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European Union's Arms Embargo on China:

Conflicting Linkages of Realism, Power Politics and Multilateralism



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The redefined international order provided room for the European Union (EU) and China to give an impetus to the potential reality of becoming a vital nerve centre in the foreign, economic and security policy space. The EU's prism of foreign policy strategy does not appear to see China as an overt challenge. The EU-China Joint Declaration (2004) spells an all-round strategic partnership outlining China-EU cooperation in more than 30 fields, including politics and international affairs. The strategic partnership with China would prove beneficial if it is not a *conditio sine qua non* for the achievement of the EU's overall objective of effective multilateralism. The argument presented is that to achieve this objective, engaging China in the widest possible range of areas is very important so that Beijing shoulders greater international responsibilities while contributing to operationalising effective multilateralism.¹ An oft debated contemporary subject is China's participation in the rule-based

Key Points

1. The ongoing debate on a review of the arms embargo against China represents a prevailing clash between value and rationale in the European Security Strategy which focussed on the EU developing a strategic relationship with China.
2. The main non-symbolic rationale for lifting the embargo is the pursuit of commercial interests in defence-related products. Seeking to deepen the EU's foreign investment profile and closing the EU's trade deficit with China can be achieved by lifting of the embargo.
3. With European defence budgets dropping precipitously, European defence companies have been pushing for entry into China's market.
4. Although France is typically the leading annual EU seller of arms to Beijing, other EU members, including Britain, also sell China dual-use items that could (and often are) used for military purposes.
5. As the US and the EU have extensive defence industrial cooperation in place, Washington apprehends that companies in the EU might end up transferring US military technologies to China.

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order put forward by the EU in the context of effective multilateralism as an approach to address multipolarity. The adoption of the European Security Strategy (ESS) puts forward the global objective of effective multilateralism characterised as an integrated or comprehensive approach.²

The EU's engagement with China is manifest in various fora, the most significant being cooperation in multilateral organisations, international institutions and the economic sphere. Notwithstanding this, it needs to be highlighted that the economic figures display crucial inconsistencies according to the European Commission's trade figures available in March 2014. While EU-China economic cooperation forms the second largest in the world, with bilateral trade in goods reaching €428 billion in 2013, trade in services, however, is still about ten times lower, coupled with a massive trade deficit of €131 billion with China. It has been argued that reducing the bilateral trade deficit will not be about importing less, but exporting a lot more.³ Although China has taken over as one of the fastest growing markets for European exports, nearly 64 percent of all fake goods seized at the European borders in 2012 were reported to have come from China. Intellectual property rights infringement remains a serious problem for European businesses in China along with a lack of a level playing field, subsidies and financing issues, transparency and predictability in government and rule-making. Nearly 45 percent of EU companies operating in China have reported missed business opportunities owing to regulatory barriers.⁴

Multilateralism, Interdependence and Power Politics

The tensions between interdependence and power politics will be the dominating discourse that would shape the future of the international system. Sustained dialogue in the reconciliation of multilateral governance with emerging multipolarity shall be a fundamental indicator of the future global order, define the scope for cooperation and highlight the sources of competition/conflict.⁵ Given that norms and institutions are contested and different worldviews coexist uneasily, shared views on the importance of effective multilateral frameworks and rules for global governance shall remain essential prerequisites.⁶ China's multilateralism discourse is far more diverse and context-dependent, leaving ample room for it to take concrete shape in the coming years. China's multilateral diplomacy will tend towards an assertive, but still a status quo oriented approach.⁷ As Beijing is expected to continue using its growth as a leverage to protect its interests, the preferable approach with reference to China would be one of "engaging" it.

It has often been argued that with economic and political weight being thrown behind, the security envelope around China could be headed for a push with Beijing changing/attempting to change, the existential status quo on various disputes. The theoretical construct asserts that while status quo states remain content to "preserve the essential characteristics of the existing international order", China's interest in engagement with multilateral institutions has been portrayed as an indication

to committing to a status quo, replacing a former scepticism of multilateralism.⁸ The pressing question and concern is whether the Chinese foreign policy discourse is heading in a direction wherein it sees itself as a revisionist power. From the EU's perspective, a cooperative or at least "non-obstructive" China is vital for the promotion of peace and security.⁹ While one view is that China continues to be a status quo power that the international community (more specifically, the EU) can work alongside with, the other argues that it is gradually heading towards becoming a revisionist power. Revisionists seek to "undermine the established order for the purpose of increasing their power and prestige in the system" more so since revisionism is often linked to a state's 'satisfaction' or 'dissatisfaction' with the existing international order.¹⁰ While China is not actively undermining the existing order, the fact that it is circumspectly strengthening its security discourse and policy positions on various disputes is an equal reality.¹¹

EU Arms Embargo on China

However, when it comes to issues such as conflict and conflict resolution, the subject of weapons control assumes centre-stage. Specifically, in the area of arms control and non-proliferation, the EU has not lifted the embargo on trade in arms with China imposed by the European Council in June 1989. The embargo was slapped on as a result of the killing of unarmed protesters at the Tiananmen Square, thus, provoking international outrage, leading many countries to adopt sanctions against Beijing, including an embargo on the sale of weapons. The EU declared, by means of a collective

statement, "In the present circumstances, the European Council thinks it necessary to adopt the following measures...interruption by the member states of the community of military cooperation and an embargo on trade in arms with China."¹²

The debate surrounding the arms embargo on China highlights important problems for the development of the EU as a security actor. Has this stance been derived from the political component either in regulating/banning arms trade? Beijing has identified the embargo as a major impediment to further development of EU-China ties.¹³ Further, the European Union Code of Conduct on Arms Exports adopted in June 1998 informs member states of the class of weapon systems that are banned from sales to China while simultaneously examining the licences of arms exports to China that conform to international commitments.¹⁴ The code is a set of principles to which EU members are politically bound. Numerous EU member states have enacted this into their domestic legislation. The code requires EU members to restrict exports to countries with serious human rights violations and to countries where there is a clear risk that the weapons could be used for internal repression or external aggression. In addition to strengthening the Code of Conduct, the European Union has worked towards strengthening export controls on dual-use technologies and similarly ambiguous items.¹⁵ However, this Code of Conduct is not legally binding and legalisation of the code is an option that needs to be debated.

Since 1989, both the United States and members of the European Union continued to engage in

military transfers to China. According to a 1998 General Accounting Office report, presidential waivers of the US ban between 1989 and 1998 resulted in defence transactions to China worth approximately \$350 million.¹⁶ In fact, the EU arms embargo has largely been seen as more of a symbolic act of protest than a tool for actually changing Beijing's behaviour. Each EU member interprets the embargo in terms of its national laws, decision-making processes, and regulations.¹⁷ Since the EU lacks strong foreign policy institutions, the arms embargo against China is best seen as a collection of national EU arms embargoes. As a result, the EU's collective stance lacks coherence or means of enforcement.¹⁸ Since late 2003, France has spearheaded a sustained campaign calling for lifting the embargo, finding Spain and Greece in support. EU statistics show that France issued €199 million in licences in 2009 for "military aircraft" and "equipment for viewing images or countermeasure" sold to China. Annual EU reports on trade reveal that EU weapons manufacturers received licences to export equipment worth three billion euros (\$4.1 billion) to China in 2012. Arms exports totalling 173 million euros were cleared, 80 percent of which were issued by France. A French parliamentary report states that France delivered arms to China worth 104 million euros.

Europe is split on the subject of whether lifting the arms embargo could become the catalyst in this process and would it be in Europe's strategic interest to accelerate the same. Specifically, France, Germany, Italy, Spain and Greece are in support of repealing the European Union's arms embargo on China. Repealing the arms embargo is argued from the standpoint that it

complicates the EU's relationship with China and partially negates EU efforts to develop a strategic partnership with Beijing. Although France is typically the leading annual EU seller of arms to Beijing, other EU members, including Britain and Italy, also sell China dual-use items that could (and often are) used for military purposes. Despite this, the UK, at least officially, has consistently opposed lifting the embargo.¹⁹

The connect between arms control and non-proliferation with international politics needs to be studied. The EU has not lifted the embargo on trade in arms with China imposed by the European Council in June 1989 leading to question whether this position can be attributed to the political component either in regulation / ban of arms trade? There is a very strong ongoing debate on a review of the prevailing arms embargo against China seen in the backdrop of a combination of symbolic and strategic dynamics in the EU-China relationship and their response to power shifts given the distinct roles in the face of real political conditions.²⁰

Some commercial considerations may also be at work in the effort to repeal the embargo. Three EU members—France, Italy, and the United Kingdom—also have delivered military items to China, although no new agreement on the delivery of lethal articles has been negotiated since 1989. With European defence budgets dropping precipitously, European defence companies have been pushing for entry into China's market.²¹ In the light of the current global economic crisis and low growth and high unemployment rates in many EU countries, EU governments and companies are eager to remove barriers to their exports. Even

if they don't sell arms to China, EU leaders may hope that China would reward a repeal of the embargo with increased purchases of EU goods. China is one of the largest creditors in the world and its foreign exchange reserves have reached almost \$3.2 trillion. Sales to China could, therefore, help European defence firms sustain their work forces, achieve economies of scale, and recoup Research and Development (R&D) expenditures through larger production runs.²² British European Parliament member Graham Watson, of the Alliance of Liberals and Democrats for Europe, termed the pressure to lift the ban "commercial, pure and simple," which goes against the ethical "guiding logic of the ban."²³

The ongoing debate on a review of the arms embargo against China represents a prevailing clash between value and rationale in the European Security Strategy which focussed on the EU developing a strategic relationship with China, adopted in December 2003. Why do some actors want the embargo lifted, while others insist that the EU should maintain it at all costs? Even if the arms embargo is lifted, the EU, ideally, would not sell major weapons systems to China in that it may be able to acquire more dual-use technologies to be used for military purposes. As the US and the EU have extensive defence industrial cooperation in place, Washington apprehends that companies in the EU might transfer US military technologies to China.²⁴ Members of the US Congress have often debated that helping develop China's military-industrial complex could make the country a more formidable arms dealer. In this reference, members of Congress have introduced legislation that will both restrict transfers of

US military technology to European countries selling arms to China and forbid purchases by the Pentagon from such countries. This Bill put the spotlight on US efforts aimed at making American forces interoperable with the forces of its European allies.

Non-Symbolic and Symbolic Rationales and Future of Effective Multilateralism

Identifying both non-symbolic and symbolic rationales behind this aforementioned debate on lifting the EU's arms embargo on China is essential. The main non-symbolic rationale for lifting the embargo is the pursuit of commercial interests in defence-related products. Seeking to deepen the EU's foreign investment profile and closing the EU's trade deficit with China can be achieved by lifting of the embargo. On the other hand, the non-symbolic rationale against lifting of the embargo cites that this move shall enable China to accelerate its defence modernisation by filling key technological gaps.²⁵ China's resultant momentum gained for its military modernisation campaign would change the security balance in Asia with transfer of technology potentially taking shape in the form of the EU selling additional dual-use technologies and weapons to China, undermining US export controls and sanctions on arms sales.

These dynamics could well underscore the trans-Atlantic rift over the supposed lifting of the arms embargo. This often leads to the question of whether the EU and China could be partners in effective multilateralism, especially when specific politico-military challenges stand out?²⁶ Most significant among these are

proliferation of Weapons of Mass Destruction (WMD) and excessive militarisation and the eventual consequences of China's continuing military build-up, which is a product of four decades of robust defence modernisation. The probability of Beijing intending to build up its military capabilities in order to maintain a credible deterrent and reorient its foreign policy discourse vis-a-vis certain outstanding disputes and ultimately seek to alter the security balance in Asia cannot be annulled altogether.

The recent assertion of the EU for undertaking rapid strides for development of military capabilities by the Ministers of Defence of the 28 EU member states aims to press on with the strengthening of collective military capabilities by enhanced cooperation. In December 2013, the European Council of Heads of State and Government concluded that it is essential for Europe to strengthen its defence capabilities. More specifically, the Minister of Defence of the Netherlands, Jeanine Hennis-Plasschaert, called for an open and in-depth debate on a framework for guiding the much-needed strengthening of defence capabilities by emphasising upon the importance of involving the respective national Parliaments in the debate. Minister Hennis also supported a proposal to discuss political decision-making regarding the deployment options of the EU Battlegroup.²⁷ The EU and China have not found tangible success in translating dialogue into systematic cooperation. Attempts by the EU to gather policy coherence, especially on the trade deficit and arms embargo issues will be a tall order.

China's interest in engagement with multilateral institutions indicates an

inclination towards a coherent posture towards multilateralism. The debate within China specifically on multilateral diplomacy identifies four distinct strategies: watching, engaging, circumventing, and shaping. This is built on two distinct concepts, namely, power transition theory, and the more recent "assertiveness" discourse emanating from the West.²⁸ Drawing from a range of cases in both the economic and security domains, Chinese analysts argue that China's multilateralism is diverse, and it cannot be unproblematically characterised as either status quo or revisionist in nature.²⁹

It is important to draw a connect between normative theory and ideals and put them in perspective with the present international status quo and the strength of revisionism. This is seen as a major concern to the theory of realism because it points to big questions of war and peace. The study of defensive realism in international relations posits that only if survival is assured, can states seek goals such as tranquillity, profit, and power. The defensive realists assume that all states/groups of states are status quo players.³⁰ Further, states have no real incentives to become revisionist, and that the expansionist state is a rational response to the international environment. On the contrary, the offensive realists assert that the best strategy towards survival is not to preserve but to increase power and that states should, thus, be expected to be revisionist. Chinese analysts, as cited in this paper, earlier argued that the nation's preferred approach across issues will likely be an "engaging" strategy; this implies that the posture will be assertive, but not fundamentally revisionist. That said,

conflicting interests will result in a more complex negotiating environment.³¹ Attempting to prevent China from accomplishing its major national and international objectives will be self-defeating for the West, as doing so will only lead China to look more favourably on revisionist strategies—a result much more

damaging to the existing order than contention within existing institutions.³² The much talked about China's "rise" discourse is getting referenced in the world, perhaps on this premise through multiple prisms of multilateralism, responsibility as a global player and assimilation in the global system.

Notes

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