

Europe and the Emergence of China

Consequences for the Transatlantic Relationship

A European Perspective

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1. Introduction

Like the rest of the world, Europe has been fascinated by the emergence of China for a long time, and there has been an official relationship between the EU and the People's Republic of China for 30 years now. This relationship was upgraded in 1998. It now takes the form of a China-EU summit every year, the latest having taken place in December 2004. The EU became China's main trading partner in 2004, with trade between the two parties soaring to €160 billion.

The EU's strategy towards China, which is based on European Commission policy papers adopted in 1998, 2001 and 2003, aims at engaging China in the international community, supporting China's transition towards an open society based upon the rule of law and the respect of human rights, and integrating China further in the world economy.¹ The theme of 'multipolarity' is also implicitly present in the European approach: "The EU, as a global player on the international stage, shares China's concern for a more balanced international order based on effective multilateralism".²

The EU's interest in Asia has been primarily economic and political, and is particularly incarnated in the series of Asia-Europe Meetings that have taken place since the mid-1990s. To be sure, Europeans do have some significant strategic interests in the region. Some EU members are bound by the 1953 agreement to defend South Korea, for instance. The EU has shown a keen interest in the North Korean problem, including being a party to the Korean Energy Development Organisation agreement and keeping contact with Pyongyang while Washington snubbed North Korea in the early days of the Bush administration. The strategic dimension is not completely left out of the Chinese-European relationship – there are regular meetings of experts on non-proliferation as well as conventional arms exports and a joint declaration on non-proliferation and arms control was signed at the latest summit.

Nevertheless, Europe's thinking about strategic issues in Northeast Asia remains very limited. And Asia remains to a large extent the missing dimension of transatlantic dialogue and cooperation. This helps to explain why the political sensitivity of issues such as China's participation in the Galileo system (€200 million) and the ramifications of the question on the arms embargo were not always clearly seen in Europe until recently.

2. Where do we stand?

China is now a confirmed participant in the Galileo programme. A follow-up agreement on technical cooperation on satellite navigation was signed in October 2004.

The question of lifting the embargo started to become a major political issue in 2003, when German and French leaders openly expressed their support for such a gesture. There is a mix of political and economic reasons for their stance. First, it seems that countries supporting the lift of the embargo are genuinely convinced that the embargo is humiliating for China and places it unjustifiably in the same

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¹ A country strategy paper for China 2002-06 was also adopted by the Commission in March 2002. It focuses on economic and social reform, sustainable development and good governance.

² European Commission, *Commission Policy Paper for Transmission to the Council and the European Parliament*, COM(2003) 533 final, 10 September 2003, p. 23.

category as Burma, Sudan and Zimbabwe – three other countries that currently face an EU embargo. Second, there is probably a belief that European economic interests would be indirectly served by such a move. The economic benefits to the EU would come from the ‘rewards’ that would be expected from China, for instance in the form of sales of civilian aircraft planes and nuclear power plants.

This strategy is part of a coherent approach that favours Beijing over Taipeh. The stance taken by France, for instance, shows a significant evolution: while Paris was an important arms provider to Taiwan in the 1980s, these days France seems to have made a strategic choice and appears keen to recognise the arguments of the People’s Republic of China.³

The debate within the EU on the arms embargo focuses mostly on the human rights issue. The European Parliament and some countries such as Sweden have opposed lifting the embargo without progress on human rights. Other EU members with closer ties to Washington, such as the UK and the Netherlands, have made it clear that they would not oppose the lift of the embargo.

3. These issues should be de-dramatised

There is no European willingness to make the EU-China partnership some kind of ‘counterweight’ to US power. On Galileo for example, the Europeans are not naive. China will not have access to the most precise navigation service and thus will not be able to use Galileo for military purposes.

The US stance that European arms sales to China could upset the strategic balance in the region should be taken with a healthy dose of scepticism, when such arguments come from the same quarters that consider Europe a military dwarf lagging behind the US in terms of defence technology. American accusations of European weakness *vis-à-vis* China would be more credible if the Bush administration had not taken a U-turn on its policy towards China after September 11th. And the US-EU friction over the embargo should also be put in the broader context of the transatlantic rivalry in the air transportation market, and Boeing being afraid of the penetration of Airbus in the Chinese market.⁴

Most importantly, the Code of Conduct (CoC) would be a serious obstacle to the selling of military hardware to China, in particular because of the provision that refers to the respect of human rights. If, as will probably be the case, the CoC was indeed reinforced through provisions that would bar the export of equipment that could be used for ‘external aggression’ or ‘internal repression’, there is little that Europe would be able to sell to China. (It is notable in this regard that the latest joint EU-Chinese statement explicitly mentions the current work on “strengthening the application” of the Code of Conduct.)⁵ The real question that remains is that of dual-use capabilities such as observation satellites – a pressing request of Beijing, officially to monitor rice plantations.

4. Should the embargo be lifted?

The above being said, there are still three good reasons why lifting of the arms embargo is a bad idea. The first reason is that China will probably always outsmart the Europeans. Let us be clear: Beijing wants to modernise its armed forces at the best available price. Once the embargo is lifted, China will in all likelihood hold other areas of cooperation hostage to arms sales. Furthermore, it will play the card of European willingness to sell some defence-related equipment to China as a bargaining tool *vis-à-vis* Russia, its main provider of military hardware.

The second reason is that we do not need another transatlantic crisis. This issue is particularly sensitive in the Pentagon, but even some Democrats have taken a strong stance on it. Even if Washington is exaggerating the dangers of lifting the arms embargo, such a move by the EU would

³ Paris for instance openly disapproved of Taiwan’s 2004 referendum on anti-missile defences.

⁴ Some in the US have argued that the fate of the Airbus A380 is critical to European thinking about the embargo and that Beijing was holding up an order of five A380s until the lifting of the embargo. On 26 January, however, China Southern Airlines confirmed its acquisition of the five aircraft.

⁵ See the Joint Statement of the 7th China-EU Summit, 8 December 2004, para. 7.

send the wrong political message to the US. Needless to say, such a crisis would also play in the hands of all those who may have a political interest in transatlantic divisions, including China itself.

The third reason is simply that China does not face any military threat today. The goals of the modernisation of the PLA are to be able to resist American power, to be in a position to blackmail Taiwan and to bolster the PLA's ability to maintain internal order. Are Europeans keen to signal to China that it is ready to contribute to helping Beijing satisfy these goals?

5. Conclusions

Some would say that there is an element of schizophrenia in the European approach. Within the government circles of some of the countries willing to lift the embargo there is recognition that China could one day become a destabilising force and even a military threat to Western interests. The hope nurtured by many European leaders is in fact that the engagement of China through measures such as lifting the arms embargo will contribute to a normalisation of Chinese behaviour and foreign policy. Whether or not this strategy will be politically 'cost-effective' remains to be seen.