

# Croatian-Chinese Relations on the Eve of Croatia's Accession to the European Union

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*The candidate status of the Republic of Croatia for the membership in the European Union and the beginning of the negotiations is the right moment to review the status of Croatian-Chinese relations in order to determine what foreign policy legacy Croatia brings along while entering the community whose foreign policy orientation in all its essential guidelines Croatia will have to adopt. At the same time it is an opportunity to review the history of the Croatian-Chinese relations which will provide the basis on which Croatia's distinct character within the broader context of the Chinese-European relations can be developed. For a small state, such as Croatia, gaining recognition in a vast and distant Chinese region can be a difficult task. However, it should not be debatable that it is a necessity both for Croatia's political and economic interests, as well as for many other important fields, including culture, science and education. The Chinese economic growth and the consequent increasing political importance make contemporary China an important player in the world political relations each foreign policy should define its position toward. The Joint Statement on Establishing the Comprehensive Cooperation Partnership between the People's Republic of China and the Republic of Croatia signed by Prime Ministers Ivo Sanader and Wen Jiabao on 26 May 2005 in Beijing is taken as a starting point in the analysis of the status of the Croatian-Chinese relations.*

**Key words:** Croatian-Chinese relations, Chinese-European relations

## 1. Historical overview of Croatian-Chinese contacts

Since a detailed overview of historical relations is beyond the frames of this analysis, this paper discusses only some more important historical contacts, which in a certain way have contributed to Croatia's recognisability in China, i.e., which can be used for that purpose. In particular, when we speak about the history of the Croatian-Chinese contacts we refer to the contacts of Croatian people, or even more precisely the contacts from the areas which make up Croatia today. These areas, until recently, historically belonged to different state entities. The

context can be best illustrated by a somewhat controversial case of Marco Polo.

The Medieval Europe gained its first impressions of China through a book titled *The Travels of Marco Polo*, published towards the end of the 13<sup>th</sup> century in Venice. The interest of Europeans for distant lands at the time was evidenced by the widespread publication of this book which followed<sup>1</sup>. It can be argued that the European fascination with China has remained to the present day. Despite the thesis that Marco Polo has never been in China (the arguments for the thesis being the suggestions that Marco Polo did not mention the Great Wall of China, the Chinese tea, the tying of women's feet, and that his stay in China has not been confirmed by any Chinese sources,<sup>2</sup>), both Europeans and Chinese concur in the

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fact that the role of Marco Polo is one of the most significant historical foundations on which the European-Chinese relations are based. The association of Croatia with Marco Polo, irrespective of its historical veracity<sup>3</sup>, nevertheless has an enormous media potential for the present Croatian-Chinese relations. In all contacts with Chinese people that information at first provokes suspiciousness, but at the same time the interest in getting an explanation of the claim which indirectly puts Croatia within the context of the story on the Venetian traveller which is well known in China. That is especially interesting regarding the growing tourist cooperation whose potential is an important element in today's bilateral relations.<sup>4</sup>

In addition to tradesmen and sailors, European missionaries played an important role in the contacts with China, especially because they, as men of letters, fervently noted their impressions of the Chinese civilization.<sup>5</sup> Croatian people were also active in the context of some Catholic missions. The pioneering work on the interesting historical topic of the Croatian-Chinese contacts was published by sinologist Branko Merlin, who wrote about the experience of a Croatian monk, Vladimir Horvat, in China.<sup>6</sup> As it is pointed out in the work, a complete evaluation of the extent to which Croatian missionaries contributed to the knowledge and better understanding of China has not been made in Croatia yet.<sup>7</sup> With regards to Croatian sailors, throughout history many of them visited China and Chinese ports on ships owned by different states. Numerous stories and anecdotes along the Croatian coast provide accounts of those trips. For example, Croatian sailors were aboard Austro-Hungarian ships which in 1900 brought coalition troops to put down the famous "boxer uprising".<sup>8</sup> They were also aboard many mainly foreign but also Croatian merchant ships until the abolition of the ship line to China, which was kept by Rijeka's Croatia Line until mid 1990s. The Shanghai port, Asia's largest commercial and financial centre of the first half of the 19<sup>th</sup> century<sup>9</sup>, holds a special place in memories of many sailors.

An important place in the contacts with China also belongs to scientists Andrija Štampar and Berislav Borčić who through the body of the League of Nations helped China in the field of public health in the 1930s. Andrija Štampar has received special recognition for the passing on of his experience in setting up health care centres throughout rural areas following the example of his work in the Kingdom of Yugoslavia in the Croatian village of Mraclin.<sup>10</sup> It is clear that the development of fast means of communication and the need for a greater connectivity of various parts of the world have contributed to the spread of contacts. In the case of China, its opening towards the end of

the 1970s, the process in which the SFR of Yugoslavia had a particular role, has led to strengthened relations with the rest of the world. Since it was a predecessor state of Croatia, it is important to examine Yugoslavia's role in further detail, taking into particular account the fact that the existing good Croatian-Chinese contacts today are partly based on the traditionally good relations from that period.

The history of international relations suggests that it is rare to find situations where relations with a small and very distant country are of great significance for a powerful country such as China. In the case of China its closeness to the then Soviet Union can easily be understood, given the support which the USSR provided to the Chinese Communist Party in its establishment of the People's Republic of China. At the end of the 1950s the Chinese-Russian relations deteriorated. At the beginning of the 1960s the PR China established, despite its size and remoteness, very close relations with Albania sharing with it the ideological attachment to the Stalinist model. However, the unique nature of the relation with SFR of Yugoslavia is reflected in the fact that Yugoslavia's experience had a significant role in China's opening to the world, after "the great cultural revolution" (1966-1976). At the legendary third plenum of the Central Committee of the Chinese Communist Party in December 1978 "the politics of reforms and opening to the world" was inaugurated with the intention to transform China in the forthcoming 25 years from an economically and socially disjointed and internationally isolated state into a powerful and significant member of the international community. In the early phase of the Chinese reforms, the Yugoslavian model of self-governance and market reforms attracted special attention and provided an example of how a country could be economically strengthened without having to change the ideology of its political system. As a leading member of the Non-Aligned Movement the former Yugoslavia could also assist China on the foreign policy level to approach to the Movement and to accelerate its integration into the international order. On the economic level, it was possible, through the SFRY, to gain access to the western technologies at the time when the relations with western countries were merely being established. This privileged position enabled certain Yugoslavian companies to achieve a better position in the Chinese market at the end of the 1970s and the beginning of the 1980s. In addition, 30 ships and ship engines were delivered from Croatian shipyards; the cooperation of INA (the leading Croatian oil company) with a Chinese oil company Sinochem was established. The cooperation peaked during the recent war in Croatia and as a result there were no oil shortages in Croatia between 1991 and 1995, while the good rela-

tions reflected on the local cooperation and official friendly relations were established between the cities of Zagreb and Shanghai (1980), as well as between the Socialist Republic of Croatia and the Chinese Province of Liaoning (1986).<sup>11</sup> The closeness of bilateral relations at that time further led to frequent exchanges between the Yugoslav and Chinese officials, businessmen, scientists, professionals, artists and journalists.<sup>12</sup> In that context, a special note must be made of journalist Tomislav Butorac, the correspondent of the Zagreb daily *Vjesnik*, due to his passing over of the knowledge on China to the Croatian public, as well as of Professor Ivo Dragičević, who was inspired by his interest in China where he was employed in the diplomatic service to write a comprehensive book on Chinese history.<sup>13</sup> At that time Croatia and China also began an intensive student exchange programme. The teachings of the Chinese language in Croatia and of the languages of the former Yugoslavia in China enabled mutual translations of literary works. This set basis for the creation of the Croatian Sinology.<sup>14</sup> It is relevant to mention that the then Chinese students later assumed important roles in Chinese diplomacy and their knowledge of the current affairs in Croatia contributed to the prompt establishment of diplomatic relations between China and the Republic of Croatia in 1992.<sup>15</sup> Although the political episode with the SFRY is history in contemporary China, Croatia should utilize also some elements of that historical inheritance while developing its image in China. By entering the European Union Croatia will find itself in the company of the former socialist states some of which, even today, use traditionally strong relations from that period to promote their interest in China.

## 2. "Partnership in general cooperation"

Following the Chinese recognition of Croatia's independence on 27 April 1992, diplomatic relations were established by *The Joint Communiqué on the Establishment of Diplomatic Relations between the Republic of Croatia and the People's Republic of China*, which was signed by Ministers of Foreign Affairs on May 13 in Zagreb. To ensure legal continuity it was agreed that the earlier bilateral agreements concluded by the People's Republic of China and the SFRY would continue to apply until new agreements are reached (Article 5). Today 37 international Acts of which 6 were inherited with the secession from the former state regulate various aspects of the Croatian-Chinese relations.<sup>16</sup> It is important to make distinction between individual Acts because some of them relate to substantial mutual international legal obligations (contracts, agreements...), whilst others are po-

litical documents that are not subject to any underlying international legal sanctions but rather relate only to political sanctions and are usually of general nature (declarations, announcements...).<sup>17</sup> *The Joint Statement on Establishing the Comprehensive Cooperation Partnership between the People's Republic of China and the Republic of Croatia* of 26 of May 2005, providing all encompassing definitions of political relations as well as fields of mutual interests for cooperation (from here on referred to as the Joint Statement) belongs to the latter category.<sup>18</sup> The Joint Statement also highlights the continuity of bilateral relations, affirms the consistency of the founding rules of the bilateral relations as outlined in documents to date and cites the Joint statement of the Republic of Croatia and the People's Republic of China about the Establishment of the Diplomatic Relations signed by the presidents of Croatia and China, Franjo Tuđman and Yang Zemin on 7 June 1993 in Beijing; and Joint Statement on Deepening of Relations and Mutual Beneficial Cooperation which was signed by the Presidents Stjepan Mesić and Yang Zemin on 16 May 2002 also in Beijing (Item I, Article 2 of the Joint Statement).

To assess the newly established partnership between Croatia and China it is necessary to consider it in the context of the foreign policy priorities the two countries. Starting from general guidelines of foreign policy, the essential Croatian foreign policy objectives are full membership in the EU, the establishment of its international and security position on the basis of the NATO membership, the improvement of relations with the neighbouring countries as well as the development of bilateral and multilateral cooperation.<sup>19</sup> In the context of the development of bilateral relations, Croatia's relations with the USA are of particular importance and it argues for the strengthening of the mutual partnership with the intention to develop all-encompassing economic and political relations with other big powers. Special mention is made of Russia and China with which "Croatia cherishes traditional friendship".<sup>20</sup> Accordingly, with the establishment of the partnership with China a significant priority of the Croatian foreign policy has been realized.

The position of a big power and the increasing importance of the role China has both on the regional and world scene clearly reflects through its foreign policy priorities. These are the relations with the neighbouring countries, big powers such as the USA as well as with the developing countries.<sup>21</sup> Understandably, as in the case of Croatia the promotion of economic interest has an important place in the hierarchy of the Chinese diplomatic priorities while as a member of the UN Security Council, China has an ever increasing role in the multilateral diplomacy.

In order to understand Chinese foreign policy today it is necessary to briefly outline its founding guidelines as well as the social and historical context that generated it. China's primary national task over the next 20 years is the development of a prosperous society for the benefit of all classes<sup>22</sup>. To achieve this, it is necessary to enjoy a peaceful international environment. Upon the evaluation of the importance of international relations at the beginning of the 1980s the newly founded reformist body chaired by Deng Xiaoping concluded that peace and development are the basic themes of the modern world. Thus at the 12<sup>th</sup> Congress of the Chinese Communist Party a new line of "peaceful and independent foreign policy" was defined. That led to the abandoning of the radical Maoist concepts of the conflicting international relations perceived as the continuance of the class struggle of the internal scene. Thus a fundamental strategic transformation was completed where, instead of a struggle, cooperation became the key element of the international relations.<sup>23</sup> On those starting points a new "multi-polar theory" of international relations was adopted which in the diplomatic work is promoted through an active establishment of partnership with many world states.

Chinese partnership relations with other countries are formally graded in their formal characteristics not only on the basis of importance but also on the basis of the nature of individual bilateral relations. For example, when referring to the relations with big powers China and Russia have a so called "coordinated strategic partnership" where the word "strategic" refers to the mutual importance of relations and the word «coordination» refers to the important aspect of the cooperation of these two powers on the international stage where they, through their coordinated effort, are frequently opposed to the dominant American influence. During the Clinton administration there was an attempt to establish the Chinese-American relations under the syntagm of "constructive partnership", referring to the necessity of a constructive resolution of conflicting strategic interests, particularly in the Asian region. However, with the arrival of the Bush administration and his competitive approach to China, the whole concept of partnership was abandoned and only the label "constructive relations" has been used. Recently the improvement of relations with India has led to the establishment of a "strategic partnership towards peace and prosperity", pointing at a common strategic need for a peaceful environment as a precondition for development and providing better living conditions for citizens of the two most populated countries in the world. Unlike the mentioned examples, the Japanese-Chinese relations are currently in a big

crisis and so the leaders of the two countries no longer meet. The Japanese-Chinese relations that do exist are far from being a "partnership" despite the continued good economic ties. The importance of the mutual relations of the "all encompassing strategic partnership" of the EU and China is reflected in the term "strategic", whilst the term "all encompassing" indicates a vast area of common interests, and the term "partnership" reflects the achieved closeness and maturity of the bilateral relations. Within the EU China also grades the importance of its relations and accordingly the category of strategic partners includes Great Britain, France and Germany. They were recently joined by Spain and Portugal with the explanation that the historical links (Portuguese colony of Macao) and the existing economic and energy sources interests can be well achieved in the regions which gravitate towards Spain (South America), that is, countries which have traditional relations with Portugal (Brazil and Africa). China's new interest in Western Europe has elevated Greece to the level of a "strategic partner". Among the Eastern-European countries within the EU a traditional closeness of relations is recognised with the establishment of "cooperation and friendly partnership" with Poland and «all encompassing, friendly partnership» with Hungary. The Czech-Chinese relations have not reached a level of partnership due to the Czech foreign policy orientation and the difference in the approach to issues of human rights, especially during the time of President Havel. The relations with Slovakia are marked merely as an «all encompassing partnership». The special traditional closeness is accentuated in the Romanian-Chinese relations that have officially been raised to the level of «all encompassing cooperation and friendly partnership». Bulgaria and Albania do not yet have an appropriate formal guideline of their bilateral relations with China.

The fact that China does not have established partnerships<sup>24</sup> with other countries of the former SFRY confirms that at the moment China has the most mature and the most stable bilateral relations in the region with Croatia. Comparing the Croatian-Chinese relations with the relations of other eastern-European countries, the label of "general cooperation" precisely reflects Croatian general foreign policy position as a candidate country for the EU. The differences are pronounced in some nuances. So for example the lack of the attribute "friendly" in the syntagm marking the Croatian-Chinese relations should not be read as meaning that their bilateral relations are not friendly<sup>25</sup>, but rather that the character of interest of the bilateral relations is more pronounced rather than their traditional emotional side. In that way the essence of the bilateral relations is

focused on the mutually beneficial cooperation the "general cooperation"<sup>26</sup> aspect of the syntagm refers to. Therefore, a partnership without open issues allows an all encompassing cooperation in all aspects where mutual interests exist.

The key question, that is the Chinese prerequisite for diplomatic relations with foreign countries is the principle of «One China» which means that there exists only one China and that Taiwan is a part of it. Presently only 26 states have recognized Taiwan and those are predominantly countries of Central America, several African and Pacific countries as well as the Vatican, which consequently do not have diplomatic relations with the People's Republic of China. In the *Joint Statement* on the establishment of diplomatic relations in 1992, Croatia obliged itself to "recognize that the official government of the People's Republic of China is the only legitimate government of China and that Taiwan is an inalienable part of the Chinese territory. The Government of Republic of Croatia affirms that it will not establish official relations with Taiwan" (Article 3). In the 2002 presidential *Joint Statement* Croatia also "confirms and accentuates, firmly holding to the principles relating to the Taiwanese issue from the *Joint Statement*, that it strictly conducts and that it will continue to conduct the politics of 'One China' with all repercussions that will follow from it, and that it considers the resolution of the Taiwanese problem a matter that is entirely internal to the Government of the People's Republic of China" (Item 5, Article 3). The principle of "One China" was also a central issue in the negotiations of the Prime Ministerial *Joint Statement*, and for the Chinese side it was especially important to strengthen the formulation from the existing bilateral documents and accordingly the following wording was suggested: "In all circumstances Croatia will continue, as always, to provide support to the politics of 'One China' and all related aspects associated with it, consider the resolution of the Taiwanese issue as an internal matter of the Government of the People's Republic of China, oppose 'Taiwanese independence' and support a peaceful integration of China» (Item I, Article 3). The new to the formulation is the obligation to "oppose" Taiwanese independence, the point on which the Chinese side insisted, whilst «the support of a peaceful integration» represents the counter-balance acceptable to the Croatian side. As is known, the People's Republic of China retains an open right to invade Taiwan if that island declares independence. Accordingly, a peaceful integration is a key element to the resolution of this complex issue and a military option would most probably not gain the approval of the USA, the EU and other democratic countries.<sup>27</sup>

From the Croatian perspective, the *Joint Statement* was intended to fully affirm Croatian strategic priorities. Thus, a formulation which would include all aspects of the Euro-Atlantic integration was suggested: "The People's Republic of China understands and respects the efforts of Croatia to gain full legal membership to the EU and to include itself in the Euro-Atlantic security, political, economic, and value system." The Chinese side, not wanting to even indirectly refer to NATO towards which it has great untrustworthiness, not only because of the bombing of the Chinese Embassy in Belgrade in 1999, but also because of NATO's expansion towards Chinese borders in the Central Asia, accepted the following formulation "The People's Republic of China understands and respects the efforts of Croatia to become a member of the EU and to be fully involved in the process of the European integration" (Item I, Article 4 of the *Joint Statement*). Although the Chinese side did not wish to mention NATO in a public document, in diplomatic discussions it always expresses its understanding of Croatia's efforts to resolve its security within the framework of NATO. The Chinese side also avoided commenting directly on the value aspects of the EU integration, and so as a substitute a general formulation of Croatia's "full" involvement in the European integrations is used. Importantly, the Dalai Lama visited Croatia in June 2002<sup>28</sup> and this provoked unfavourable reactions from China. Similarly, at the meeting in March 2004 when for the last time a resolution relating to condemning the status of human and national rights in China was presented, as a member of the UN Commission of Human Rights, Croatia, joined the stand of the EU to put the resolution on the agenda despite a severe Chinese lobbying to refrain from voting to support this matter. In both cases, despite the disapproval of the Chinese diplomacy the reached degree of maturity of the bilateral links did not lead to deterioration of the bilateral relations. Taking into account the above, it could be said that the fundamental political principles of the countries are equally represented in the *Joint Statement*. In agreeing to certain concessions in relation to the Taiwanese issue the Croatian side, with the recognition of its own strategic objectives, achieved certain substantial positive moves, such as, for example, the agreement relating to the need to hold frequent talks at the highest level. Thus, "the efforts will be made to have Prime Ministerial or Deputy Prime Ministerial visits every five years"<sup>29</sup> (Item III of the *Joint Statement*). This will enable at least one Prime Ministerial visit during each governmental term in Croatia, which is of great significance for the future development of the bilateral relations.

As is customary for documents of this nature, the Joint Statement provides a general support for "more frequent and substantial talks and an exchange of opinion at all levels, including the contacts between governments, parliaments, political parties<sup>30</sup>, non-governmental organizations, about bilateral relations, experience in reforms and development, the status of the world and regional opportunities as well as questions of shared interests" (Item III). The level of certain closeness is also evident in the assessment that "both sides believe that Croatia and China share common, or similar view points, on regional situation and international issues and they have concurred to continue to strengthen consultations and communications" (Item II, Article 1). The official mechanism within which this will be realized was established in 1993 with the signing of the Protocol relating to consultations between the two Ministries of Foreign Affairs at the level of Deputy Prime Ministers that is, the State Secretary responsible for political matters. In the past few years consultations have been held frequently, once annually, and take place alternately between Zagreb and Beijing. The Joint Statement predicts that, giving the special attention relating to the multi-lateral approach to questions of international relations, both parties will continue to strengthen the cooperation within the framework of the UN and other international organizations (Item II, Article 1). The mentioned positive assessment of the bilateral political relations and the appropriate similarity, that is, closeness of the mutual view points have been already highlighted in the previously signed presidential Joint Statement in 2002, while the general views on the fight against terrorism in the world, as well as the importance of the leading role of the UN and the Security Council and of the preserving the world peace and the security have been repeated (Item II, Article 1). The Joint Statement addresses the actual conditions relating to the UN reforms in the following formulation "concurrency of both sides with the need to reform the body of the UN with the aim to achieve more just representation of the member states from different regions" (Item II, Article 2). As diplomatic practice illustrates, the Croatian-Chinese cooperation within the UN is particularly good, not only when it was of crucial significance for Croatia's independence and the protection of the territorial integrity<sup>31</sup>, but also on many other occasions since then. Chinese support will be particularly important in the future, especially in the light of Croatia's candidacy to become a non-permanent member of the UN Security Council in the 2008/2009 mandate. Croatia's view point was, for example, particularly important for

China in the context of the recent intensive diplomatic attempts urging the UN to refuse all suggestions to enlarge the membership of its Security Council in the context of the UN reforms. It can be concluded that the multilateral cooperation is a very important component of the collective bilateral relations. To ensure that it continues to unfold successfully, it is necessary to constantly further its foundations, namely the substantial bilateral relations.

Croatian-Chinese economic relations have experienced several phases which can be illustrated with the emphasis this aspect of cooperation received in certain political documents. The Joint Statement signed by the Presidents Tudman and Zemin in 1993, primarily governed political assumptions of bilateral relations, but as far as economic relations were concerned "the two sides expressed satisfaction with the development of the economic relations" (Item V). At that time there was an intensive cooperation between the two countries' national petrol companies. The Chinese company Sinochem was one of Croatia's largest petrol suppliers whose shortages were not felt in Croatia despite the war. The Presidential Statement which was signed by Presidents Mesić and Zemin in 2002 dedicated more room to economic matters and so "the two sides are satisfied with the existing rate of growth of the economic and trade cooperation between them and express a will and readiness for the research of new and the use of the existing possibilities for a further growth and expansion of the mutually beneficial cooperation, in accordance with the principles of market economy" (Item III). This period was characterized by a rapid growth of trade exchange and a simultaneous rapid growth of Chinese exports to Croatia. That trend recorded its biggest amounts last year. According to the official Croatian statistics, Croatian exports to China amounted to around US\$9 million and imports from China US\$883 million. It is known, however, that this imbalance is not a problem specific to Croatia because China, since becoming a world factory with a huge number of cheap labour, continues to achieve a large export surplus with many countries, especially with the developed western countries.<sup>32</sup> The Croatian problem, which is shared by other former socialist countries, is particularly small export to the very competitive Chinese market which can, to an extent, be explained by the transitional character of the Croatian economy. For this reason the presidential Joint Statement emphasizes the need to explore "new possibilities" for a further economic growth. Understandably, the Chinese side is not unsatisfied with the status of general economic relations in the light of its successful and strong economy. To ensure that such interests continue to be protected, the Joint Statement emphasizes the need for eco-

economic exchange to unfold "in accordance with the principles of market economy" (Item III *in finem*), where all participants are independent thereby forcing Croatian companies to make their own way on the Chinese market. In such an unfavourable atmosphere for Croatian economic interests many meetings of the Assembly for Economic Cooperation were conducted with the objective to promote economic relations established as early as in 1993. It is important to point out that this status of economic relations at the same time represents the interests of certain Croatian business circles. Namely, the import of Chinese goods is a profitable business for many Croatian importers. Also, affordable prices of Chinese goods make them attractive for Croatian consumers. The efforts to formulate a strategy which would promote Croatian exports and provide solutions to reduce export deficit finally received clearer guidelines in the Prime Ministerial Joint Statement. Without assessing the status of the economic relations "both sides believe that the Croatian-Chinese bilateral economic relations and trade are developing without interruptions, and there is a huge potential for further growth" (Item IV, Article 1). Both sides have also undertaken to "actively support their own companies to achieve further exchange and expand the cooperation" and "they will aim to improve the exchange of goods and services, in terms of quality and quantity, to achieve a balanced development of bilateral trade and economic cooperation" (Item IV, Article 1). The issue of the disparity of the trade exchange is implicit here, while the issue of quality that the importers of Chinese goods are frequently faced with was also pointed out. The Joint Statement highlights that both sides will aim to comply with the principles of market economy. Upon the recommendation of the Croatian side, protection of intellectual property was also included (Item IV, Article 1). *Pliva*, a leading Croatian pharmaceutical company, is currently experiencing difficulties relating to intellectual property. *Pliva* is the only Croatian company with a branch office in China and the issue is that copies of its antibiotic *Sumamed* have appeared on the Chinese market. As is known, the protection of intellectual property on the Chinese market remains unsatisfactory, despite some improvements which were made after China joined the World Trade Organization in 2001. Given that, to date, the economic cooperation has been mainly reduced to trade exchange, both parties announced that they would "support cooperation among companies in various forms, such as joint ventures, the establishment of logistical service centres, cooperation in the building of the infrastructure and the use of the free zones of the other side" (Item IV, Article 1 *in finem*), while

"Croatian side expressed an interest to attract Chinese investment, goods and services and also to become a logistical centre for their placement on the European market" (Item IV, Article 3). Despite such an approach was argued for before<sup>33</sup>, the Joint Statement is the first official document which defines the framework of the Croatian economic strategy towards China. Until recently, not a single case of a joint investment was recorded and that suggests that the preconditions for joint investment have been fulfilled. The reason for the lack of Chinese companies in Croatia, as has been pointed out in the official discussions, was the lack of knowledge on the situation and insecurity in the region in the 1990s. At the same time Croatian companies, burdened with the issues of transition, were unable to invest in the distant Chinese market. It was only in 1995 that the first joint investment between China and Croatia was made in China, between the two companies specializing in power-transformers, a Croatian company *Končar-Transformatori* and a Chinese company TEBA from Shenyang, the capital of the Liaoning province of.<sup>34</sup> Also in 2002 two large Chinese telecommunication companies, *Huawei* and *ZTE*, from the free economic zone of Shenzhen opened their branch offices in Croatia.

Croatia's approaching to the EU has created assumptions for a greater interest of Chinese companies not only in Croatian, but through Croatian also in other European markets.<sup>35</sup> Croatia's geo-strategic position is ideal for such operations for Chinese, as well as other Far Eastern companies. The integration of Croatia's economy in the European economic area will allow Croatian companies an easier access to the Chinese market, whether through joint ventures with strong European partners or through their strong logistic infrastructure in China which will lead to the assumption that the trade deficit will decrease. It is a fact that the EU is better equipped to defend itself from the growth of imports of cheap Chinese goods which is proved by the recent agreement to limit the growth rates of imports of Chinese textiles.<sup>36</sup> With the entry into the EU Croatia will be able to benefit from the same protective mechanisms. The strategic approach to the economic cooperation with China requires an effective mechanism to monitor and support economic activities. Accordingly, the Joint Statement explicitly provides that "both sides confirm the importance of frequent meetings of the Mixed Board for Economic Cooperation for the promotion of bilateral economic relations and trade" (Item IV, Article 2). The strategy foresees another way of balancing economic exchanges and the Joint Statement provides that "both sides consider that cooperation in the field of tourism contributes to a deepening of friendship of the two nations and the economic-

trade exchange between the two countries" (Item V, Article 1). Due to the need to control Chinese tourists abroad, tourism is regulated by intergovernmental agreements which permit only licensed tourist agencies to organize Chinese group visits abroad. In 2003 Croatia, along with Germany, was among the first European countries to enter such an agreement (memorandum). However, following certain incidents (the failure of certain Chinese tourists to return to China), Croatian tourist industry lost interest in continuing the cooperation. In the meantime, the EU signed the agreement with China in 2005 and, with appropriate initial preparations; very profitable tourist traffic began.<sup>37</sup> For Croatia the problem is that due to rigorous visa requirements Chinese tourist groups on their European tours tend to stay away from additional bureaucratic procedures, except for those already required by the Schengen visa regime. The entry of Croatia into the EU will create all necessary conditions for the intensification of cooperation in this area.

The Joint Statement briefly mentions the continued support of the two sides in respect of "the traditionally good cooperation in culture, scientific, technology, education, medicine, sport and other fields" (Item V, Article 2) as well as the support for the fields of "media and communication cooperation" (Item V, Article 3). The cultural cooperation holds a special place in the promotion of a country's identity. As a result of the traditionally strong cultural relations, especially during the 1980s, the Croatian-Chinese cultural cooperation is a field of a relatively intensive exchange. Substantial programs are defined in 3-year contracts between the two Ministries of Culture, and thus the funding is provided for the realization of projects that could not be easily realized on commercial level. The cooperation in the field of sciences is in a similar way assisted by the Committee for the Scientific and Technological Cooperation which began its work in 1999. The Joint Statement gave an incentive for the second meeting of the Committee in 2005 during which cooperation on substantial scientific projects was achieved. The Chinese side showed a particular interest in the joint application of the European scientific funds (Framework Programs VI and VII) in which Croatia can equally participate starting from this year. "Strong support is provided to the efforts to form conditions for the study of languages, history and culture of the other side" (Item V, Article 2). The Chinese side promised to support the work of the Additional Study of the Chinese Language at the Faculty of Philosophy in Zagreb which began works in 2004, as well as "to actively consider possibilities"<sup>38</sup> to separate the Chair of the Croatian and Serbian Languages at the Chinese University of Foreign Languages in

Beijing where from time to time a Croatian lecturer works. It is clear that without a sound mutual knowledge of the language, history and culture, it will not be possible to promote a valuable cooperation in many special fields of mutual interest. Cooperation in sport has also been intensified recently to which contributed, among others, the selection of Beijing for the Olympic Games in 2008. At the end it expresses "a satisfaction with the current level of cooperation in the area of defence" (Item V, Article 4), and particular "support is given to the general growth of the level of relations between cities and regions" (Item IV). Thus the following is especially stressed: "A satisfactory celebration of the 25<sup>th</sup> anniversary of the establishment of the relations of the friends of the city of Zagreb and Shanghai as well as the hope that the cooperation between the two cities will serve as an example of good relations to other cities and regions" (Item VI). Zagreb and Shanghai established their official relations in 1980, and it is anticipated that the traditional relations will contribute to an intensive cooperation of Croatia with this city of 17 million people and the financial and cultural centre of China. The world reputation of Shanghai has been proven by EXPO 2010, which will be held in Shanghai. Croatia has already announced its decision to open a consulate in Shanghai. Clearly, sound political relations provide a good basis for the development of relations of all other mutual interests, and such interests also determine the intensity of the cooperation. In this context, it is necessary to agree with the satisfaction with the status of the bilateral relations expressed in the Joint Statement, which elevates the bilateral relations to the level of a "partnership in general cooperation" (Item I, Article 5).

### 3. Conclusion

In 2005, the EU and China marked the 30<sup>th</sup> anniversary of the establishment of their diplomatic relations, which were initially based exclusively on economic cooperation. This was officially recognized in 1985 with the signing of the Agreement of Economic and Trade Cooperation. The fact that relations had outgrown exclusively economic importance of mutual ties led the two sides to come together to draft a new document which would regulate the all encompassing mutual bilateral relations. In the meantime, the EU issued several documents which gradually regulated relations with China. The most important being the announcement of the EU Commission "Building of the All Encompassing Partnership with China" in 1998 and the political document titled "Mature Partnership – Common Interests and Challenges in the Context of the EU–Chinese Rela-

tions" in 2003 which affirms that the EU, within the framework of its common foreign and security policy, considers China one of the main strategic partners with which it already had «an increasing interest to work together in the protection and promotion of sustainable development, peace and stability in the world». <sup>39</sup> In the promotion of its strategic economic and political interests the EU is willing to assist China in the realization of «successful transition to a stable, progressive and open country which fully accepts democracy, the principles of free trade and the rule of law», and problems are also specially detected in the sphere of human rights. <sup>40</sup>

From the Chinese side a suitable strategic political document was published on October 13, 2003. The document reflects the Chinese foreign policy strategy aiming to enable the strengthening of the multi-polar international relations by forging closer relations with other powerful states and, in this manner, limiting the total global domination of the US. The document also places economic cooperation as the priority, but it also highlights certain problems which have put strain on the bilateral relations. For example, the question of removing the EU embargo on the export of weapons following the Tiananmen incident, the option the EU has given up under the pressure from the US as well as certain trade restrictions, since the EU has not yet recognized China's status of a market economy.

In this way, a framework of cooperation has been established where, with the holding of regular

political dialogue about open issues, China and the EU intensively cooperate in many different fields such as culture, science and education. <sup>41</sup> The strategic importance, the width of mutual interests as well as the maturity of bilateral relations are expressed in the syntagm "all encompassing strategic partnership" which, since 2003, has characterized the relations between China and the EU.

As the analysis of the current status of the Croatian-Chinese relations illustrates, Croatia's entry into the EU will set the basis for their stronger development. The content of the bilateral relations leads to the conclusion that they are already compatible with the nature of the relations between the EU and China, and, it is also clear that the European framework will additionally strengthen their mutual importance. In the 15 years since Croatia gained independence, the Croatian-Chinese relations have undergone several phases starting with the initial mutual untrustworthiness, through the period of their growth and the gradual construction of the mutual trust right to a "partnership in general cooperation". With the entry into the EU, Croatia will also share the European-Chinese strategic partnership. All this will need to be taken into account when writing a genuine history of the Croatian-Chinese relations which should contribute to further clarification of the assumptions for the future promotion of Croatia's distinct character in the vast Chinese area. ■

## NOTES

1 From the end of the 13th and through the entire 14th century 119 manuscripts were published in many European languages – information in the book *The Travels of Marco Polo*, Hartfordshire 1997, p. V.

2 Wood, F. *Did Marco Polo Go to China?*, London, 1995.

3 There are no written proofs about Marco Polo's birthplace, however, in the above mentioned book Frances Wood speaks about a document from the mid 14th century which is kept in the British Library and which confirms the Dalmatian origin of Marco Polo's family, p. 112.

4 A renowned expert of Chinese history, Ray Huang, compared humorously Marco Polo and his curiosity for distant worlds with the contemporary tourist: "Marco Polo was a tourist – par excellence – before tourism even appeared as an organized institution. He went to China without the conventional wish to trade goods for profit and without religious consecration to save souls", quotation in Huang, R., *China – A Macro History*, New York, 1997; p. 156.

5 See an interesting study on the work of Jesuits in China in Lee H.C.T., "Christianity and Chinese intellectuals: from the Chinese point of view" in the book *China and Europe*, Hong Kong 1001, pp. 1-27.

6 Merlin, B. "Travelogues of monk Vladimir Horvat – a missionary in China", *Marulić*, no. 6, 1993.

7 The problem area of historical contacts of Croatian people with China surely deserves a more detailed analysis, and it can only be hoped that new generations of sinologists will continue

the work of the deceased Merlin. That work can be encouraged by the fact that Chinese studies were introduced at the Faculty of Philosophy in Zagreb in 2004. The study has so far been only additional but it offers a deeper insight into Chinese language, history and culture.

8 Boxer uprising got its name from secret martial arts societies which, supported tacitly by the imperial court, used to attack foreigners and foreign missions in Beijing and whose siege was lifted by the troops of the big powers, Britain, France, the USA, Germany and Austro-Hungary, which then burned large parts of Beijing. According to his granddaughter's story, Ivana Prica, even Austro-Hungarian admiral Dragutin Prica reached Tianjin port near Beijing in 1900.

9 According to the memories of Milan Moguš, the President of the HAZU (Croatian Academy of Science and Art), Shanghai found its popular place in the poem "Brod plovi u Šangaj" (Boat is Sailing to Shanghai) written at that time.

10 In 1998, Croatian-Chinese Society of Friendship organized a lecture held by Prof. Dr. Branko Cvjetanović on the topic "Cooperation of Croatian and Chinese experts in the field of national health" where Štampar's work in Shangxi province was described in depth. Due to the precision and possible need for the authentic text of the mentioned lecture it is important to point out that two other Croatian-Chinese Societies of Friendship are still active in Zagreb, and these are: a) the society within the Faculty of Electrical Engineering and Computing whose enthusiastic members promote the Chinese art and culture by showing Chinese movies, exhibiting Chinese paintings, giving lectures, etc.; and b) the society bearing the name of the Croatian poet Josip Sever

who lived in China and who later published several translations of Chinese poetry (recently a translation, i.e., a rendition of a Li Bai poem has been published again. Li Bai was a famous Chinese poet from the Tang dynasty. The rendition was published in a very interesting edition of literary magazine *Književna smotra* (Literary Review) no. 4/2005 which has gathered contributions, among others, of several Croatian sinologists, under the title "China and Tibet in words and thoughts"). Unfortunately, the society is more active in promoting business contacts between its members and China.

11 See more details about that period in the author's work as the Councillor "Chinese foreign policy and Croatian-Chinese relations" at the Academy of Diplomacy Croatian Ministry of Foreign Affairs from 2000.

12 Speaking about the cultural exchange, for example, it is interesting to point out that in the then Yugoslavia/Sarajevo's production movies "Walter brani Sarajevo" (Walter defends Sarajevo) and "Most" (The Bridge) were the first foreign movies shown in China after the cultural revolution. Those movies were then very popular in China because of their more human approach to war themes compared to the strict social realism of the Chinese film industry, and are also well-known to the present-day generations. In 2005 on the occasion of the celebration of the 100th anniversary of the Chinese film those movies were proclaimed the foreign movies which had the greatest influence on the Chinese film industry. Croatian actor Relja Bašić visited Beijing on that occasion.

13 The book *Kina od nebeskog carstva do naših dana* (China from the Kingdom of Heaven to Our Days) was published posthumously in 2002 by Prometej publishing house in Zagreb.

14 It is interesting to note that the first Croatian literary work «Alkar» by Dinko Šimunović was translated into Chinese through Esperanto in Shanghai in 1936 – see reprint issue of *Školska knjiga* (publishing house) from 1996, which was edited by Dražen Budiša.

15 For more details on the establishment of diplomatic relations between Croatia and China see "Kineska vanjska politika i hrvatsko-kineski odnosi" (Chinese Foreign Policy and Sino-Croatian Relations) published in the journal *Politička misao* (Political Thought), no. 4/2000, p. 53.

16 The Acts are quoted in Croatian Official Gazette –International Agreements 1/97. Note that a new agreement on the cooperation in the veterinary field between Croatia and China is in progress. A list of all documents can be found at <http://www.mvp.hr>

17 For more details on the nature of treaties and how they are classified by Vienna Convention on the Law of Treaties see *Diplomatski leksikon* (Diplomatic Lexicon) by S. Nick, Zagreb 1999, p. 128.

18 For the content of the concept of the Joint Statement, see footnote 17, p. 249.

19 For more details see <http://www.mvp.hr>

20 See footnote 19 above.

21 For details see article "Miroljubivi uspon – nova kineska vanjskopolitička teorija" (Peaceful Rise – New Chinese Foreign-Policy Theory) by O. Baković, journal *Politička misao*, 1/2004, p. 126-137.

22 The concept is known as a Chinese phrase of "xiao kang", for a detailed explanation see "Kineska vanjska politika u novim okolnostima" (Chinese Foreign Policy in New Circumstances) by O. Baković, journal *Politička misao*, 2/2003, p. 131-139.

23 Qin, Yaqing "National Identity, Strategic Culture and Security Interest" in the book *Cultural Factors in International Relations*, Shanghai, 2004, p. 217.

24 In the Chinese version of the synthesis "Quan Mian He Zuo Huo Ban" is easier translated to English as a "comprehensive,

cooperative partnership". Similarly in the case of Romania "comprehensive, cooperative, friendly partnership".

25 That is confirmed by the earlier cited acts from «Acts from Croatian Foreign Policy» - see footnote 20 above.

26 The labels «general cooperation» or «all encompassing cooperation» are for example not mentioned in the case of Poland, whilst it is found in the case of Hungary and Romania with which China has traditionally close and «friendly» relations.

27 The EU and the USA have recently, after the Democratic Progressive Party took over the power in Taiwan, insisted that no parties can take any measures to change the status quo.

28 He was received by the then Prime Minister Ivica Račan in his personal capacity.

29 The visit of Prime Minister Ivo Sanader was realized 10 years after the first visit of a Croatian Prime Minister to the People's Republic of China, the then Prime Minister Nikica Valentić in 1995.

30 It is interesting to note that the Chinese Communist Party established contacts with the majority of the parliamentary parties (HDZ [Croatian Democratic Union], HNS [Croatian People's Party], HSLs [Croatian Socialist Liberal Party], SDP [Socialist Democratic Party]). The starting points of the Chinese Communist Party today are no longer the ideological assumptions and its construction of the relations with other parties, but a party cooperation is seen as a way of promoting collective bilateral relations.

31 For more details see O. Baković "Chinese Foreign Policy and Sino-Croatian Relations", journal *Politička misao*, 4/2000, p. 50.

32 The total Chinese foreign trade surplus in 2005 was US\$102bn.

33 Baković, O. "Chinese Foreign Policy and Sino-Croatian Relations", journal *Politička misao*, 4/2000, p. 50.

34 As was pointed out earlier, in 1986 the province of Liaoning established formal cooperative relations with the then Socialist Republic of Croatia, and in 2002 that cooperation continued between the province of Liaoning and the Primorsko-Goranska County.

35 Since 1980s to the end of 2005 China invested abroad US\$56bn, and the investments grew rapidly after the Chinese government adopted the policy of "go global" in 2000. The investments in 2005 alone were US\$7bn. According to the data from the Chinese Ministry of Trade, today around 10,000 Chinese companies make investments in over 170 countries, and more recently, a special attention has been given to energy resources and strategic raw materials.

36 The Ministers of Trade Bo Xilai and Peter Mandelson signed the agreement between China and the EU, which limits the increase of the Chinese exports of certain categories of textiles, on 10 June 2005 in Shanghai. The EU intends to introduce similar measures in relation to the export of Chinese leather footwear this year.

37 In 2005, according to the official Chinese statistics, 31 million Chinese people went abroad of which 25 million were in tourist capacity – China daily, 27.1.2006.

38 Talks with the Chinese officials from the Ministry of Education.

39 Relevant documents can be found at <http://europa.eu.int>

40 See above, p. 3.

41 An interesting example of strategic closeness is China's participation in the scientific project of the construction of the Galileo satellite network.