the EU summit is scrapped in Lyons because Mr Sarkozy has seen the Dalai Lama, the German and British heads of government do not say, "This is outrageous. We have done exactly the same." Everybody hopes that they will gain some imagined commercial benefit from the embarrassment caused to a fellow Member State. Now let me answer the question more generally. It really comes down to whether there is much point in the European Union. Clearly, we think that we do some things better as medium-sized European states by working together than by not. We are, after all, I think in almost every case, countries which over the next few years will enjoy some combination of the following: falling share of world population, falling share of world trade, falling share of world output. A single market, a single trade policy, a single environment policy, are all areas where we have recognised it is helpful to have competence over the whole European Union. So you would think that at least in those areas, we would see the point of

acting collectively together but we do not do it. It is not, I repeat, the Commission's fault, I do not think. It is the fact that everybody pursues what they believe to be their own bilateral interest and does not leave even areas of Community competence to the European institutions to deal with. The one exception to that that I can think of was the negotiations over the WTO, which I think had a spill-over effect into other areas as well, where there was a clear focus and Community competence for pursuing a policy. It was successful and I think it gave some backbone to our strategy. I used to think when I was a Commissioner that the Chinese believed more strongly in the European Union than we did, and saw Europe, in their geopolitical terms, as one of the strugglers for hegemony in the 21st century, as a bloc to put alongside the United States, China and India, but I think they have probably given up on that because that is not how we behave. I am not suggesting that we could make the sort of leaps in foreign and security policy which are plainly improbable but I do think, at the very least, we could act coherently in the areas where there is already Community competence. Can I just add one point? One of the questions you mentioned in your helpful note was whether there were things we could learn from China. One thing we can plainly learn from China is the advantage of having a clear strategy. The Chinese have a strategy as far as Europe is concerned. They want to have as open a market for their goods as possible; they want to attract as much European investment as possible; they want to get hold of as much technology as they possibly can and as much research collaboration as they can. They want us to behave ourselves, mind our Ps and Qs over Taiwan and Tibet, and they pursue that policy absolutely – and I do not use the word “ruthlessly” with any particular pejorative force but they pursue the policy absolutely, clearly, and very effectively, and we are still pretty fractured in our response – indeed, probably more fractured than we have been before. The last time I was in China was in November and I asked the Head of the European delegation how many European Ministers had been in Beijing that year, and he said they could not conceivably

keep account. They had no notion of the number, but since there had been, I think, nine or ten Commissioners, Heaven knows how many Ministers there must have been.

**Q552 Lord Crickhowell:** Two follow-ups, if I may. You began to touch on the question I was going to ask: given what is happening, in the way you have so vividly described it, it is interesting that the Chinese, one, seem to actually understand the European Community almost better than the Community itself. It seems to take, as was very clear when we went to Brussels, a remarkable amount of trouble: large resources, senior people involved in dealing with Europe. To take an example, we had a piece of paper on our desk this morning, a description of the trade discussions at the beginning of May, where they sent a very large team under a Vice Premier to come and discuss. So on the one hand, there is what you have been describing, and yet China seems to be devoting quite a lot of senior effort to dealing with the European Community.

**Lord Patten of Barnes:** Yes, I totally agree with that, and it has actually produced documents on its relationship with the European Union which are very positive and very helpful. China certainly used to send to Brussels rather more senior diplomats than some of our other partners. Although I am an India “groupie”, I think that China has over the last few years had a much clearer sense of the importance of Europe as a partner than India has had. India, I think, still has some difficulty in seeing Europe as one trading or economic partner, which may be our fault but is certainly manifest when you are dealing with them. So I agree with what you said about the importance which China attaches to the relationship, and I suppose a lot of Europeans would say that one of the reasons for the quantity and diversity of European contacts, Member States, Union and Commission, is that we attach a great deal of importance as well but the fact that we go about it in that way has extremely unfortunate consequences, and sometimes humiliating consequences, as happened with the rumpus over the arms embargo five years ago.

**Q553 Lord Crickhowell:** Can I have one other follow-up question? It is the way in response Europe seems to sometimes behave. We have two examples, I think. If you take climate change, where there are clearly potentially great shared interests, because China actually realises it is going to be badly affected by climate change and they see great scope for technological exchange and so on. Yet we had an example when we were dealing with officials in Brussels. They kept giving the impression that they were telling the Chinese what they must do; they were lecturing the Chinese. Similarly, when we talked about human rights meetings, we discovered that actually – and you have pointed to the sensitivity of the Chinese to public lectures – there are these six-month exchanges when people sit down and have a quite civilised discussion across the desk, where it works. There does seem to be a tendency in Brussels when it is dealing with China and, I dare say, with others, to say “Well, really, if you are going to work with us in Europe, you have got behave like this,” which seems to me to be likely to be counter-productive.

**Lord Patten of Barnes:** The Chinese know we do not believe it even if we say it. We have had a human rights dialogue with China for years. If I had a mortgage, I would put my mortgage on the proposition that the Chinese have not made any substantive change in human rights policy internally as a result of pressure from Europe. Maybe it is true to say that, with an eye to the rest of the world, they were encouraged to sign the International Covenant on Civil and Political Rights. They have never actually ratified it. It remains a subject for discussion in their Parliament. My worry about the human rights dialogue, not only with China but with some others as well – we used to have a human rights dialogue with Iran – is that it becomes an alternative, a surrogate for doing anything else. People ask you what you are doing about the incontinent use of capital punishment in China and you say, “This is part of our human rights dialogue and we have these very positive meetings every six months.”

Well, it does not make any progress. I am not against talking to the Chinese about human rights but I do not think they move very far.

**Q554 Lord Crickhowell:** I am rather more concerned than on human rights with this wider approach on important issues where we ought to be actually finding a way of working together, like climate change, where the worst possible way is to say, “You have got to do this because we think you ought to do it.” This does seem to be a tendency, rather than finding a common interest which will make them think it is a rather good way to proceed.

**Lord Patten of Barnes:** I must say, I have not picked up that rather pedagogic or lecturing approach on climate change.

**Q555 Lord Crickhowell:** I am sure you never did it.

**Lord Patten of Barnes:** I am sure I would not. I think on issues like that the Chinese used to regard me as a known interlocutor. They knew what my views were likely to be. On climate change, I think what we are seeing is the emergence of the G2 rather than a G3. The really crucial issue on climate change, even though I think Europe has taken an important step forward in the commitment it has made and has huge technological contributions it can make to the debate, but the really important discussion is between China, which is the biggest global emitter, and America, which is the biggest per capita emitter, and there will not be any post-Kyoto deal unless there is a deal between them, and I suspect that it is not irrelevant that the new American Energy Secretary is a Chinese-American.

**Chairman:** Lord Jay, I think really Lord Patten has dealt with your particular point about dealing with Europe as the Commission or individual countries. Is there a point you wanted to raise?

**Q556 Lord Jay of Ewelme:** I just wanted to follow up on one thing. Indeed, I think that is in some ways the key question. I have been extremely interested in what you have been saying, and I agree with you that trade is the obvious one, the WTO negotiations. I just wondered how you thought that the Chinese saw the euro, the relationship between currencies, as it were, whether they would see the EU as having an important role to play, at least, those members of it that are members of the euro, because of the growing importance of the euro as a world currency, and secondly, closer to your earlier responsibilities, on an issue like Iran, the CFSP area, where you have Solana, supported by the two or three main Member States, having quite an important role, whether the Chinese would see that sort of configuration or whether there are other kinds of configurations where the Chinese would see the EU as being a sensible and even necessary interlocutor.

**Lord Patten of Barnes:** First of all, on trade and financial issues, the Chinese understand the trade point very well. When we completed the discussions on their access to membership of the WTO, we concluded at exactly the same moment the negotiations on Taiwan's access to the WTO, and I took the strong view, though it was not uncontroversial, that in order to ensure compliance with the terms of the WTO, we needed an office in Taiwan as well as being able to look at things in China. I went to China and I explained to them that we were going to open an office in Taiwan, that this was not a recognition of Taiwan's sovereignty, that it was not a political gesture on our part but it was necessary in order to meet the terms of their agreement with us on the WTO, and the Chinese, while going through some of the motions of saying that they did not want us to do it, nevertheless accepted it as a necessary part of the trade relationship, and they understand Europe's competence in trade. I would guess they have probably been disappointed that the integration of the eurozone has not gone further than it has. They must be reasonably happy with the relative strength of the euro over the last months because they have substantial holdings in euros. This goes well beyond my

competence but I think they are in a bind about the dollar and about the whole argument as to whether there should be another global reserve currency or basket of currencies, because they have so many dollars in the reserves that if they do or say anything which devalues the dollar, they are going to be the biggest losers. I think they tread a very difficult path on international financial currency issues, and we come back to G2 arguments, because I think the biggest and most difficult argument that will have to be resolved in some way or other as we emerge, we hope, from this financial crash is the relationship between surplus and deficit countries. That is an argument for the Germans but it is not really a general European argument. I hope that they see areas where Europe has come together, like Iran, as areas where they can deal with us in common foreign and security policy as one. Of course, the jury is still out when it comes to the difficult bit, that is, whether we can actually resolve between Europe and America an acceptable place for other people to draw the line in the sand as far as nuclear development in Iran is concerned, and if we can agree on where more sensibly that line is drawn, whether we can then ensure that the Germans, French, Italians and others all come together in a common position, supporting the United States. I am sure in those circumstances we would be more likely to be able to get China, Russia and India on board, but I think there is still an awfully long way to go on that.

**Q557 Lord Hamilton of Epsom:** Can I come back on your juxtaposition between the fact that the Chinese Government can lay out a strategy which dictates what the country's position is. That is slightly belied by some evidence we have been given that if you want to do a deal in China, you are probably better at dealing with a regional governor than you are with somebody in Peking. Ignoring that, the fact is there is a Communist central government in China and that runs the whole place at the moment. In contrast, you have said that the problem with Europe is that there were some states in Europe which had some imagined commercial benefit from competing with other states. I suspect most of the time it is not

imagined; it is actually real; many different countries in Europe are competing both in terms of imports from China and indeed from exports to China. So if you want to put us on a par with China in terms of the government's role, of course you have to have a single European government, and I do not quite see how you can get away from that. If it were a Europe "*de patrie*", in the words of De Gaulle, we are going to compete. You either have a single government or you compete. I do not see there is anything in between.

**Lord Patten of Barnes:** Let me deal with that, but first of all, on the regional point, it is perfectly true that the Emperor's writ does not always run very far beyond the walls of Beijing on detailed issues. There was an old Confucian era poem about peasants which said something like this: "We go out into the field in the morning, we work all day, we have our lunch, we go home in the evening to have our supper, and we go to bed. The Emperor is far away" and of course, that is equally true today, and it is true that people do deals with local mayors and regional bosses, and that sometimes those local apparatchiks are doing deals which are in defiance of central policy, but not for long, if it is a really strong central government policy. For example, the last powerful Party Secretary in Shanghai was toppled precisely because he challenged Hu Jintao's policy on spreading wealth across China and not putting all the investment into the maritime cities and so on. So I think that you can certainly cut deals with this or that company but you would have great difficulty, I think, as a regional boss, going against the main strategic elements in Chinese government policy. Let me deal with the second point. There are two aspects to it. First of all, even competing with one another, European nation states would be better served if they agreed to combine their political and economic strength in achieving certain strategic objectives. For example, the European Chamber of Commerce has a list of trade grievances, of issues that affect European companies, individually and collectively, from local content in manufactured goods to intellectual property theft, and we are more likely to be able to achieve progress in getting the

Chinese to change those things if we work together rather than if we lobby separately and then actually do not do anything about it when they do not change. So you are more likely to have increased German and British exports, even though they will still be competing one with the other, if you get the Chinese to open up their market in areas where it is non-tariff barriers which actually prevent European exports being as large as they should be, or the share of Europe in the services sector. I think in that sense Europe is stronger when it works together. Secondly, Europe and individual Member States would do better if, as Europeans, we understood that the Chinese, by and large, do business on exactly the same basis as everybody else: they buy what they want at the lowest price that they can get it for, and they greatly benefit from the assumption that their principal commercial interest is in getting other people to do what they want politically. They constantly – and you cannot blame them, because we behave so foolishly – give the impression that, unless you behave yourself on Taiwan, Tibet, China's agenda, you will not be able to do business in China. It is complete rot! There are a lot of studies, for example, comparing German and French exports after the French had sold arms to Taiwan; the lack of any long-lasting impact on Denmark after Denmark had tabled a human rights resolution in Geneva because nobody else would because everybody else was scared witless of the consequences; the fact that while I was having a few problems with China and we were rowing about Hong Kong, British exports to China doubled, having actually fallen in the period between 1984 and 1991. So I just do not believe it is the case that, in order to do business with China – and this is the way I am afraid Europe collectively as well as individual Member States play it – you actually have to do exactly what they want politically. On both those fronts, I think we would be better served if Europe as a whole made it easier for companies in individual Member States, though of course they are increasingly multinational, to do business in China, with which we have, after all, the largest trading

partnership of any country or bloc of countries in the world, but still have a 169 billion trade deficit.

**Chairman:** Lord Selkirk, perhaps you could turn now to the question on engagement.

**Q558 Lord Selkirk of Douglas:** Lord Chairman, I think Lord Patten has already to a large extent answered the question, but can I ask this in general terms, in case you can state any principles which should guide both the EU's actions and our own: what is the best way to engage with China and on what subjects? Perhaps as a follow-up to that question, and a follow-up to what Lord Crickhowell asked you, if there are any important matters relating to trade, tourism, climate change, where we want very much to get progress with China, should issues involving human rights, Tibet and Taiwan be raised at a different time or should they be raised as part of the same agenda? In order to get maximum constructive engagement, what guidance would you give us as to the best way to proceed?

**Lord Patten of Barnes:** I am increasingly exasperated by the gulf between rhetoric and reality in foreign and security policy. It is not just an issue for beating the European Union over the head; it applies to others as well. Even though I would wish that we had more developed and coherent policies on a whole range of international issues, I would start by sticking to the areas where the Member States have already conceded, as I said earlier, that we should do things as a group of 27, the areas where there is, in other words, Community competence, and the whole area of the single market, of trade, and of environment are the three crucial ones in relation to China. So the first engagement I would seek would be at that level, and I would seek to get the Member States to agree to work more coherently together. Since in relation to issues which are much more of security concern, like the relationship on energy with Russia, and since we are not able to get Germany, Italy and France, to take particular examples, to actually accept what may be counter-intuitively the British position that we should have something closer to a common energy policy, and that is an area where it really matters to us,

I do not think it is going to be easy to persuade Chancellor Merkel or President Sarkozy or Mr Berlusconi, if he has time from his other concerns, to agree that we actually have to work through a single channel if we are to make the most of our relationship with China. It will be interesting to see what happens if the European Treaty is ratified and comes into force, with the appointment of a President of the Council as well as somebody – I know that I am not allowed to call them European Foreign Minister but the non-Foreign Minister, the very special High Representative. It is going to be very interesting to see what effect that institutional change has on our relationship with countries like China. Does this give our partners elsewhere, our interlocutors, a single telephone to phone? I am not convinced. Does the President of the European Council turn into a sort of combination of the Queen Mother and a progress chaser, or will he or she have a more significant role in dealing with the rest of the world? I think the jury is out on all that. So first of all, I would seek to engage more coherently in areas where the Member States have accepted the pooling of sovereignty, without going any further, without going towards all that the superstate stuff, which falls into the category, I think, described by Thomas More as “terrors for children.” None of that is going to happen. Should we engage the Chinese on human rights and on Tibet? Absolutely. We should not hector or lecture but we are bound to have a qualitatively different relationship with China than we do with India. I am loath to compare the European elections and the Indian elections which have just happened but India is a great democracy and, while imperfect, as we all are, Indian politicians share the same values that we have around this table, and that makes a difference. So I think we should raise those issues, I think the Chinese are amazed when we do not, and I do not think it makes it more difficult for us to make progress on other issues as well, whether it is economic or environmental. In my experience, human rights, Tibet, arms embargoes, were invariably issues which, while they did not fall because of competence issues to the Commission, the poor Commissioner was asked to deal

with them in bilateral meetings or summit meetings with the Chinese because those were the difficult bits that the Chinese might not like.

**Chairman:** Thank you. Lord Jay, I think we have covered what can each side teach each other, which I think is something you were planning to ask questions about. Is there anything more you would like to ask on that?

**Q559 Lord Jay of Ewelme:** No, I do not think so. I was actually not going to ask it, because I was rather chastened by Lord Crickhowell's point about not teaching others. I am happy to leave it. If I were going to rephrase it, I think I would ask a slightly different question, which is actually one which Lord Patten has just about answered, which is not so much what can each side teach or what can each side learn but what does each side need from the other? It seems to me a better understanding of what is actually needed may lead to a better understanding of how one goes about pursuing it. I would just rephrase the question in that way, if I may.

**Lord Patten of Barnes:** Let me deal with outside China and outside Europe when I talk about what we need from one another. I think we can play a useful role in reminding China of the mistakes that we made in the past in pursuing commodity diplomacy in Africa and other parts of the world, because the Chinese for sure are making many of the mistakes we made in the past, when, as it were, President Mobutu was on our side, we did not much care what he got up to or how much he salted away in Swiss bank accounts. I suspect you could make similar points today about China in Angola, about the way that Chinese behaviour has undermined, for example, the application of the Extractive Industries Transparency Initiative in African countries and other developing countries. I do not think that the right way to talk to China on Africa, where its trade is going up five times as fast every year as Europe's, is to lecture them because we made the same mistakes, but to try to involve them in OECD discussions on development assistance, in Paris Club discussions on debt; to try to develop our dialogue with

China on development would, I think, be extremely useful and would help them to avoid making exactly the same mistakes that we have made. Let me take one example. I do not actually think the Chinese have behaved as badly over Sudan Darfur as some people suggest but it is true that they have been perceived in Sudan as being strongly on the side of the government in Khartoum and have provided arms and other “*bonnes bouches*” to the Sudan authorities, but 80 per cent of the oil in Sudan is in the South and the South has the chance of a referendum on whether it remains part of Sudan in, I think, 2011 and it is a pound to a penny that the South will vote to be independent of the North. It is only not independent of the North because the Colonial Office people in the Foreign Office lost a debate with the Arabists in the Foreign Office when we actually spatchcocked two very different countries together before independence. So the Chinese will have put much of their money on the part of the country where only 20 per cent of the oil is. It is not, obviously, hugely in their interests to have backed the non-oil partner in those circumstances, a country from which they get ten per cent of their oil, or thereabouts. I think convincing the Chinese, as a great power, which they are, that they have an interest, as a great power, in stability, that they have an interest in good governance, that they have an interest in peaceful and sustainable development in Africa, for example is important. They recognise it at one level. There are, I think, more Chinese peacekeepers now than peacekeepers from any other member of the UN, but in other ways they pursue policies which are likely to make good governance more difficult rather than easier.

**Q560 Lord Crickhowell:** Going beyond Africa, good governance, peacekeeping, how about Pakistan, Afghanistan, bordering China, and Burma, the nasty bits of the world where Europe, the United States, and so on could do with some co-operation and assistance but where China so far seems to have shown very little sign of acting other than in its own very narrow local interests, or am I wrong about that?

*Lord Patten of Barnes:* No, I think you are not wrong. I think both the Chinese and the Indians have behaved rather badly about Burma Myanmar and have reached the conclusion that the junta is more likely to provide stability in the country than any democratic elections, and the Indians have the additional issue of concerns about Nagaland and frontier areas. No, I think we should put more pressure on the Chinese over regional stability. I assume that we are at the moment, at both a European and a national level, in touch with the Chinese authorities about the trial of Aung San Suu Kyi. I very much hope we are. The Chinese have, I think, in a quiet way tried to engage the regime in Burma Myanmar to move in a glacially slow direction in bringing in political change. If I can mention an aspect of this, which is a perception, not something I can prove, I co-chair an organisation called the International Crisis Group, which does a lot of very good, very professional reporting on areas of potential conflict in Africa, the Middle East, South Asia and elsewhere, and we know that the Chinese Foreign Ministry makes a lot of use of our reports. We have a good dialogue with the Chinese mission at the UN on some of our reports, even when they are quite critical of China. The Chinese have allowed us to open an office in Beijing, which is quite a move forward and I think that reflects the fact that there is a debate within the Chinese Foreign Ministry, and doubtless within the Party as well, about whether the way they have pursued commodity diplomacy has been entirely in their interests. On Islam, I think they want to avoid getting drawn into an argument or into a global debate, particularly since they are so concerned about the position of the Uighurs and Xinjiang, and that is, I think, the biggest issue for them. There is a stability aspect to the argument about Tibet which is not often raised but is always seen, it has seemed to me, in the last few years to be increasingly important, and that is the fact that six or seven of the great rivers in Asia all rise on the Tibetan plateau and, as water stress becomes a bigger and bigger problem in China and India, so I think debates about diversion

of water on the Tibetan plateau, where earlier glacier melt is going to be having quite an impact on river flows...

**Q561 Lord Crickhowell:** They have half the world's glaciers.

*Lord Patten of Barnes:* Yes, so glacier melt and the fact that all those rivers rise in roughly the same region is, I think, a really big security issue, and I hope that China and India, perhaps with the US and European encouragement, should be starting to talk about it.

**Q562 Lord Crickhowell:** One question that I think Lord Inge would have wanted to ask is whether you see Chinese military modernisation and the fact that they are parading their navy and so on as significant.

*Lord Patten of Barnes:* It does not cause me sleepless nights. I think it is an inevitable consequence of China being on the way to having the largest GDP in the world, which is what it has had for 18 out of the last 20 centuries and it will be in that position again later this century. It will not be as rich as we are in terms of GDP per capita but in aggregate terms it is going to be the richest country in the world unless things go wrong politically and that would be hugely against all our interests. I think sometimes the Chinese find me a useful idiot in arguing that we would be in much more difficulty if China went wrong rather than if China continued to grow and prosper.

**Chairman:** Lord Hamilton, perhaps you want to go on from there to the question about the embargo. I think that Lord Patten has dealt with the issues around what Hong Kong taught him very comprehensively. Perhaps if we could pick up the ones on the arms embargo to which he has already referred.

**Q563 Lord Hamilton of Epsom:** Yes, indeed. This is all to do with the United States which put pressure on the EU not to lift the arms embargo, to strictly limit the transfer of

technologies which assist China and its military modernisation. Should China and its military modernisation be a matter of concern to the EU, which follows on from Lord Crickhowell's point, and should the EU respond to US pressure?

**Lord Patten of Barnes:** Having handled this issue in 2003-2004 so appalling ineptly, the EU is going to avoid it as long as it can, I think. We had a settled policy on the arms embargo after Tiananmen Square and, while the Chinese raised it regularly with us, they did not do so at the sort of decibel level that suggests tremendous concern. They made the point that they did not want us to lift the arms embargo because they wanted a lot more European weapons or weapons systems necessarily but because it was humiliating for them to be put in the same sort of position globally as Sudan or Zimbabwe. Then we found ourselves faced with the consequences of Chancellor Schröder on a sales trip to China in 2003, telling the Chinese he saw no point in continuing the arms embargo. Then I think I am right in saying that President Hu Jintao was going to Paris in early 2004 and President Chirac thought it would be a very good way of rolling out the red carpet even more enthusiastically for him - I think I have remembered the sequence of events - to lift the arms embargo. Initially there was some support in the Council for doing that, but it rapidly became apparent that the American market was of far more consequence to most of our arms manufacturers than the Chinese market and that many of the companies which might have been thought to gain from being able to sell weapons to China were themselves partly owned by American companies or were heavily dependent on American technology for the equipment they sold. The Americans put pressure on us quite properly. The American Congress got pretty bellicose on the issue and we backed off. There are some aspects of all this which raise one's eyebrows. First of all, one of the biggest sellers of arms to China is Israel, which of course reverse-engineers much of the technology that it gets from the United States into products that it sells to China. When the American surveillance plane was brought down by jets in 2001, you could see from the

photographs that they had Python rockets under their wings which were an Israeli product, which I think I am right in saying had been reverse-engineered from the United States. It is true also that Humvees are manufactured in China, not hi-technology defence equipment but sort of relevant. I think I am right in saying that, as a proportion of their total defence armament spend, the Chinese were buying three times as much American equipment as European anyway. The figures are fairly small, it was something like six and a half per cent to two and a bit per cent but, nevertheless, they indicated that while the Americans had a legitimate interest since they provide security in Asia, which Europe does not do, they were not entirely blameless if one was saying that the only virtuous course was not to sell anything to the Chinese. What should we do? I think that we should have an open, transparent code of conduct on arms sales to China which is what we talk to them about, which would deny the sale of arms that could be used for internal repression or which might destabilise the region. You would not sell rockets which could be pointed at Taiwan and you would not sell, I suppose, the sort of equipment which a paramilitary police force might use, but it is an issue on which a great deal of humbug is spoken. It is an issue on which Europe demonstrated its ability - I hope this is not a mixing of metaphors - to shoot itself in the foot and it is an issue where there was a much bigger and more legitimate American interest than European interest and it was stupid of us not to talk to the Americans before we made any move whatsoever.

**Q564 Lord Hamilton of Epsom:** Where do you think it goes from here? It is clearly really the Taiwan experience which has heightened the position of the Americans, although they did not want to be attacked by superior technology, but I take your point about not selling arms which can be used to suppress people internally and not sell them things that can be used to attack Taiwan. It is very difficult to draw those lines between what you then use to defend your country legitimately. Do you see the Taiwan situation remaining quiet long enough for

the Americans not to feel threatened on that front or do you think it is going to be a constant thing in the back of the American defence strategist's mind?

**Lord Patten of Barnes:** It is an accidental commitment for the Americans which they would not have made had China not got involved in the war on the Korean peninsula in the 1950s. I do not think that there was huge enthusiasm for giving guarantees to Chiang Kai-shek in the early years of the KMT Government in Taiwan. I think that both sides of the argument know how far they can go, provided that the Taiwanese do not tease the mainland too much over the shadows of sovereignty. I think that the Chinese will not do anything destabilising. It is interesting that about 60 per cent of the hi-tech joint ventures in China are joint ventures with Taiwanese manufacturers. There are huge numbers of Taiwanese - I think it is well over 350,000 - living in and around Shanghai and it is a very, very important economic relationship. I think in time the political problem will be dealt with both by economic development and political change in China, but I do not think the Taiwanese are going to give up their present status without political change in China. At the same time, as I say, I do not think that it will move from being potentially destabilising to actually destabilising. Of course, it affects the arms and arms sale issue, but I would quite like us to consider dealing with that in the wider context of international movements to control arms sales as a whole. There is a huge interest in putting much more life into the UN efforts to control the sale of arms to the sorts of countries in Africa where it is easier to start a civil war than it is to start a business and China has been a huge exporter of weapons to these countries like Sierra Leone in the past. I think to get China involved in that discussion and debate would be a reasonable way of addressing the broader issue of how much we sell them.

**Q565 Chairman:** Could I pick up on the Taiwan-EU-China axis. Do you think the EU has had any impact in the relationship between China and Taiwan in the efforts that have been

made to do a bit of bridging? You talked a lot about the American side but what about the European Union?

**Lord Patten of Barnes:** I do not think that it has had any effect at all. We talk a lot about the difficulty of doing business sometimes in China and nobody should discard the difficulty of doing business in Taiwan, for example getting public sector contracts. I have had difficult discussions with Taiwanese officials on these sorts of matters.

**Q566 Chairman:** I think this is all part of the remit of the EU's relations with Taiwan, Macau and Hong Kong. Could you give us a little snapshot of how you see the importance of our relationship with those? You said that you think when we talk to China, China will go through the motions, it will want you to establish a WT office in Taiwan and understand the position but in relation to the way we deal with those three territories in particular, how will the Chinese react overall and do they care about how we deal with Hong Kong, Taiwan and Macau?

**Lord Patten of Barnes:** The Chinese would not concede that we had any standing in relation to Taiwan. They would concede privately and intelligently that of course we have a commercial relationship with Taiwan, which we do and it is an important one, an important one for us and an important one for Taiwan. They would also note, I guess, how important the attraction of Taiwanese students to British universities has been over recent years. They would not go any further than that. Hong Kong is in a very different position because of our historic relationship with Hong Kong. They still go through the motions of arguing that the existence of the joint declaration and commitments to preserving Hong Kong's system for 50 years after the handover does not give us any standing in Hong Kong but, of course, it gives us a locus as a judge of the extent to which Hong Kong is able to retain its different system. I think by and large Hong Kong has gone pretty well since 1997. Macau is a very different economy and a much smaller economy. I would not say that if I was a Portuguese but I am

pretty certain that the casinos and gambling must be a huge chunk of the Macau GDP; I am not sure that I know what the figure is. Of the three, clearly we have some standing in Hong Kong which is still, in my view, one of the freest places in Asia and has been remarkably successful. We have an important economic relationship with Taiwan but in Chinese eyes no locus and I would not think that the Taiwanese thought we were terribly relevant to them either. I mentioned students in relation to Taiwan; I think it is important too to recognise the value of university collaboration with China. I do not say that because of my own interests in higher education but, for example, at Oxford at the moment we have 743 Chinese undergraduates and postgraduates. About a third or more of all our maths undergraduates and postgraduates are Chinese and we worry about Polish plumbers! It is a very open and good relationship. When the Dalai Lama came to Oxford at the invitation of the Buddhists Society there were demonstrations by Chinese students who were learning how to do these things.

**Q567 Lord Hamilton of Epsom:** Were they all from the Republic of China?

*Lord Patten of Barnes:* No.

**Q568 Lord Hamilton of Epsom:** Of all those students, some would be Taiwanese?

*Lord Patten of Barnes:* No. It is interesting that even if you ask a Chinese dissident about Tibet, very often you get a very similar line to that you would get from a hardline spokesman in the foreign ministry; it is a national issue. I am sure some would have been Hong Kong Chinese, I do not know about Taiwanese in any demonstration, but the point I am making is that they are part of the university's life and a very valued part of the university's life. I wish we had as many Indian students as we have Chinese.

**Q569 Chairman:** Could I ask you something very specific about non-proliferation. You touched on the area of the arms embargo and you talked about the importance of drawing the

Chinese into any wider discussions you had in the context of Africa, for example, but about proliferation, particularly weapons of mass destruction, do you think that the EU and China can co-operate on these issues? Obviously thinking in terms very particularly of the way in which China has reacted thus far to movements in the UN over Iran and the disinclination the Chinese have to get involved too much in interfering in that sort of development in other countries, is there a role for the EU's relationship with China in that respect?

**Lord Patten of Barnes:** Not much, I do not think, because I do not think that Britain and France will concede that there is much of an EU dimension to the debates which primarily they will be having on the European side with the United States and others. I think the very welcome decisions that President Obama appears to have taken in the wake of the extraordinary agreements of Henry Kissinger, George Shultz and others on the non-proliferation treaty, the sorts of initiatives which President Obama is talking about in order to give some greater momentum to the nuclear non-proliferation renewal treaty at a renewal conference next year will be viewed with slight concern by both China and India because I am not sure how much they will welcome raising the whole issue of the size of nuclear arsenals, control over fissile material and those sorts of issues. I am not sure how much they will welcome that all being opened up but, as far as Europe's position with China is concerned, I simply do not believe that the British and French Governments, who are themselves trying to work out a response to President Obama, I guess, will concede that Germany, Latvia and Poland should be part of their decision-making process.

**Q570 Chairman:** Lastly, Lord Patten, we talked a lot about the institutional relationship between the EU and China and you have pointed out a lot of its shortcomings as well as some of its strengths. Overall, do you think that we are missing something institutionally? Do you think that there is something that we could do to better enhance the dialogue through the institutional mechanisms? You have talked about the possibility of the higher representative,

obviously you do not know whether that will happen in a way that the Treaty is envisaged because of all the problems we have within Europe over the Treaty but if you are able to say there is one thing that institutionally would make this relationship a more satisfactory one, would there be something that you would put your finger on?

*Lord Patten of Barnes:* I am often criticised for thinking that political will is more important than institutional change and one could discuss that in relation to some of our own contemporary controversies. I think that, of course, it is the case that institutional change can help create political will and political pressures. It may be that the appointment of a president of the Council full time - I mean the present rotating system is barking mad - the appointment of a very, very high representative for common and foreign security policy would produce more coherence in foreign policy and in the representation of Europe abroad with perhaps the establishment of a European diplomatic service drawn from some of the Member States as well as from the resources in Brussels. Those things are possible but they will not happen if after the European Council has agreed to say X or Y to the Chinese next time they meet them the President of France, the Chancellor of Germany or the Prime Minister of Britain says something completely different in order to allegedly steal a march the next time he or she meets them. So it really does come down to political will. I think some of the tensions which people perceive in present relationships within the European Union are likely to be enhanced to some extent when you have got a full-time president of the Council and the non-foreign minister. Who speaks for Europe at EU summits with the United States, China or India, who goes to the G8 meeting for Europe? In my experience, one of the consequences of Europe's relationship with the rest of the world was that whenever we were part of a meeting it increased the size of the meeting, so the Quartet consisted of six, which used to puzzle others because there were three representatives from Europe. I used to go sometimes on Troika visits with five or six people which, again, sort of puzzled other people, but it is all part of the

consequence of this extraordinary and unique attempt to transform sovereignty in some areas, though not in others. It is about what Lord Hamilton said, the consequences of a union of nation states which have agreed sometimes reluctantly to transform sovereignty or pool sovereignty in some areas but not others. Dealing with the rest of the world is one of the issues for most countries which goes to the heart of national sovereignty.

**Q571 Chairman:** Thank you very much indeed, Lord Patten. That was a *tour de force*, if I may say so, and thank you for giving up so much of your time to us this morning.

**Lord Patten of Barnes:** Thank you very much indeed.