Sino-Swiss Strategic Partnership

A Model for China-Europe Relations

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Abstract: After signing a bilateral free trade agreement with China and joining in the China-led Asian Infrastructure Investment Bank (AIIB), Switzerland has become one of China's best partners in Europe. The bilateral relationship has been upgraded from "strategic partnership" to "innovative strategic partnership," and is regarded by the Chinese as "a model relationship for China-European countries." Two fundamental reasons explain why Switzerland has achieved such harmonious relations with the world's second largest economy: first, there is no historical conflict between the two countries; second, Switzerland is more pragmatic than other European countries in strengthening bilateral cooperation with

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The author is grateful to the European Commission Erasmus Mundus Joint PhD School on "Globalisation, the Europe and Multilateralism" and the China Scholarship Council for their financial support. The author would also like to thank the reviewers for their comments.

China. So far, the two countries have institutionalized dialogues and other exchanges involving both elites and the public; sensitive issues have been properly handled without obstructing the development of their bilateral relations. As ever closer ties are being built between China and Europe as a whole, the Beijing-Bern relationship can serve as a model for other European countries.

Keywords: Sino-Swiss relationship; China-EU relations; historical institutionalism; strategic partnership.

Introduction

As a key player in the international arena, China has many strategic partners. Most of the partnerships, such as the China-U.S., China-EU, China-Russia and China-ASEAN ones, have been intensively studied;¹ even China's newly forged partnerships with Australia and Latin America have attracted wide attention.² However, the China-Switzerland partnership is pitifully neglected by scholars in both countries.³

¹See, for example, Wu Xinbo, "Forging Sino-US Partnership in the Twenty-First Century: Opportunities and Challenges," *Journal of Contemporary China*, Vol. 21, No. 75 (May 2012), pp. 391–407; Jonathan Hoslag, "The Elusive Axis: Assessing the EU-China Strategic Partnership," *Journal of Common Market Studies*, Vol. 49, No. 2 (March 2011), pp. 293–313; Michael Smith, "EU Diplomacy and the EU-China Strategic Relationship: Framing, Negotiation and Management," *Cambridge Review of International Affairs*, Vol. 29, No. 1 (May 2016), pp. 78–98; Chen Zhimin, "China, the European Union and the Fragile World Order," *Journal of Common Market Studies*, Vol. 54, No. 4 (July 2016), pp. 775–792; Bobo Lo, "The Long Sunset of Strategic Partnership: Russia's Evolving China Policy," *International Affairs*, Vol. 80, No. 2 (March 2004), pp. 295–309; Tien Sam Do and Thi Hong Van Ha, "ASEAN-China Relations since Building of Strategic Partnership and Their Prospects," *International Journal of China Studies*, Vol. 6, No. 2 (August 2015), pp. 187–194.

²Lei Yu, "China's Strategic Partnership with Latin America: A Fulcrum in China's Rise," *International Affairs*, Vol. 91, No. 5 (September 2015), pp. 1047–1068; and Lei Yu, "China-Australia Strategic Partnership in the Context of China's Grand Peripheral Diplomacy," *Cambridge Review of International Affairs*, Vol. 29, No. 2 (September 2016), pp. 1–21.

³"China Switzerland relations" was used as keywords to search in the Geneva Libraries database (explore.ero.ch/primo.library) and there is no relevant result after 2006. "China-Switzerland" was similarly used as the keyword to search in the China National Social Science Database (NSSD) (www.nssd.org), to find only three relevant results after 2006.

Despite the lack of academic attention, the China-Switzerland partnership is quite significant for both countries. The most recent example is the visit of Swiss President Johann Schneider-Ammann to China in April 2016. During his trip, Chinese President Xi Jinping called him “an old friend of the Chinese people.”⁴ Chinese Premier Li Keqiang also reaffirmed the importance of the bilateral relations, saying that China “is willing to deepen cooperation with Switzerland in areas of trade, finance and innovation” and “make bilateral cooperation a model in China-Europe relations.”⁵ This is the first time ever that China proposed a “model of China-Europe relations,” exemplifying China’s recognition of the bilateral relationship. In addition, the China-Switzerland partnership has been upgraded to “innovative strategic partnership,” which, significantly, is the very first among China’s partners.⁶

Nevertheless, how to evaluate Sino-Swiss relations remains a question. This article considers the term “B&B” as a proper, though not political, phrase to describe the model. The meaning of “B&B” is two-fold. First, it refers to the capitals of the two countries, Beijing and Bern. Second, it refers to Bed and Breakfast, a popular type of hotel accommodation that provides basic facilities for an overnight stay, including a bed and breakfast for its customers. The key to the success of Bed and Breakfast hotels is that they focus on the fundamental things that their customers need: a nice place to sleep for the night and a convenient breakfast in the morning. The success of the Bed and Breakfast model echoes the achievements of Sino-Swiss relations — both countries have similar priorities in foreign policy based on their mutual understanding; trade, economy, high technology, and innovation are key areas of cooperation; at the same time, they also have respect for each other’s core interests — a vital condition for a healthy strategic partnership.

This article examines how Sino-Swiss relations can serve as a model for China-Europe relations. The method of historical institutionalism is

⁴An Baijie and Wang Xu, “Xi Meets with ‘old friend of Chinese people,’” *China Daily*, April 9, 2016, http://www.chinadaily.com.cn/china/2016-04/09/content_24393581.htm.

⁵“China, Switzerland Vow to Upgrade Cooperation,” Xinhua News, April 7, 2016, http://news.xinhuanet.com/english/bilingual/2016-04/08/c_135261484.htm.

⁶“Xi Jinping Holds Talks with President Johann Schneider-Ammann of the Swiss Confederation,” Chinese Foreign Ministry, April 8, 2016, http://www.fmprc.gov.cn/mfa_eng/zxxx_662805/t1354842.shtml.

employed to explain why the China-Switzerland relationship is one of the best bilateral relationships between China and European countries, as well as how Switzerland deals with the relationship. "Critical juncture" is a key idea of historical institutionalism. Based on the understanding of China's critical juncture, Switzerland is focusing on practical interactions with China, which is conducive to realizing the Chinese Dream of "great rejuvenation of the nation."⁷

This article consists of three main parts. The first attempts to explain why history matters in China's relations with Switzerland. The second part reviews the development of China-Switzerland interactions since the 1700s, especially in contemporary history since the founding of the People's Republic of China, and then examines the various fields of cooperation between China and Switzerland in recent years. The third part analyzes why the Beijing-Bern partnership has set an example for other European countries, and presents policy recommendations for further promoting China-Europe relations.

A Historical Institutional Review of Sino-Swiss Relations

History always matters when examining bilateral relations, and the Chinese people particularly value the lessons of history. As a famous Chinese emperor put it, "With history as a mirror, one can understand the rise and fall of a nation." In the context of international politics, history also facilitates an understanding of the rise and fall in bilateral relations. Historical institutionalism may offer crucial insights into Sino-Swiss relations, since it "analyzes macro contexts and hypothesizes about the combined effects of institutions and processes rather than examining just one institution or process at a time."⁸

⁷Zheng Wang, "Not Rising, But Rejuvenating: The 'Chinese Dream,'" *The Diplomat*, February 5, 2013, <http://thediplomat.com/2013/02/chinese-dream-draft/>; "Xi Jinping and the Chinese Dream," *Economist*, May 5, 2013, <http://www.economist.com/news/leaders/21577070-vision-chinas-new-president-should-serve-his-people-not-nationalist-state-xi-jinping>; and Jyrki Kallio, "Dreaming of the Great Rejuvenation of the Chinese Nation," *Fudan Journal of Humanity and Social Sciences*, Vol. 8, No. 4 (December 2015), pp. 521–532.

⁸Paul Pierson and Theda Skocpol, "Historical Institutionalism in Contemporary Political Science," in Ira Katznelson and Helen V. Milner, eds., *Political Science: State of the Discipline* (New York: W.W. Norton, 2003), p. 696.

Historical institutionalism consists of two major parts, history and institution. On the one hand, historical institutionalists argue that history is “something much more than a set of facts located in the past,” and always provides the grand context to all issues. They also maintain that to “understand an interesting outcome or set of arrangements usually means to analyze processes over a substantial stretch of years, maybe even many decades or centuries.”⁹ Without history, from their perspective, any argument is unconvincing. Therefore, it is necessary to take into consideration the interactions between Europe and China since the 18th century.

On the other hand, historical institutionalism has a broader definition of “institution.” For this approach, institution can take the shape of a formal bureaucratic structure and also an ideology or an informal custom. For example, the American government can be regarded as an institution; the traditional thought of Chinese scholars can also be regarded as an institution. In emphasizing the participation of all kinds of groups, not just elites or states, historical institutionalism offers a dynamic approach to history. “Historical institutionalists, meanwhile, probe uneasy balances of power and resources, and see institutions as the developing products of struggle among unequal actors.”¹⁰ Thus, the international order or bilateral relations can be regarded as an institution as well.

Unlike many other European countries, Switzerland has maintained sound relations with China since the 17th century.

China and Switzerland share a long history of interaction. The Swiss commercial presence in southern China can be traced back to the 17th and 18th centuries, when watches and music boxes from Switzerland were especially popular among Chinese elites. Later, the links between China and Switzerland expanded to religious messengers.¹¹ Although Switzerland has been one of the richest countries in Europe, it did not

⁹Ibid., p. 698.

¹⁰Ibid., p. 706.

¹¹“Welcome by the Consul General,” Consulate General of Switzerland in Guangzhou, October 16, 2014, <https://www.eda.admin.ch/countries/china/en/home/representations/consulate-general-guangzhou/welcome-by-the-consul-general.html>.

participate in any invasion war against China. Since the two countries have never fought against each other, bilateral relations — both before 1949 when the People's Republic of China was founded, and after — have been quite good. Switzerland established formal diplomatic relations with the People's Republic in 1950, one of the earliest among European countries.¹²

More importantly, historical institutionalists highlight the idea of "critical juncture." Ruth Berins Collier and David Collier defined the critical juncture as "a period of significant change, which typically occurs in distinct ways in different countries (or in other units of analysis) and which is hypothesized to produce distinct legacies."¹³ They also stressed the importance of specifying the *duration* of the critical juncture as well as the effecting historical legacies and highlighted the *timing* of the critical juncture, in relation to other developments, being consequential to subsequent politics.¹⁴ Critical junctures are key to the explanatory approach of historical institutionalism since "they may be the initial markers of path-dependent processes."¹⁵

Based on the idea of critical juncture, historical institutionalists argue that power can fluctuate between balance and imbalance in the international system. For China, there are two critical junctures. The first critical juncture is the First Opium War (1840–1842), when China transformed from an ancient kingdom into a pre-modern state invaded and colonized by Western powers.¹⁶ China was no longer a global or regional power. The balance between the East and the West was shifted. The second critical juncture is considered to be from the present until 2049, when the Chinese

¹²"Bilateral Relations China-Switzerland," Federal Department of Foreign Affairs of Switzerland, February 20, 2017, <https://www.eda.admin.ch/eda/en/home/representations-and-travel-advice/china/switzerland-china.html>.

¹³Ruth Berins Collier and David Collier, *Shaping the Political Arena: Critical Junctures, the Labor Movement, and Regime Dynamics in Latin America* (South Bend, Indiana: University of Notre Dame Press, 2002), p. 29.

¹⁴*Ibid.*, pp. 31–34.

¹⁵Orfeo Fioretos, Tulia G. Falleti, and Adam Sheingate, eds., *Oxford Handbook of Historical Institutionalism* (New York and London: Oxford University Press, 2015).

¹⁶Zhang Yongjin, "Culture, Knowledge and Diplomacy in Contemporary EU-China Relations — Reflections on the Legacies of Matteo Ricci," *Asia Europe Journal*, Vol. 12, No. 1 (March 2014), pp. 5–19.

strive for the “Two Centenary Goals”¹⁷ intended to eliminate the sense of humiliation imposed on the Chinese nation at the first critical juncture. Understanding these two critical junctures is vital for Switzerland in developing its relations with China.

China-Switzerland Cooperation in the 21st Century

Sino-Swiss relations have witnessed substantial improvements since the 1980s as a result of China’s reform and opening-up policy. Previously, neither foreign corporation nor foreign investment had been legal in the People’s Republic. In 1980, Schindler Group of Switzerland and its Chinese partners set up the first industrial joint venture in Shanghai, a milestone in the history of the bilateral relations, followed by hundreds of Swiss companies’ investment in China.¹⁸ During the last decade, interactions between China and Switzerland were especially fruitful. In 2007, China and Switzerland signed a Memorandum of Understanding (MoU) to intensify high-level political consultation and strengthen bilateral relations across a wide range of areas. In the same year, Switzerland became the first European country that recognized China as a market economy.¹⁹ Since 2010, China has been Switzerland’s most important trading partner in Asia and Switzerland has become the fifth largest trading partner of China in Europe.²⁰

High-level visits have been frequent especially over the past few years. Chinese Premier Li Keqiang visited Bern in May 2013. During the visit, an MoU was signed to mark the start of a bilateral dialogue on financial

¹⁷The Two Centenary Goals are: to finish building a moderately prosperous society in all respects by the time the Communist Party of China celebrates its centenary in 2021; and to turn China into a modern socialist country that is prosperous, strong, democratic, culturally advanced, and harmonious by the time the People’s Republic of China celebrates its centenary in 2049. See “Translation of Key Phrases and Documents,” Central Compilation and Translation Bureau, April 27, 2015, http://www.cctb.net/bygz/zywxsy/201504/t20150427_321849.htm.

¹⁸Wang Yi and Didier Burkhalter, “China and Switzerland: Partners of 65 Years,” *China Daily*, September 14, 2015, http://www.chinadaily.com.cn/opinion/2015-09/14/content_21849727.htm.

¹⁹*Ibid.*

²⁰“Bilateral Relations China-Switzerland,” Federal Department of Foreign Affairs of Switzerland.

matters between the People's Bank of China and Switzerland's State Secretariat for Financial Matters.²¹ Li visited Switzerland again in January 2015 and attended the Davos Forum. Then, Swiss President Johann Schneider-Ammann paid a state visit to China in April 2016 and met with Chinese President Xi Jinping as well as Premier Li Keqiang.²² In their joint declaration, China "welcomes Switzerland's participation as an observer in China's cooperation with the Eastern European Countries."²³ In January 2017, President Xi Jinping paid a state visit to Switzerland and attended the Davos Forum, symbolizing the peak of the bilateral relationship since its establishment.

Besides regular official contacts between Beijing and Bern, exchanges between various experts, academic institutions and artists' associations are vibrant. In recent years, both sides are working closely together in the area of the environment and climate change, in particular in the management of environmental risks, climate adaptation strategies, promotion of environmental technologies, and experience-sharing on climate legislation.²⁴

The practical cooperation between China and Switzerland encompasses various aspects. First of all, Switzerland issued China market economy status (MES) in 2007, which was regarded as a brave move from the Swiss side, for Switzerland is one of the first major economies of the Organization for Economic Cooperation and Development (OECD)

²¹"Memorandum of Understanding between the Swiss Federal Council and the Government of the People's Republic of China on Promoting Dialogue and Cooperation," Federal Department of Foreign Affairs of Switzerland, https://www.eda.admin.ch/content/dam/eda/en/documents/vertretungen-reisehinweise/mou-ch-ch-promoting-dialogue-and-cooperation-250907_en.pdf.

²²"President Schneider-Ammann Meets Chinese President Xi Jinping," State Secretariat for Economic Affairs, April 8, 2016, <https://www.seco.admin.ch/seco/en/home/seco/nsb-news.msg-id-61302.html>.

²³"Joint Declaration between the People's Republic of China and the Swiss Confederation on the Establishment of an Innovative Strategic Partnership," State Secretariat for Economic Affairs, <https://www.news.admin.ch/newsd/message/attachments/43593.pdf>.

²⁴"Memorandum of Understanding between the Swiss Federal Council and the Government of the People's Republic of China on Promoting Dialogue and Cooperation," Federal Department of Foreign Affairs of Switzerland, https://www.eda.admin.ch/content/dam/eda/en/documents/vertretungen-reisehinweise/mou-ch-ch-promoting-dialogue-and-cooperation-250907_en.pdf.

countries to issue China the MES. Recognition of China's MES turned out to serve as a key basis for the deepening of Switzerland's cooperation with China, though it will take some time before the EU accords recognition due to its member states' different attitudes toward the issue.²⁵

China and Switzerland have strengthened cooperation in many key fields over the past decade.

Second, Switzerland was among the first countries in the world to sign a Free Trade Agreement (FTA) with China. After nine rounds of negotiations, China and Switzerland signed an FTA in 2013. Switzerland understands the importance of trade cooperation with China, the world's second largest economy, one of Switzerland's most important trading partners, the largest buyer of Swiss industrial products in Asia

and the third largest worldwide after the EU and the United States. In 2013, Switzerland exported goods to the value of Swiss Franc (CHF) 8.7 billion to China, 4.1 percent of all Swiss exports, with Swiss imports from China totaling CHF 11.4 billion, 6.1 percent of its total imports. Trade in services is also gaining momentum. Many Swiss service providers have set up offices in China, including banks, insurance companies, logistics companies, quality inspection companies, and consulting firms. Chinese service providers also show an increasing interest in Switzerland as a business location.²⁶ The economic relations of Switzerland with the fast-growing

²⁵As late as 2016, the European Parliament still stressed that "China is not a market economy and that the five criteria established by the EU to define market economies have not yet been fulfilled." See "European Parliament Resolution on Trade Relations between the EU and China and Market Economy Status (2016/2667(RSP))," European Parliament, <http://www.europarl.europa.eu/sides/getDoc.do?type=MOTION&reference=B8-2016-0609&language=EN>. Among EU members, the UK, Netherlands, Nordic countries and Germany tend to recognize China's MES, while France, Italy, Spain and some other member states have their concerns. See Eszter Zalan, "Divide EU Debates China Market Economy Status," *EU Observer*, January 13, 2016, <https://euobserver.com/eu-china/131801>.

²⁶"Factsheet: Free Trade Agreement between China and Switzerland," State Secretariat for Economic Affairs, April 29, 2014, https://www.seco.admin.ch/dam/seco/en/dokumente/Aussenwirtschaft/Wirtschaftsbeziehungen/Freihandelsabkommen/Partner%20weltweit/China/weitere.informationen/factsheet.FHA_Schweiz_China_29.4.14.pdf.download.pdf/e.factsheet.FHA_Schweiz_China_29.4.14.pdf.

Chinese market are very important for the diversification of Swiss export destinations as well as for the procurement of imports.

Third, innovation cooperation is another new yet eye-catching area in China-Switzerland relations. According to Chinese Foreign Minister Wang Yi, "the two sides agreed to take advantage of Switzerland's strength in innovation and China's strategy of innovation-driven growth".²⁷ Swiss enterprises have already established various channels to cooperate in technology and research with their Chinese counterparts. For example, "swissnex," a network managed by the Swiss State Secretary for Education, Research and Innovation (SERI), which "takes an active role in strengthening Switzerland's leadership as a world-class location for science, education and innovation,"²⁸ has already set up an office in Shanghai. Many Chinese researchers are also trained in Swiss universities and research institutions. Switzerland's competitiveness in innovation and technology is recognized by the Chinese government. Chinese Premier Li Keqiang said that "Switzerland has competitive advantage in innovation" and thus the bilateral innovation cooperation "has broad prospect".²⁹

Last but not least, the establishment of the Asian Infrastructure Investment Bank (AIIB) is a more recent example of practical cooperation between China and Switzerland. The AIIB was initiated by China in 2013 and was formally established in 2016, boasting 57 members including half of the EU's member states.³⁰ While preparing for the establishment of the AIIB, Chinese officials made hundreds of business trips to Europe in order to persuade developed European countries to join. With European talents and experience in managing this international organization, AIIB has begun to take the shape of a truly "international" and "recognized" organization. When the UK agreed to join on March 12, 2015, followed by France and Germany on the second day, the United States was shocked by its European

²⁷"China, Switzerland to Step Up Anti-Corruption Cooperation," Xinhua News, January 2015, 2016, http://news.xinhuanet.com/english/2016-01/15/c_135014150.htm.

²⁸"Swissnex Mission," Swissnex, <http://www.swissnex.org/about/mission/>.

²⁹"China, Switzerland Vow to Upgrade Cooperation," Xinhua News, April 7, 2016, http://news.xinhuanet.com/english/2016-04/07/c_135259225.htm.

³⁰"History of AIIB," Asian Infrastructure Investment Bank, <http://euweb.aiib.org/html/aboutus/introduction/history/?show=0>.

partners' decisions. Washington even accused London of its betrayal, a rare case in the history of the trans-Atlantic partnership.³¹

As a founding member of the AIIB and one of the first European countries to join without any ideological concern, Switzerland once again displayed determination to deepen cooperation with China — not only a necessary move to enhance the bilateral economic relations, but also a key step to maintain its own status as an international financial center.

Implications for China-Europe Relations

China-Switzerland cooperation is a model for other European countries. Above all, Switzerland has no conflict with China in history, which provides a favorable historical background for the bilateral relations. According to historical institutionalism, history provides a context for bilateral or multilateral relations. In addition, history holds great significance in Chinese politics. No dispute in the past means no fundamental obstacle in the way of cooperation. Yet for European countries that once invaded China, a healthy relationship with China is still possible as long as historical issues are properly handled.

Next, both sides attach great importance to practical cooperation based on mutual understanding. For Switzerland, it is crucial that it maintains its international status as a neutral state as well as an international financial and innovation center. For China, it is fast approaching a critical juncture: to complete the creation of a moderately prosperous society in all respects. Taking both sides' endpoints into consideration, China and Switzerland understand each other's priorities perfectly, which serves as a solid foundation for lasting progress of the bilateral relationship.

Furthermore, both sides have worked together to establish various cooperation institutions, including the China-Switzerland FTA, Switzerland's AIIB membership, and their cooperation projects in innovation and technology, among other cooperation channels. The cooperation is

³¹Jamil Anderlini, "UK Move to Join China-Led Bank a Surprise Even to Beijing," *Financial Times*, March 26, 2015, <https://www.ft.com/content/d33fed8a-d3a1-11e4-a9d3-00144feab7de>; and Tom Mitchell, "AIIB Expansion Plans Underscore China's Global Ambitions," *Financial Times*, June 26, 2016, <https://www.ft.com/content/1e53b6fe-3b74-11e6-8716-a4a71e8140b0>.

comprehensive, since both elites (government officials and business leaders) and the public (college students and researchers) have been increasingly engaged. The EU can learn from the China-Switzerland FTA in promoting relations with China.³² In fact, some European countries have already made a move. For example, the British government has begun negotiations with China on an ambitious free trade deal that would allow greater access for major Chinese banks and businesses into the UK market.³³

In addition, Switzerland knows how to deal with China's sensitive topics. In China-Switzerland relations, such issues as human rights, Tibet and Taiwan have never been an obstacle. In the international arena, those are the last topics China wants to discuss. For instance, French President Nicolas Sarkozy met with the Dalai Lama in 2008.³⁴ In the following year, then Chinese Premier Wen Jiabao visited European countries including Switzerland, Germany, the headquarters of the EU, Spain, and the United Kingdom, a route passing every country neighboring France but not France itself.³⁵ It was a clear gesture from China to show its reproach toward the meeting. The Swiss government clearly learned a lesson from France. When the Dalai Lama visited Geneva and attended a conference with Nobel Peace Prize laureates in March 2016, no Swiss official met with him, which demonstrated a positive understanding of China's concerns. As a result, although the conference was held in Switzerland, China criticized the United States and Canada, who were organizers of the conference, rather

³²Marc Lanteigne, "What the EU Could Learn from Switzerland's Free Trade Agreement with China," *LSE EUROPP-European Politics and Policy*, May 25, 2015, <http://blogs.lse.ac.uk/europpblog/2015/05/05/what-the-eu-could-learn-from-switzerlands-free-trade-agreement-with-china/>.

³³Kamal Ahmed, "UK Explores Multi-Billion Pound Free Trade Deal with China," *BBC News*, July 24, 2016, <http://www.bbc.com/news/business-36877573>.

³⁴Matthew Day, "Defiant Nicolas Sarkozy meets Dalai Lama Despite China's Trade Threat," *Telegraph*, December 6, 2008, <http://www.telegraph.co.uk/news/worldnews/asia/china/3629865/Defiant-Nicolas-Sarkozy-meets-Dalai-Lama-despite-Chinas-trade-threat.html>.

³⁵"Chinese Premier Arrives in Switzerland for Visit and Davos Forum," *Xinhua News*, January 27, 2009, http://news.xinhuanet.com/english/2009-01/27/content_10727299.htm.

than the Swiss government who had neither the responsibility nor flexibility to change the arrangement.³⁶

Switzerland's prudent handling of sensitive topics is key to stable Sino-Swiss relations.

In sum, China-Switzerland relations are more harmonious than China's relations with most other European countries: the two countries have no historical conflict, which is conducive for an equal partnership; through institutionalized dialogues, both countries focus on cooperation in trade, economy, technology, and innovation, which can bring a better life for their peoples; for those sensitive topics, both countries know how to manage them based on mutual respect and avoid letting these issues become destructive to their bilateral relations. In comparison, some other European countries and even the EU as a whole tend to mix practical cooperation with sensitive or ideological issues in developing their relations with China, usually resulting in drastic setbacks and fruitless negotiations.

Based on the analysis of the China-Switzerland partnership, there are several policy recommendations for further promoting China-Europe relations. First, China should continue strengthening its relationship with Switzerland as a cornerstone of its relations with Europe. President Xi Jinping's visit to Switzerland in January 2017 is the first time a Chinese president has visited Switzerland in the 21st century, and it is unusual for the top Chinese leader to take a long trip just to visit one country.³⁷ With 2017 being set as the year of China-Switzerland Tourism, the Chinese government should encourage Switzerland to ease the visa application process and attract more Chinese visitors. China can also ease the visa process in return and give Swiss citizens more convenient access to a Chinese visa. Through deepening the cooperation at both official and

³⁶"Foreign Ministry Spokesperson Hong Lei's Remarks on Dalai's Participation in Relevant Activity at US Invitation," Chinese Foreign Ministry, March 12, 2016, http://www.fmprc.gov.cn/mfa_eng/xwfw_665399/s2510_665401/t1347379.shtml.

³⁷"Ministry of Foreign Affairs Holds Briefing for Chinese and Foreign Media on President Xi Jinping's State Visit to Switzerland, Attendance at the World Economic Forum Annual Meeting 2017 and Visit to International Organizations," Chinese Foreign Ministry, January 11, 2017, http://www.fmprc.gov.cn/mfa_eng/zxxx_662805/t1430299.shtml.

civilian levels, China could make the bilateral relationship more fruitful, thus setting an outstanding example for other European countries.

Second, China should focus more on relations with individual European countries rather than the EU as a whole. Since the European debt crisis in 2010 and especially after the refugee crisis in 2014, there has been a wave of decentralization of power in the EU, which means the decision-making process is shifting from Brussels to the capitals of EU member states. In 2016, the rise of several right-wing parties in Germany, Italy, France, and the Netherlands has worsened the situation.³⁸ The competence of the EU is challenged. Therefore, it is wise for China to focus less on the relationship with the EU but rather on relations with key European countries. The EU regards itself as a normative power and intends to be a moral compass for the world. Based on this principle, the EU always pays attention to ideological issues such as human rights, freedom of speech, and Tibet. It is difficult for the EU to drop this stance, and the debate among EU member states on whether to grant China the MES is a good example to show how difficult it is for China to satisfy all member states. On the contrary, individual European countries have more freedom to extend practical cooperation with China. China can start by approaching Norway, Serbia, and other European countries, since these countries are not EU member states, and their foreign policies are not bound by the EU. Among EU member states, China could strengthen relations with those who are more practical than ideological, such as Denmark, the Netherlands, and Germany. If more countries can learn from the B&B model between China and Switzerland, China will have more practical cooperation with European countries to expand win-win relationships.

Third, China should start FTA negotiations with the UK as soon as possible. Brexit provides a good opportunity for China to have one more FTA partner in Europe. After the UK leaves the EU, it can have more autonomy in deciding its trade and economic policies. Since both China and the UK have reaffirmed the “Golden Era” of their bilateral relationship at the G20 Hangzhou Summit in 2016, the possibility for the two parties to

³⁸Daniel Stockemer, “The Success of Radical Right-Wing Parties in Western European Regions — New Challenging Findings,” *Journal of Contemporary European Studies*, Vol. 24, No. 1 (February 2017), pp. 41–56.

work together toward an FTA is promising.³⁹ China can approach the British government to discuss FTA-related issues, as the British side is also interested in such plans.⁴⁰ If a China-UK FTA can be established, along with the China-Switzerland FTA and China-Iceland FTA, China will have at least three FTA partners in Europe, two of which are major European economies. With increasing FTA partners in Europe, China will attract more European countries, even the EU, to enhance their economic relations with it.

The China-Switzerland partnership serves as both a model and good foundation for China's relations with other European countries.

Finally, China should continue to promote and accelerate its "Belt and Road" initiative in Europe. As many scholars have argued, the "Belt and Road" initiative is aimed not only at further developing China's western regions and exporting domestic products, but also deepening its cooperation with European and Asian countries.⁴¹ The initiative has already produced encouraging results. For example, China, Serbia, and Hungary reached the Budapest-Belgrade

railway deal in 2016, which is China's first railway project in Europe.⁴² Such projects could encourage more European countries to follow the B&B model and deepen their cooperation with China via infrastructure development, international trade, and people-to-people exchanges. Meanwhile, the initiative offers European countries a fresh understanding of China's capacity in infrastructure development, technology and innovation, as well as global governance, making the future more prosperous for China-Europe relations.

³⁹Rowena Mason, "Steel Dumping not on Agenda as Theresa May meets Xi Jinping," *The Guardian*, September 5, 2016, <https://www.theguardian.com/world/2016/sep/05/theresa-may-xi-jinping-meeting-steel-dumping-g20-summit>.

⁴⁰Ahmed, "UK Explores Multi-Billion Pound Free Trade Deal with China."

⁴¹Peter Ferdinand, "Westward Ho-The China Dream and 'One Belt, One Road': Chinese Foreign Policy under Xi Jinping," *International Affairs*, Vol. 92, No. 4 (July 2016), pp. 941-957.

⁴²"China, Serbia, Hungary make progress on Budapest-Belgrade Railway Deal," *China Daily*, September 10, 2016, http://www.chinadaily.com.cn/business/2016-09/10/content_26759286.htm.

Conclusion

Bed & Breakfast hotels are not fancy hotels; but in most cities, they have become an established market niche. In the case of Switzerland, countries like Germany, the UK, and France are more influential than Switzerland in Europe. It is also not a member of the EU. However, Switzerland has maintained a healthy and promising relationship with China. Thus, it is necessary for academia to examine the strategic partnership between the two countries.

China and Switzerland have projected their priorities in the strategic partnership through various institutions, and both sides share basic needs in trade, economy, and innovation. In addition, the two countries can help each other to realize their critical goals — the Chinese side earns recognition from a major Western economy and fresh impetus to drive the industrial upgrade, while the Swiss side employs its partnership with China to maintain its status as a financial center and peace-loving image. When both parties focus on their basic needs, an ideal partnership is within reach.

The China-Switzerland strategic partnership could be a model for other European countries. Managing bilateral relations with China has always been a complicated issue to the Western world. Most European countries are still biased against China, given its different ideology and cultural background. However, the ancient country has its own vision of the world order and priorities in development and international affairs. Therefore, how Europe and China can help each other to meet their basic needs is the key to a successful partnership. Perhaps it is time for global hotel chains to learn from the growing success of Bed & Breakfast hotels.