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Developing a European Security Perspective on China

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EU-China relations have grown considerably over the past decade. China is now the EU's second trading partner (after the US) and in 2004 the EU became China's biggest partner. Recognising Beijing's importance, the European Security Strategy (ESS) argued that the EU should develop a 'strategic partnership with China'. At the same time, the policy paper of the Chinese Ministry of Foreign Affairs, published in 2003, also argued in favour of developing a 'stable and full partnership with the EU' as well as welcoming the EU's growing international role.

China's meteoric rise is a fact. Thirty years ago China was the state most closed to international trade. Today it is the world's third largest trading power. For the last decade the country has grown at a pace of 10 percent annually and there is no sign of this trend slowing in the foreseeable future. Whilst in terms of per capita income (\$ 1,000) China remains a developing country, in combined terms it became the second largest (after the US) world economy in 2003. Nearly 400 million Chinese have been lifted out of poverty since the 1980s. Inevitably, China's economic rise has had some profound international implications. It has already changed the balance of power in Eastern and Southern Asia with China becoming the major competitor to the US's prominence in the area. China has also become an important player in Africa and the Middle East where it seeks to gain access to energy sources.

China's economic success and its rising international prestige have led to a re-evaluation of EU-Chinese relations. Whilst concerns grow about the EU's ballooning trade deficit with the PRC, Europeans are certainly impressed by the scale of Chinese economic success. The EU's attitude towards China is now marked by a mixture of respect and apprehension.

In response to the growing interest in Chinese affairs and the manifest uncertainty in the EU about how to approach this new emerging superpower, the EU ISS organised a brainstorming seminar dedicated to the development of European security thinking on China. The seminar addressed the four following questions: definition of the EU's interests in the Far-East; the security perception of China as a potential threat to the EU's interests; the issue of the arms embargo; and the development of the EU's China strategy.

1. The EU's Interests in the Far East

East Asia is an area of growing economic importance for the EU. For some, the region represents great opportunities but for others it represents the threatening face of globalisation. Cheap imports and highly deregulated labour markets in East Asia are often seen as undermining the maintenance of the European social model. One way or another, most people in Europe tend to view East Asia through the prism of their economic considerations.

However, the changing balance of military power in the region and the growth in China's strategic significance have meant that the EU also needs to develop a robust security approach towards the area. What are the EU's security interests in the area? The following issues come to the fore in this discussion:

- ***The EU's global security goals*** – the EU needs to co-operate with the countries of the region (China in particular) in order to ensure the successful pursuit of its global security objectives. Whether it is dealing with Iran, Sudan or especially North Korea, working with China has become an indispensable element of the EU's role as an international actor.
- ***Regional stability*** – any major military incidents in the region would affect the EU's economic interests and undermine its global security agenda. Yet international relations in the region remain highly unstable and prone to conflict. The cross-strait relations (between mainland China and Taiwan) continue to be at a brink of war with an ever-mounting military build-up on both sides. North Korea has threatened Japan with its ballistic missiles since 1998 and it has come close to a confrontation with the US on a number of occasions since the 1990s. Whilst relations between the North and South Koreas have recently been more amicable, the truce between the two is fragile and susceptible to changes in the political climate. Volatile trends in the region are aggravated by the growth in competitive nationalisms – an increasingly apparent phenomenon in East Asia.
- ***Prosperity and internal stability*** - Internal instability in the states of the region would be likely to result in the growth of illegal migration, an increase in the activities of criminal networks and (in the case of China) proliferation of WMD technology.

Unlike the US, the EU does not have a security presence or defence commitments in the area. This situation has both advantages and drawbacks. On the one hand, as a non-threatening power with no claim to hegemony in the region, the EU is more trusted and less feared than the US. On the other hand, with the renaissance of *real-politik* thinking in the region, the EU faces the simple challenge of being taken seriously. It is therefore imperative for the strengthening of the EU's position in the region that it acts coherently and consistently. Unfortunately, the EU's behaviour over the issue of the arms embargo on China has undermined its prestige in the region.

Despite its politically low profile, the EU has a formidable economic presence in the area and a number of trade-related instruments to pursue its interests. Much of the EU's influence in the region could also derive from its 'soft power' as a successful example of economic and political integration, which some leaders in the region consider worth emulating. The EU's experience with overcoming competitive nationalism and promoting reconciliation could also serve as a potential source of inspiration for the conflicted East Asian nations.

What geopolitical approach should the EU pursue in promoting its interests in the area? In particular, **should the EU prioritise China or strengthen links with other states in the region– in particular with regional democracies?** The debate on this issue is still in the making and the seminar revealed some fundamental differences of views on the matter. On the one hand, it was argued that the EU's push to establish a 'strategic partnership' with China has weakened its position in the region and affected its relations with some traditional allies– especially Japan. It was also argued in this context that prioritising democracies would have been consistent with the EU's self-perception as an ethical power. On the other hand, the policy of 'balancing China' with democracies would have had a detrimental effect on the EU's relations with Beijing. In addition, the regional democracies have themselves complex relationships with Beijing, especially as all of them, including Japan, have a strong economic presence in China.

Should the EU try to influence China, for example, by promoting democracy, human rights and peaceful relations with its neighbours? It was generally accepted that the EU's ability to exert a direct and concerted influence on Beijing is limited as well as the fact that any such effort may prove potentially counter-productive. However, whether it wants it or not, China is being shaped by its interaction with the outside world including the EU. **China is changing dramatically and it is not yet clear whether it could evolve into a traditional great power or a post-modern polity** that will remain focused on trade and economic development. It is in the EU's interest that China will pursue the latter path – it is therefore essential that the EU should remain open and engaged with China.

2. Is China a Security Threat to the EU?

There are two main reasons why this question should be debated. First, the growing perception in the US that China may constitute a security threat. As became apparent during the arms embargo debate, Washington expected the EU to share its view of China's security policy. The EU has many reasons to have a divergent security perspective on China from the US but it is still in the process of developing its own views on the matter. To state clearly that China is or is not a security concern for the EU is a vital element of its East Asian security policy. Second, although the EU may have no reason to be afraid of China, it may be concerned about the implications of Beijing's policy in the East-Asian region, especially in cross-strait relations, as well as in the Middle East and Africa.

There was an overwhelming consensus in rejecting the thesis that China could be an immediate security threat to the EU. The notion that China could militarily threaten the EU was dismissed as unrealistic and not worth further consideration. However, there was a clear split of views on the question of whether the PRC could constitute a threat to the EU's interests in East Asia and other parts of the globe. Those who were concerned about China's international role raised the following issues:

- ***Challenge to America's role in the region*** – China's rise has begun to change the balance of power in East Asia, representing a major challenge to the role of the US in the region. On a number of occasions the PRC has proposed regional initiatives that would exclude the US and its main regional ally, Japan. China's growing regional prominence has already eroded the traditional pro-US leaning position of East Asian governments, none of which, with the exception of Japan, supports the US's stance on Taiwan. However, arguably, the US is the essential element – if not a guarantor – of regional stability in East Asia. The EU, which benefits both economically and

politically from the current situation, should be interested in sustaining the US's position in the region.

- ***The PRC's stance vis-à-vis Taiwan*** – Beijing's attitude vis-à-vis Taipei is increasingly threatening. The bulk of the People's Liberation Army (PLA) is based on the East Coast with its mission being defined by the possibility of launching an attack against Taiwan. In its recent Defence White Paper the PRC defined the cross-strait relations as its top security concern and in May 2005 the Parliament passed the so-called 'anti-secessionist' law that legitimised using force against Taiwan. The PRC officially claims that it is dedicated to a 'peaceful reunification' unless it is 'provoked'. It is not clear though what would constitute an act of provocation from Beijing's point of view. For example, during the recent presidential race in Taiwan China fired missiles in close proximity to the island to discourage the election of a pro-independence candidate.

A threat to the 'status quo' in the strait may also come from Taiwan. The current President Chen Shui-bian has long argued in favour of declaring the island's independence – the move which would almost certainly lead to a military response from the PRC. There is no doubt that a full-scale military conflict in the strait would have had major economic and political implications for the EU.

- ***China's energy needs and its policy in the Middle East and Africa*** - China has been a net importer of energy since 1993. In 2003 China became the world's second largest consumer and third importer of oil. By 2025 China is likely to be importing about 80% of its oil and consuming 9.5-15 million barrels per day. China's thirst for energy has led it to seek long-term (lock-in) agreements and by implication to balance the EU's influence in the Middle East and Africa. China's intention to establish a strategic partnership with Iran (from where China imports gas and oil and where it sells its arms) and Sudan has undermined the EU's ability to exert its influence on these states.
- ***The rapid modernization of the People's Liberation Army (PLA)*** - Based on unofficial estimates, China ranks third in the world in defence spending and its military budget has grown faster than its remarkably expanding GDP (China officially announced a 12.6% increase in defence spending in 2005), and according to the Pentagon China spends at least three times as much as it declares.* The recent US Department of Defence Report on the **Military Power of the People's Republic of China** (MPPRC) concluded that the modernisation of the PLA has gone beyond preparing for a Taiwan scenario and was likely to threaten third parties operating in the area.
- ***Proliferation of WMD*** – China played a role in the development of the Pakistani nuclear programme. According to some US sources China may also be spreading its WMD technology to other countries. Whilst the EU has many reasons to distrust America's intelligence reports, it does not mean that they can be rejected *a priori* as groundless.

* According to its own sources China spends \$29.9 billion on defence (MPPRC), however, this figure does not include arms imports or any spending on research and development.

On the other hand, there was also a strong view put forward at the seminar that some of the developments outlined above are either exaggerated or are a natural consequence of the rise in China's power and status. It was also argued in this context that looking at China as a potential threat could become a self-fulfilling prophecy and that the best way to ensure China's peaceful development is by engaging with it. The following arguments were articulated in this context:

- The extent of **China's defence spending remains modest** for a nation of 1,300 billion people. Even if we assume that China spends as much on defence as the Pentagon says (3 times the official figure) the PLA budget would be still a fraction of US defence spending (around 480 billion USD). It was also argued that the Chinese military requires more and not less modernization and investment – the process that could have speeded up democratisation within the armed forces. The upgrading of China's stockpiles of its nuclear weapons is more likely to serve defensive (deterrent) purposes vis-à-vis the US rather than be an indication of offensive intentions. This is especially true since the US's withdrawal from the ABM treaty.
- **China's alleged role in the spread of WMD is exaggerated.** China stopped selling its missiles to Pakistan and there is no hard evidence that it was supplying Iran with nuclear technology. Whilst Chinese criminal networks have indeed been involved in the proliferation of WMD technology, there is no evidence of the government's role in this activity.
- With the exception of Taiwan, the PRC's policy in the region has been responsible and has constituted **a vital element of regional stability**. Most importantly, China's diplomatic efforts have been essential in taming North Korea and securing its participation in the six-party talks.
- China's activity in the Middle East and Africa is a natural consequence of its economic needs and its growing international status. In part, **China's attraction for the third world** is also due to the fact that it is a **'status quo' power**, hence it is more trusted and seen as a desirable counterbalance to the influence of the US. Despite its growing global punch, it needs to be noted that on the whole **China acts in accordance with international law**.

3. Arms Embargo

In response to the events in Tiananmen Square in 1989 the EU imposed an embargo on arms export to China. At the European Council summit in Rome in 2003, the EU declared its intention to 'work towards lifting the embargo'. However, following opposition from various groups (the US Congress, human rights groups and even sectors of the European defence industry) and in response to China's passing of its anti-secessionist law (aimed against Taiwan) the EU agreed to 'delay' its decision on the matter. Consequently, the embargo remains in place and there seems to be little indication that member states are in a hurry to change the present situation. A vast majority of the seminar participants agreed that whilst the embargo had almost no military significance, nonetheless, the present restrictions should remain in place. The following arguments were put forward in this context:

- The embargo was imposed on **human rights grounds**, hence it should be removed only in response to some tangible improvement in this area. Arguably, the embargo is one of very few levers the EU still has at its disposal to influence China's political reforms. Decoupling the issue from the human rights situation would send wrong signals at the wrong time and the move would only serve to embolden conservative elements within the Chinese leadership. In addition, the EU has explicitly asked China to ratify the **International Covenant on Civil and Political Rights** (which China signed in 1998) and to release the remaining **Tiananmen prisoners**, yet so far none of this has happened.
- **The security situation in the Strait** - China's military modernisation is still insufficient to pose a credible threat to Taiwan and the US forces in the area. However, according to Pentagon sources, the technology that China lacks to make the required 'leap ahead' (sophisticated command and control systems and critical military 'software'), it could only acquire from the Europeans (Russia either doesn't have it or is unwilling to sell it to China). Though the EU argued that the embargo would be replaced by a revised '**code of conduct**' many remained sceptical as to the ability of this instrument to prevent sales of sophisticated arms technology to China.
- Lifting the embargo would lead to **greater foreign competition to sell arms** to the People's Liberation Army (PLA). China's top suppliers, Russia and Israel, would be under greater pressure to relax restrictions on their sales and provide China with increasingly sophisticated weapons. The mere possibility of the embargo being lifted has led to the increased sales of Russian equipment including FLANKER – SU-30MK2 and SU-30 aircraft with enhanced radar system and long-range missiles.

Whilst the policy of lifting the embargo found no explicit defenders, it was pointed out that the current status quo is far from satisfactory. Most importantly, the change that occurred in the EU approach on the issue between 2003-5 gave the impression that the EU is **inconsistent, incoherent and bending under external (American) pressures**. Perhaps the decision to move on lifting the embargo was not sufficiently thought-through but once it was taken the EU should have acted. The current ongoing indecision undermines the EU's prestige and affects its ability to pursue its interests in the region.

Whilst it is important that the issue is discussed within the framework of transatlantic relations, the EU should not expect that the US will at some point agree that the embargo should be lifted. It is expected that due to its regional commitments the US will always want to restrict the sales of European armaments to China, regardless of circumstances. It is therefore imperative that the EU takes its decision on the matter independently. It needs to be noted in this context that although some traditional US allies, most notably Israel and Australia, sell their arms to China they continue to enjoy very good relations with the US.

4. Towards an EU-China Strategy

The debate over the arms embargo demonstrated the urgent need for the development of an EU security perspective on China. Several deficiencies in the EU approach became apparent over the course of the embargo affair, of which the three following appear most prominent.

- The EU acted in an uncoordinated and inconsistent fashion. Member states should make use of the available EU mechanisms more often and refrain from pursuing bilateral approaches without prior consultations with their partners and when possible in the framework of the CFSP.
- The EU should have its own independent assessment of China's military modernisation and its regional implications. At the moment the EU limits itself to accepting or criticising the existing American assessments (such as the Pentagon report already mentioned).
- The EU needs a thorough analysis of the geopolitical implications of China's energy policy – especially with regard to the Middle East and Africa.

The issues mentioned above need to be defined urgently. Once that has been done, discussions on a longer-term China strategy should begin. The following issues were mentioned to be put forward for consideration by the EU:

- The EU should consider how it would react to a possible crisis in the Taiwanese strait. Should the EU remain neutral or should it throw its support behind the US, depending on the origin of the crisis? If the answer is the latter, then what level of support would be desirable and feasible?
- Does the EU share the view that China's growing prominence in the region should be balanced by strengthening links with and supporting regional democracies? In other words, should the EU approach be ideological or interest-driven?
- There are growing wealth and regional disparities in China. In recent years the country experienced numerous small-scale incidents of unrest indicating that social tensions may be nearing breaking point. What strategy should the EU adopt if China were to experience a major internal crisis of social unrest?

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