

THE MINISTRY OF FOREIGN AFFAIRS OF DENMARK 2008



DENMARK - CHINA

A MUTUALLY BENEFICIAL PARTNERSHIP

Danish presence in China



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1. Denmark-China – a mutually beneficial partnership

Denmark's cooperation with China is based on reciprocity and respect. China and Denmark face a number of global challenges which call for strengthened cooperation of mutual benefit.

Securing welfare and prosperity for the future requires that Denmark succeeds in a globally competitive world and utilises the opportunities that growth and development in Asia offer.

In implementing the strategy, "Denmark in Asia – Opportunities for the Future", the Danish Government has decided to elaborate an action plan for increased and focused efforts in China.

The action plan for Denmark's cooperation with China sets out specific initiatives that aim to enhance Denmark's position in China and contribute to safeguarding and promoting Danish interests in the cooperation with China, including in regard to the major challenges facing China.

Denmark and China – diplomatic relations

- The first exchange of letters took place in 1674 between Emperor Kangxi and King Christian V.
- The present official diplomatic relations were established in 1950
- The overall Danish diplomatic mission in China is Denmark's largest Danish overseas presence

The action plan is not a catalogue of all existing Danish cooperation with China, but focuses on areas and efforts that will be assigned special priority in the coming years.



1974: Chairman Mao Zedong meets Prime Minister Poul Hartling



1986: China's leader Deng Xiaoping meets Prime Minister Poul Schlüter



2000: President Jiang Zemin meets Prime Minister Poul Nyrup Rasmussen



2004: President Hu Jintao meets Prime Minister Anders Fogh Rasmussen

Photos: Courtesy of Christopher Bo Bramsen from the book 'Peace and Friendship'.

1.1 Today's China

In 2008, China celebrates the 30th anniversary of its decision to open itself to the outside world. During this period, China has successively implemented market-economic reforms within agriculture, industry and trade and has experienced impressive growth with an average of almost 10 per cent annually. This rapid economic development is expected to continue. Today, China ranks number two on the list of the world's largest economies in terms of purchasing power parity, surpassed only by the USA, and China is predicted to be the world's largest economy within the next 10-20 years. According to the World Trade Organisation, China was the world's second largest exporter of goods and third largest importer of goods in 2007. Today, China has the world's largest currency reserves and is increasingly likely to use this surplus to make investments abroad.

The consequences of China's development have not gone unnoticed around the world, and China's position in the international community is changing in line with this development. This presents China and the international community, including the EU and Denmark, with new challenges, but also new opportunities.

China on the rise...

- The world's fourth largest economy in nominal GNP and the second largest in terms of purchasing power parity
- An annual GNP growth of approx. 10%
- Among the world's largest recipients of foreign direct investment
- The world's largest currency reserves
- Moving up the global value chain
- Over 250 million Internet users
- 600 million mobile phone subscribers
- Largest number of gold medals at the 2008 Olympic Games

Within foreign policy, China's rapid economic development in recent years is translating into an assertive, engaged and active foreign policy profile. Stability in China, in the region and internationally is a priority for China, as it provides the best framework conditions for securing continued economic growth and domestic stability. China's foreign policy approach is also undergoing change. Today, China values multilateral cooperation and engagement considerably higher than before and participates actively in this area – also as an instrument for securing Chinese positions. In connection with the Six-Party Talks on North Korea's nuclear weapons programme, China has played a constructive role as host and mediator and has contributed to driving the negotiations forward. China's traditional position of non-intervention, however, continues to be the foreign policy doctrine.

The new foreign policy profile has meant that China faces a dilemma between, on the one hand, international expectations that China must behave as a responsible stakeholder in international conflict situations and take active responsibility, and, on the other hand, the traditional Chinese principle of non-intervention as well as the Chinese wish not to play a dominant role in the international political arena. This presents not only a challenge for China, but also a challenge for the international community, including Denmark.

Economically, China is moving up the global value chain. The Chinese leadership and large sections of the Chinese population are becoming increasingly aware of the opportunities and challenges that a globalised world offers, as well as the demands this places on competitiveness, creativity, technological development and adaptability.

China finds itself in a transition phase from “Made in China” to “Created in China”. This is reflected in an increasing and strategic focus on research and education. In the period 1997 to 2005, China’s total investments within research and education rose from DKK 31.2 billion to DKK 153.8 billion – a rise of 0.64 per cent of GNP to 1.34 per cent. In the same period, the number of registered university students rose from 3.2 million to 15.6 million. Parallel with this, the number of patent applications rose from 114,208 to 476,264, whilst the number of scientific publications rose from 35,311 to 153,374. This is a priority very much in keeping with ancient China’s innovative focus that brought the world the four great inventions: the

compass, gunpowder, paper and the art of printing.

China has a rapidly growing middle class, which in 2015 is expected to number more than 300 million people with an ensuing rise in domestic consumption. This is supplemented by increasing Asian regional trade. For Denmark, this means rising competition and challenges, also within knowledge-intensive areas. At the same time, China’s comparative advantages in labour-intensive areas remain fundamentally intact. These are important opportunities and challenges that Denmark must benefit from.

...yet still faces major challenges

- No. 72 in Transparency International’s index of least corrupt countries
- Rapidly increasing energy consumption
- Widespread pollution. The world’s largest emitter of CO₂ in 2007
- Rising inequality. A Gini coefficient of 0.47
- Frequent incidents of social unrest resulting from inequality, environmental problems and local corruption
- Rising proportion of elderly people
- Limited civil, political and human rights

Continued economic growth is the main priority of the Chinese leadership. Despite many years of high growth, there continues to be a huge

need for economic development in China, where more than 100 million people still live below the poverty line. Continued economic growth, however, is also important in regard to ensuring internal stability and thus the government's legitimacy in the eyes of the population. Political and governmental continuity is defining the China we see today, which is underlined by relatively smooth changes in the top political leadership.

Corruption remains a problem. Internally in the Communist Party, corruption is regarded as one of the most serious potential threats to the party's legitimacy in the eyes of the population, on a par with the growing social inequality.

Tackling the growing inequality is one of the greatest domestic policy challenges facing China today. This applies to growing inequality both between rural areas and urban areas and between the different provinces in China. This applies also to continued reforms of the health, education and pension systems with a view to ensuring a more uniform coverage of basic needs. In 2000, China launched the development strategy, "Go West", with the aim of ensuring a more positive development of central and western China.

The large number of demonstrations and incidents of social unrest that have been reported in recent years, partly caused by corruption, growing social inequality and environmental pollution, have, however, not weakened the central leadership's control of the country.

The high economic growth has created an extensive need for energy and raw materials in China. Securing access to a stable energy supply has therefore also become an important foreign policy priority for China. Today, China is the world's second largest energy consumer. However, by 2010 the country is expected to become the world's largest consumer. According to the International Energy Agency (IEA), China's share of the world's total primary energy consumption is expected to rise from 10 per cent in 2000 to approx. 22 per cent in 2030. Two-thirds of China's energy consumption is derived from coal. As China's energy needs are expected to continue growing, so too is the necessity to find sustainable, environmentally friendly and energy-saving solutions; a necessity also prioritised by the Chinese leadership.

At the same time, the high economic growth has had serious environmental and climate-related consequences. The use of coal as a primary energy source, which in many areas is utilised inefficiently and without regard for the environment, meant that China assumed the position as the world's largest emitter of CO₂ in 2007. The Chinese government is aware of the environmental challenges and is targeting increased investments in environmental improvements at national, provincial and local level.

Similarly, the development in China is characterised by an urbanisation that is historically unprecedented. This takes the form of the world's largest migration from rural to urban areas and the growth of a large number

of cities and mega-cities, putting the infrastructure and the social structure under pressure.

By 2025, more than two-thirds of China's population are expected to live in cities, and more than 220 cities are expected to have a population of more than 1 million people compared to the present day level. The strong urbanisation combined with rising prosperity and energy consumption among the Chinese population also has major adverse implications for the environment in the cities. Waste management in particular, is a growing problem in many Chinese cities.

An individual Chinese citizen's personal opportunities have dramatically improved within the economic and social sphere over the past 30 years.

The rule of law has been strengthened particularly through reform of the criminal law code and the law of criminal procedure. In addition, the right to private property has been inserted into the Chinese constitution. This offers new opportunities for each citizen to secure their rights.

The political freedom of each citizen, however, remains considerably restricted. The same applies to the freedom of expression and the freedom of the press, and the media in China is under strict state control.

Protection of human rights was inserted into the Chinese constitution in 2004, but the actual implementation continues to fall short, including at local level and through the absence of

independent supervision of, among other things, the activities of the police.

In June 2007, China passed a labour contract law which is designed to ensure better conditions for employees. However, also here, the actual implementation of this law is inadequate. Furthermore, it is still not possible to form independent trade unions.

Despite movement towards a greater degree of freedom of religious worship, strong action continues to be taken to suppress unauthorised religious movements – especially if the movements are seen to be in opposition to the Communist Party.

Similarly, the use of the death penalty and administrative detention continues to pose human rights problems in China.

In general, China has over the past 30 years tackled enormous political, economic and social changes and challenges. There is also no doubt that China will also face immense challenges in the coming years. The way these challenges are managed will be of great importance not only for China itself, but also for Asia and the world as a whole.

1.2 China's development and Denmark's objectives

Denmark must strengthen bilateral cooperation with China, be actively engaged and involved in China's development, draw benefit from the development we see in China, and also contribute to helping China manage the major social and economic challenges that China faces

domestically. This was the backdrop for the decision taken by the Ministry of Foreign Affairs of Denmark in 2007 to strengthen both the political and the trade-related competence at the Embassy in Beijing, for the opening of an Innovation Center in Shanghai in 2007, and for the establishment of a Trade Commission in Chongqing in central China in 2005. Also in Copenhagen, the Ministry of Foreign Affairs has strengthened its focus on China, partly by assigning increased resources to Chinese language training. In a large number of areas, partnership agreements have already been concluded between ministries and institutions in Denmark and in China. However, the cooperation can and should be strengthened.

How China manages its domestic and foreign policy challenges has great importance for the entire world and also for Denmark. Denmark must therefore be an active partner and constructive actor in China's development and change process.

Denmark must, on the one hand, play a role in China's continued progress and draw benefit from this development, whilst on the other hand it must seek to influence this development with a view to promoting global security, stability, climate protection, democracy and human rights. Denmark will contribute to creating the conditions for a positive engagement of China in solving global challenges and conflicts.

In the following, the main areas that Denmark will focus on in strengthening cooperation with China will be presented.

2. Priorities for a strengthened Danish-Chinese cooperation

The partnership will be focused on the following main areas:

- Political dialogue and cooperation
- Climate change, energy and environmental cooperation
- Research, innovation and education
- Commercial relations, including trade and investment
- Recruitment of labour
- Culture and tourism



Minister for Foreign Affairs Per Stig Møller meets Prime Minister Wen Jiabao on 12 May 2006. Photo: Xinhua

2.1 Political dialogue and cooperation

Denmark seeks to develop an extensive partnership with China that will result in regular and more frequent high-level visits, and which will also strengthen and contribute to the coordination of the cooperation within the wide range of areas where China and Denmark share common interests.

From a foreign policy perspective, Denmark wishes to support China's development as a constructive and responsible global power in the international community. Within the field of global security, this is an essential prerequisite for effective multilateral cooperation. China plays an increasingly influential role in a large number of international settings, both politically and economically, and it is therefore important that China is constructively integrated in binding international cooperation. China has strengthened its engagement in regional Asian multilateral organisations and also plays an active role in the ASEM cooperation. Denmark must contribute to ensuring that this development continues.

Today, China is a leading actor within the field of investment and development assistance, particularly in Africa. In this context, it is important to engage China in cooperation with other donors in an effort to promote international donor coordination to the widest possible extent. In this regard, Denmark has offered to share its experience gathered from decades of providing development assistance, especially in Africa. China has contributed approx. 1400 troops to UN peacekeeping missions and is thus in the process of becoming

a major international troop contributor. Denmark has longstanding experience of participating in international peacekeeping operations and will endeavour to exchange these experiences with China.

Denmark also cooperates with China multilaterally through the EU. In 2004, the EU and China decided to engage in a strategic partnership that has since been gradually expanded. As an offshoot of this strategic cooperation, negotiations began in 2007 to conclude a comprehensive partnership and cooperation agreement between the EU and China.

Denmark and the EU's critical dialogue with China on human rights constitute a core element of Denmark's China policy. The critical dialogue will continue and effort will be made to continuously strengthen it. Achieving results from the dialogue is a long term process.

The human rights situation in China has improved following China's political and economic development. However, there is still a long way ahead, and often it is the implementation of rights that lags behind.

For this reason, Denmark also supports a number of specific human rights projects that focus on improving the human rights situation in China within the criminal law code and labour rights, including the rights of migrant workers.

Denmark will prioritise the launch of new projects in China in relation to both freedom of expression and environmental rights NGOs and activists.

In relation to Tibet and within the framework of the Danish one-China policy, Denmark calls for strengthened dialogue with a view to finding a solution that ensures Tibetans rights as well as respect for Tibetan culture and religion. Denmark also supports projects in Tibet, including within education.

Domestically, the Chinese leadership works in line with the overall objective of creating a “harmonious society”, and in this connection shows interest in the design and structure of the Danish society. In recent years, a number of delegations from China have visited Denmark with the aim of studying the Danish model and the Danish system of public administration. It would be in Denmark’s long-term interest to contribute to the development of a more harmonious Chinese society, and in this way raise the visibility of areas where the Danish model can inspire reforms of China’s labour market, social security system and public administration.

In the dialogue and cooperation with China, it is important to keep in mind China’s geographical size and diversity. China comprises provinces, several of which are larger than the largest EU Member States and which have a purchasing power that ranges from European level (e.g. Shanghai) to developing country level (e.g.

Guizhou). Knowledge of China’s provinces is therefore of key importance. Each Chinese province has independent interests in establishing international relations and partnerships, and Denmark should make use of this at both regional and municipal level. Several regions and municipalities in Denmark have already established bilateral partnerships and agreements with provinces and cities in China.

Denmark will work for:

- Stronger bilateral cooperation between Denmark and China at all levels
- More frequent bilateral high-level visits
- China's continued engagement as a constructive and responsible actor in the international community
 - within the foreign and security policy sphere, including supporting efforts to involve China more actively in multilateral and regional cooperation; integrating China in non-proliferation cooperation; and sharing experience within peacekeeping international operations
 - within the economic policy sphere, including matters in relation to the WTO and international trade
 - within the development policy sphere, especially in Africa, including involving China in donor coordination; sharing experience regarding development assistance
- Strengthened dialogue on climate and energy with a view to reaching a new global climate agreement at COP15 in 2009
- Continued critical dialogue with China on improvement of human rights
- The launch of new projects focusing on freedom of expression and on environmental rights NGOs and activists
- A negotiated solution to the situation in Tibet that ensures the human rights of Tibetans as well as respect for Tibetan culture and religion in accordance with Denmark's one-China policy
- Increased knowledge about Denmark and Danish capacities through public diplomacy and press activities
- Increased knowledge about China among the Danish population
- Increased bilateral knowledge-sharing about the Danish social model
- Strengthened cooperation and dialogue between Danish regions/municipalities and Chinese regional and local authorities

2.2 Climate change, energy and environment

Within the climate change, energy and environmental sphere, China faces great challenges. There is a huge potential for Denmark to expand its cooperation with China in this area.

At all authority levels in China, there is increasing prestige and incentive to engage in issues relating to climate change, environmental protection and energy efficiency. The droughts in autumn 2007, the blizzards in January 2008 and the annual floods, most recently in June 2008, have led to increasing awareness in the population about climate change. In 2007, China adopted its first national climate change strategy. According to the strategy and the present five-year plan, the energy consumption is to be reduced by 20 per cent per GDP unit by 2010 compared with the 2006 -level. At the same time, the renewable energy's share of energy consumption is to be increased from 7.5 per cent to 10 per cent by 2010. The long-term targets entail a general increase of the use of renewable energy (15 per cent by 2020), including new hydrogen technologies as well as increased use of nuclear power, and there is a strong focus on more efficient utilisation of coal. Nevertheless, the Chinese authorities are highly interested in energy technology development, especially within renewable energy. Technology transfer is one of China's principal demands in connection with COP15 in 2009.

Strengthened Danish cooperation with China within the climate change, energy and environmental sphere will thus be multi-faceted and cut across a number of the other focus areas. Climate change, energy and environment will be integrated in the political dialogue, in the commercial relations, and in research and innovation.

There is great potential for economic gain in China for Danish enterprises with top-level expertise within energy, environment and climate. Commercially, the Trade Council of Denmark has developed the Green China concept in order to assist Danish enterprises in the best possible way to exploit the commercial potential within the energy and environmental field. The Green China concept comprises three elements, which together are designed to open the difficult but immensely important Chinese market for Danish energy and environmental enterprises:

- Creation of an overview of existing legislation. Special focus on the concrete implementation of legislation and thus the mechanisms which actually drive the market.
- Creation of a branding platform that ensures knowledge of how China's enormous challenges can be addressed by using Danish technology and solutions. Communication takes the form of goals and solutions that are relevant for the Chinese decision-makers, who are often politicians and officials.
- Creation and maintenance of an important network among decision-

makers in six selected provinces: Chongqing, Hebei, Liaoning, Shandong, Tianjin and Zhejiang – as well as with the national government in Beijing. The provinces have been selected because they have pioneered work in the energy and environmental sphere and because they also hold real purchasing power.

New programme for cooperation on renewable energy



Within renewable energy, Denmark has collaborated with China since 2006 on a project aimed at improving the efficiency of wind energy utilisation. The programme, which amounts to DKK 45 million for the period 2006-09, comprises three activities – 1) Capacity building of national and regional institutions responsible for planning wind energy utilisation, 2) Capacity building of national knowledge centres for wind energy, and 3) Training of private and state-owned enterprises in developing, managing and operating wind turbines.

The wind energy programme will be complemented by a programme for renewable energy that is expected to be launched at the start of 2009 and run until 2013. DKK 100 million has been earmarked for this programme, which will comprise support to establishing a national centre for renewable energy; support to implementing a number of national initiatives within renewable energy projects (wind, biomass, solar energy); and involvement of the private sector and research institutions in the development of new and innovative renewable energy technologies in China, especially within wind and biomass energy. The programme aims to contribute to promoting active and transparent implementation of China's policies and strategies for renewable energy, including wind energy, and to promoting active cooperation between Danish and Chinese stakeholders within renewable energy and with an opportunity for exporting Danish products and technologies.

Through the Mixed Credits Programme, Denmark provides support to a number of energy and environmental projects in China, including wastewater and district heating. The support is provided in the form of interest-free loans for financing modern technology and know-how, and is awarded to projects that would be unable to secure funding under market conditions. The Danish business community has major cutting-edge competencies in these areas, and the projects have resulted in considerable environmental gains and savings in energy consumption. In 2008, the Business-to-Business (B2B) Environment Programme was launched, which supports the establishment of long-term commercially sustainable partnerships between Chinese and Danish environmental enterprises in the less developed areas of China. The B2B Programme can provide support to conduct feasibility studies, pilot projects and actual projects, in which Danish know-how and environmental technology is transferred to China. For Danish enterprises, the programme offers them the opportunity to tap a commercial potential in a way that provides first-mover advantage in these less developed parts of the country, whilst at the same time enabling the enterprises to contribute to providing an environmental and technological boost to the Chinese enterprises.

Environment

In the environmental field, the Danish and Chinese Environment Ministers signed a new partnership agreement in September 2007 that is designed to strengthen cooperation between Danish and Chinese actors. The efforts to promote better interaction between Danish and Chinese actors in the environmental sphere are also included in the Government's action plan for promoting eco-efficient technology from summer 2007. Here special focus is targeted at promoting commercially based interaction, including Danish enterprises' sale of environmental technology on the Chinese market.

The environmental sphere is subject to a number of environmental conventions. The relevance of cooperating with China on the implementation of these conventions should partly be seen in the light of the fact that the economic activities in China have reached a scale where China's implementation of the environmental conventions has a crucial bearing on the impact of these activities. For example, the Chinese coal-fired power plants are a significant contributor to mercury pollution in the Arctic.

Lastly, China, as a major supplier of goods and products to the European market, also contributes to affecting the environment in the EU and must therefore comply with EU chemical control legislation. Many Danish enterprises have based their "business concept" on Chinese sub-suppliers and are therefore very much dependent on this challenge being addressed in a proper manner. The experience that Danish

enterprises have in preparing themselves for new EU chemical control legislation (REACH) can be an excellent source of inspiration for Chinese enterprises wishing to export their products to the EU market.



Photo: Flickr 2825281634 - CC

In step with China's high urbanisation rate, Danish competencies within sustainable urban development – eco-cities – will be of increasing interest to China. Eco-cities are based on a general concept of environmental sustainability and energy efficiency. The eco-cities in China are still some way off from being realised, but they can be seen in demonstration projects that raise awareness and interest for the environment in China, and they can be used as a platform for international cooperation and technology exchange. In 2006, Denmark won

the prestigious Golden Lion at the Venice Architecture Biennale for a project on sustainable urban development in China.

The Danish expertise within the energy, environmental and climate change sphere is thus extensive and includes, among other things, renewable energy, energy saving solutions, environmental protection, waste management, wastewater management and biotechnology. The Chinese authorities are highly aware of Danish competencies within climate change, energy and environment.

Denmark will work for:

- The integration of climate change, energy and environment in both depth and scope of bilateral cooperation (politically, economically, commercially and within research and innovation)
- The targeted involvement of China in the COP15 process with the aim of reaching a new global climate agreement at COP15 in 2009
- Proactive efforts to promote Danish energy and environmental solutions, e.g. within the Trade Council of Denmark's Green China initiative in the selected provinces. Focus must also be placed on water and air pollution
- Establishment of a new programme for renewable energy at 100 mio. DKK
- Strengthened cooperation within environment and energy between Danish regions and municipalities and Chinese regional and local authorities
- Strengthened political dialogue with Chinese environmental authorities regarding possibilities and barriers that prevent China from meeting its obligations, with particular focus on

the international environmental conventions, where China's implementation has significant importance for the global environment

- Promotion of Danish environmental solutions within water, air pollution, waste management and management of toxic chemicals, with focus on the interplay between the environmental challenges, the environmental policy goals and the chosen environmental solutions
- Increased knowledge sharing in the environmental sphere concerning the interplay between public regulation, environmental investments and environmental technology
- Promotion of cross-cutting Danish competencies within sustainable urban development



2.3 Research, innovation and education

China is today more than the workshop of the world, and is focusing its efforts on developing into a leading knowledge-based society. Huge investments are therefore being made in knowledge and education, and China is increasingly making its presence felt also in the technology sphere.

Since 1999, China's expenditure on research and development has grown by over 20 per cent annually, and in December 2006 China achieved a position as the country in the world which invests most in knowledge and innovation, second only to the USA. Today, China has almost as many students in further and higher education as the 27 EU Member States taken together have. Chinese students are increasingly taking part of their studies abroad. Education will become one of the largest sales commodities in China in the future, and in this connection the Danish educational tradition can come to play an important role - if we act now.

In step with China's development into a leading knowledge-based economy, it is therefore important that Denmark is represented with active and prospective initiatives within education, research and innovation. In the coming years, the goal is for Denmark and China to develop a close partnership in the knowledge field in a manner that mutually benefits both countries.

Denmark and China have already taken important first steps aimed at strengthening

cooperation in the knowledge field. On 25 September 2007, the Danish Minister of Education and the Danish Minister for Science, Technology and Innovation signed two agreements on education with the Chinese Minister of Education. The same day, the Minister for Science, Technology and Innovation concluded an agreement on enhanced bilateral research collaboration with his Chinese colleague. These agreements provided a solid foundation for future Danish-Chinese cooperation on knowledge and talent.

On 26 September 2007, the Innovation Center Denmark was inaugurated in Shanghai. The Center's objective is to promote the cutting-edge competencies of the Danish research and business community, partly with the aim of attracting knowledge-intensive investment to Denmark. The Center also assists Danish enterprises in identifying partners or technological solutions as well as mapping Danish enterprises' customer and user needs in the local market. Similarly, the Center assists Danish researchers in establishing contacts and networks within leading research and innovation environments.

In February 2008, the Ministry of Science, Technology and Innovation (VTU) published a strategy for knowledge-based collaboration between Denmark and China. The strategy sets out benchmarks and launches new initiatives for enhancing cooperation within research, innovation and university education. Among the anticipated results of the strategy are increased Danish-Chinese research collaboration, easier access to recruitment of talented Chinese

researchers, and greater mobility of students between Denmark and China.

As part of strengthened bilateral collaboration within research and education, efforts are already being made to establish a Danish university centre in Beijing in 2009. The objective is to establish this centre at an elite Chinese university. It will provide the framework for joint research efforts between Denmark and China and offer programmes at Master's and PhD level to Danish and Chinese students. The goal is that Denmark and Danish universities acquire a visible platform in China that facilitates building strong relations in the research field, sending Danish students to China under conditions that will be familiar to them, and recruiting talented Chinese students and researchers to Danish knowledge environments and enterprises.

In May 2008, the Danish Minister of Education and the Chinese Vice-Minister of Education reached agreement to strengthen bilateral cooperation within vocational education and training (VET) and lifelong learning. It was also agreed to support efforts to place education higher on the agenda in ASEM and strengthen the collaboration in the established network for education and research within lifelong learning: 'The ASEM Education and Research Hub for Lifelong Learning'.

The Danish Ministry of Education will draft parliamentary bills that will ensure a unified legislative foundation regarding the provision and accreditation of Danish-approved study programmes abroad. The institutional framework for provision of such programmes

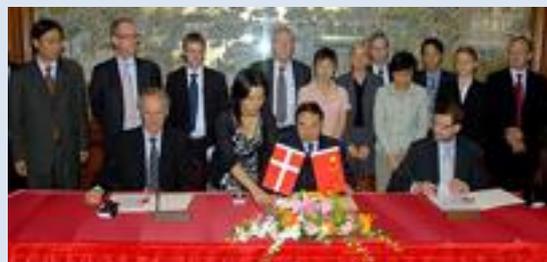
will be included in the bill. In addition, efforts will be made, in collaboration with Chinese partners, to set up a pilot project within the VET programmes with the aim of identifying how continuing and higher education can be integrated into Danish enterprises' programme for corporate social responsibility (CSR) in China. At the same time, it is expected that light will be shed on how e-learning can be developed into a learning platform for adults in Denmark and China. Furthermore, the Ministry of Education will seek to initiate an investigation into the possibility of establishing a Danish centre for vocational education and training programmes in China. The centre is to support the implementation of the agreement that the Danish Minister for Education concluded with his Chinese colleague on 25 September 2007. The Ministry of Education will also work to ensure that Danish vocational education and training institutions appear on the Chinese Ministry of Education's list of recognised educational institutions in Denmark.

The promotion and marketing of Danish further and higher education programmes in China will be strengthened and also adopted as a priority by CIRIUS (the Danish authority responsible for supporting internationalisation of education and training) in its implementation of the national action plan for marketing Denmark as a study destination.

Denmark will work for:

- The establishment of a Danish university centre in Beijing
- Easier access to conducting research together with the best Chinese research teams, through earmarking funds to research groups in Denmark and China wishing to engage in joint research projects. The first area of research will be renewable energy in 2009
- Cultivation of new research and innovation partnerships between Denmark and China, through support to theme-based workshops, symposia, conferences, etc. aimed at establishing contact and identifying opportunities for collaboration between public and private researchers in Denmark and China.
- Increased mobility of research talents between Denmark and China, through providing Danish research schools better opportunities to finance exchanges of PhD students and Post-docs
- Establishment of strategic educational collaboration in the health field (nursing), through holding workshops and conducting comparative studies, and also through exchanges of students, teachers and education administrators

- Establishment of a Danish centre for vocational education and training programmes in China
- Promotion of student mobility and internships, facilitated through greater exchange and educational collaboration between Danish and Chinese higher education institutions, including through collaboration with the business community
- Marketing of Danish and Chinese higher education programmes, through participation in education fairs, holding of an education and career day in China, publication of a Chinese version of the Study in Denmark brochure, and the creation of personal profiles in English and Chinese of successful Chinese who have gained a Danish educational qualification
- Strengthened bilateral collaboration on vocational education and training (VET) and lifelong learning
- Upgrading of ASEM's education and research hub for lifelong learning in cooperation with China



Chinese Minister of Education Zhou Ji, Danish Minister for Science, Technology and Innovation Helge Sander and Danish Minister of Education Bertel Haarder signing two extensive agreements on educational

2.4 Commercial relations, including trade and investment

China is not only the world's most important production market, it is also the fastest growing consumer market and the place where Danish enterprises' future global competitors will increasingly emerge. It is therefore of vital importance for Denmark that Danish enterprises have a strong footing in China within all links of the value chain. At the same time, the Chinese market is huge and fragmented, which demands in-depth knowledge. The Danish export to China doubled from 2003 to 2007, and in 2008 alone it has grown by 40 per cent, making China Denmark's 14th largest export market today. If Hong Kong and the sales of services (primarily shipping) are also included, this already makes China Denmark's 6th most important export market. On top of this is the improved ability to compete that Danish enterprises achieve by producing in China (which to a certain extent is visible from the considerable export that totalled almost 30 billion DKK in 2007), as well as the value of Danish enterprises' production in China, the output of which is sold directly in the market or exported to third countries.

Danish shipping is one of the most important export industries. Danish shipping earnings between China (incl. Hong Kong) and destinations throughout the world are greater than Denmark's total goods export to China. More than 15 per cent of the Danish merchant navy's total shipping earnings is generated from China-related trade, i.e. more than 20 billion

DKK in 2007. Around 25 per cent of China's foreign trade is transported by shipping vessels owned by Danish shipping companies.

Despite the already substantial and rapidly growing commercial relations, the potential for Danish enterprises in China remains huge.

This applies to virtually all areas. However, for example, within the energy and environmental field, within fashion, furniture and design, and within the health field, the strong competencies of Danish enterprises need to be utilised even more effectively.

China is an immensely important country in regard to the internationalisation of Danish enterprises, particularly in connection with sourcing and outsourcing activities, but also as an investment location and most recently as a business partner in the research and innovation field too. This is also the background for Denmark's decision to place an Innovation Center in Shanghai, which was opened in connection with the Minister for Science, Technology and Innovation's visit to China in September 2007. Over 350 Danish enterprises operate in China with over 550 permanent business addresses in the form of subsidiaries, joint ventures or representation offices.

Denmark has seven diplomatic missions in China: the Embassy in Beijing; the Consulates General in Hong Kong, Guangzhou and Shanghai; the Trade Commissions in Chongqing and Taipei; and lastly the Innovation Center Denmark in Shanghai, all of which work closely together on commercial matters. This network

is an effective tool for helping Danish enterprises in the Chinese market. Denmark is thus well equipped to exploit the opportunities and tackle the challenges that await enterprises operating in the Chinese market.

The Sino-Danish Joint Commission on Economic and Trade Cooperation, which has lain inactive for several years, was revived in 2007. The intention is that the Commission, which convenes once a year at a meeting attended by officials and organisation representatives from both countries, should be used in a targeted way to promote commercial interests, remove barriers and find solutions to specific enterprise problems, as well as serve as a useful forum for bilateral dialogue on commercial, economic and technical issues.

Politically, Denmark pursues an assertive trade policy strategy that aims to remove restrictions on free trade as much as possible. Within the EU domain, Denmark works to ensure that the conditions for trade with China are liberalised as much as possible. EU trade policy must at the same time contribute to promoting social, economic and environmentally sustainable development.

Denmark will work actively to promote dialogue in order to guide the cooperation between Danish enterprises and their Chinese business partners in the direction of increased social and environmental responsibility, i.e. corporate social responsibility (CSR).

In addition, a key priority in relation to China is to strengthen the capacity for protecting intellectual property rights.

In May 2006, the Danish Minister for Foreign Affairs signed a partnership agreement on strengthening cooperation between Danish and Chinese small and medium-sized enterprises (SMEs). The objective of the agreement is to facilitate contact between enterprises from China and Denmark with the aim of promoting production, trade, innovation and investment, and thus develop better economic relations between China and Denmark.

Food products

As a result of rising real incomes and a heavy urbanisation rate, which have led to changes in food consumption, there is basis for increased Danish export of particularly animal products and processed foods to the Chinese market. The food market in particular offers export potential for highly processed products in the luxury segments. Sourcing of food ingredients in China is also an ideal focus area for the Danish and Chinese food industry.

At the same time, China faces major challenges with respect to modernising and improving the efficiency of the country's agricultural sector and food production industry. In particular, the desire for high quality and food safety is the driving force and reason behind why Danish know-how and equipment are relevant and have a certain potential.

The radically different food culture and the different kinds of foods in the major segments

make it necessary, however, for the large food producers to invest in product development and business set-up in China in order to gain access to the knowledge necessary to serve the market.

Design, fashion and architecture

The Chinese consumer market is rapidly developing into the world's largest market for luxury products. This is particularly true for fashion and design products. The Chinese market offers enormous market potential for Danish fashion, furniture and design producers, with sales growth within these product groups leading the way with 30-40 per cent growth in 2008. In addition, the Danish producers of fashion and design are increasingly moving their production to China. This tendency is due to an increased awareness of quality in the Chinese production as well as an increased focus on environmental and social responsibility in production.



Photo: EES

As a result, China is an important player for the Danish fashion and design industry. This has led the Trade Council of Denmark, in collaboration with the Danish Fashion Institute, to engage in dialogue with the Chinese producers of textiles, design and furniture. This dialogue focuses on increased responsibility in production, in regard to both social and environmental responsibility (CSR).

The Danish efforts are expected not just to result in enhanced cooperation between the Danish and Chinese fashion and design

industry, but also in a significant improvement in the global competitiveness of the Danish fashion and design industry. Promoting and marketing Danish design and fashion as being especially responsible will increase competitive strength both in the Chinese market and globally.

As a global and competitively strongly industry, Danish architecture constitutes an ideal focus area in the Chinese market in line with the Government's architectural policy.

Attraction of investment from China

China is increasingly investing abroad. To date, China has primarily been known as a recipient of foreign investment, but within the last few years China's investments abroad have risen substantially.

There has been a strong increase in investments within more knowledge-intensive areas such as electronics, telecommunications, IT, Life Sciences and energy. This harmonises

with the Chinese development away from “Made in China” towards “Created in China”. This offers ideal opportunities for Danish enterprises.

In 2008-2010, Denmark will therefore step up investment promotion efforts in China in order to gain a share of the rising (knowledge-intensive) Chinese investments abroad. The investment promotion efforts will primarily focus on investments within IT, Life Sciences and energy. The outreach work will be conducted by the Ministry of Foreign Affairs’ diplomatic missions in China, with Invest in Denmark (IDK) as the driving force. IDK, which is a department within the Trade Council of Denmark, has an extensive regional network among enterprises, universities and research parks in Denmark.

In September 2007, the Trade Council of Denmark signed a letter of intent regarding investment promotion cooperation with the Investment Promotion Agency of the Chinese Ministry of Commerce.

Intellectual property rights

The protection of intellectual property rights is important in relation to commercial and knowledge-based collaboration with China. The Chinese legislation meets international standards, but its actual enforcement remains inconsistent. Therefore, there is need for continued focus on intellectual property rights in the bilateral trade dialogue with China and through the EU.

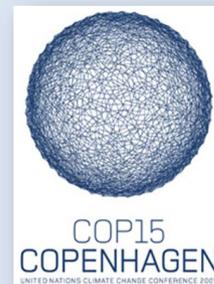
On this basis, Denmark works with the EU within the EU-China IPR2 Project, whose objective is to improve China’s regulatory structure within all areas that concern protection of IP rights, including within criminal, civil and administrative law. Similarly, the protection of patents, trademarks, copyrights and geographical designations of origin must be raised. Furthermore, the activities concern capacity building within all institutions, improved access to information, enforcement and support of rights holders in general.

Denmark will work for:

- An assertive trade policy, including the removal of barriers to increased sale of food products and the mapping of barriers to eco-friendly products and services (energy/environment)
- CSR consultancy support to Danish enterprises through the Danish Embassy in China
- Focus on intellectual property rights, e.g. through Danish participation in the EU-China IPR2 Project
- Enhanced efforts to promote sale of Danish products on the rapidly growing consumer market within areas such as fashion, furniture, design and architecture
- Responsible Fashion & Design – extensive seminars, conferences and exhibitions on responsible production in the design and fashion industry, with the aim of launching concrete Danish/Chinese dialogue regarding efforts to promote increased responsibility
- Nordic cooperation within the fashion industry around the formulation of a Nordic code of conduct for Chinese producers that

produce for the Nordic fashion industry, with the aim of signing this code at COP15 in Copenhagen in 2009

- Targeted promotion of Denmark as an attractive investment location, with focus on the Danish investment “clusters”
- Successful Danish participation in the World Exhibition, EXPO 2010 “Better City, Better Life” in Shanghai, where Denmark will be represented with a national pavilion designed by a Danish architect and where the city of Odense, as winner of a competition, has been chosen to present its own exhibit case in the theme-based exhibition “Urban Best Practices”



2.5 Recruitment of labour

The shortage of highly skilled labour will be one of the greatest challenges facing the Danish economy in the coming years. Recruiting and attracting foreign labour will therefore be an important task for the Danish society that the Danish Government attaches great importance to in line with its Job Plan of 28 February 2008. The plan contains, among other things, a number of initiatives designed to make it easier to gain access to paid employment in Denmark. Denmark will endeavour to ensure balance between issuing visas quickly and efficiently while avoiding the risk of abuse.

Recruitment of foreign labour will be closely tied to enhanced collaboration particularly within the education field.

China offers huge potential for a Danish recruitment campaign by virtue of having a large number of newly and well-qualified people who speak English. The target groups which Denmark must primarily focus on must be found within the IT and engineering field. It is within these job sectors that the need is greatest in Denmark.

Denmark will work for:

- Increased focus on Denmark as an attractive work location in the efforts targeted at China within the sphere of public diplomacy and press activity.
- China in the long term to become the target of marketing activities with the aim of attracting highly skilled labour
- Establishment of targeted collaboration with Danish educational institutions in attracting foreign students and retaining them after graduation
- Implementation of recruitment campaigns in China with the aim of attracting labour, in collaboration with employee and employer organisations
- Possible posting of an additional staff member to the Embassy in Beijing in order to further facilitate the processing of, among other things, visa and residence permit applications

2.6 Culture and tourism

Culturally, Denmark is relatively well-known in China. This is due partly to knowledge about Hans Christian Andersen, with whom the majority of China's population are familiar, as his fairytales are read in school.

In September 2005, the Danish Cultural Institute in Beijing was established. This provided Danish art and culture a permanent platform from which to operate. One of the objectives of the Cultural Institute is to create synergy with Danish enterprises that can reinforce the image of Denmark as an innovative and creative nation, where the business community and cultural actors are able to enrich each other both financially and substantively.

China has established Confucius Institutes in a large number of countries with the aim of spreading knowledge about Chinese culture and language. In Denmark, one such institute has been established at Copenhagen Business School – Copenhagen Business Confucius Institute – offering courses in Chinese language and culture.

As part of the efforts to strengthen Danish-Chinese cultural cooperation, further efforts will be made to attract tourists to Denmark from China. Denmark will engage in targeted efforts to strengthen Denmark's position as a tourist destination also by inviting journalists and opinion-shapers to visit Denmark in connection with meetings with relevant authorities, cultural institutions and other relevant focus points.

The present cooperation between the Foreign Service, the Immigration Service and VisitDenmark will continue to work on adopting more flexible visa procedures, whilst taking due regard for the risk of abuse, in connection with visa applications from approved Chinese travel agencies, cooperating with approved Danish travel agencies, and applies for visa on behalf of groups of tourists. On a one-year trial basis, this arrangement has been extended to also include individual tourist with a view to possibly making this arrangement permanent.

The continued work on visa application procedures is also an important element in attracting labour and Chinese students to Denmark.

Denmark will work for:

- Enhanced cultural exchange
- Marketing of Denmark as a creative, innovative, trustworthy and responsible society
- Expansion of the relations between Danish and Chinese regions and cities within culture, education, sport, etc.
- Attraction of more Chinese tourists to Denmark

Sources of further information:

The Embassy of Denmark, Beijing:

bjsamb@um.dk
www.ambbeijing.um.dk

The Consulate General of Denmark, Shanghai:

shagkl@um.dk
www.gkshanghai.um.dk

The Consulate General of Denmark, Guangzhou:

cangkl@um.dk
www.gkguangzhou.um.dk

The Consulate General of Denmark, Hong Kong:

hkggkl@um.dk
www.gkhongkong.um.dk

Innovation Center Denmark, Shanghai:

<http://www.innovationcenterdenmark.cn/>

The Consulate of Denmark / Trade Commission of Denmark, Chongqing:

chongqing@dtcchina.dk
www.dtcchina.um.dk

The Trade Commission of Denmark, Taipei

mail@taipei.tcdnet.dk
www.dtctaipei.um.dk

The Danish Cultural Institute, Beijing:

<http://www.danishculture.cn/>

Denmark in Asia Website - The Ministry of Foreign Affairs of Denmark

<http://www.asien.um.dk>

Website of the Ministry of Foreign Affairs of Denmark:

<http://www.um.dk>

The Danish Ministry of Science, Technology and Innovation's China Strategy, "Strategy – Knowledge-Based Collaboration Between Denmark and China":

<http://videnskabsministeriet.dk/site/forside/nyheder/Aktuelle-temaer/vidensamarbejde-mellem-danmark-og-kina>

