

EUROPE-CHINA STRATEGIC ALLIANCE UNDERSTANDING THE PULSE FOR CONVERGENCE

ABLIN CARNEIRO-ALPHONSO

Assistant Professor, Department of Economics at Rishi Dayaram and Seth Hassaram National College and Seth
Wassiamull Assomull Science College, Mumbai, India

ABSTRACT

International networking is an essential tool for success in the business climate of the multipolar world. Relations between the European Union (EU) and the People's Republic of China were established in 1975. In the recent years, the EU is China's largest trading partner and China is the EU's second largest trade partner after the United States. Since 2009, the EU exports to China have increased by 38 percent and China's exports to the EU have increased by 31 percent. In this paper, an analysis has been attempted to study the potential for enhancing a comprehensive strategic alliance between the economies of Europe and China.

The paper is divided into four Sections wherein, in Section 1, an economic perspective and a brief summarization of the main features of the growth model that have prevailed in the two economies are outlined. Section 2 gives a detailed analysis of the current domestic and external imbalances and identifies some of the costs, distortions and risks that are involved. Section 3 takes a forward-looking perspective and based on the analysis identified in Section 2 tries to trace out the long-term factors that will support the economic policies of a strategic alliance between Europe and China. The concluding Section will highlight the various supportive reforms and policy-making decisions that are needed to strengthen the measures for convergence between the two economies.

KEYWORDS: Domestic, External, Growth, Policy-Making Decisions, Reforms