

Remaking Global Order

The Evolution of Europe-China Relations and its
Implications for East Asia and the United States

Nicola Casarini

Marie Curie Fellow
Robert Schuman Centre for Advanced Studies
European University Institute

OXFORD UNIVERSITY PRESS

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Introduction

The emergence of the European Union (EU) as a global actor and the rise of the People's Republic of China (PRC, or simply China) are two of the most important events occurred in world politics in the last decades. Both the EU and China would rise in an environment whose security and public goods is guaranteed by the United States (US). However, due to their size, economic weight and strategic significance, these new players provide (to different degrees) a formidable challenge to the post-Cold War international order centred around US primacy. In the last years, Sino-European relations have developed at a dramatic pace across the board. Since 2004 (after EU enlargement), China has become the EU's second biggest trading partner (after the US) and the EU is China's biggest trading partner (ahead of the US as well as Japan). On already sound economic ties, political relations have been bolstered with the establishment of strategic partnership in Autumn 2003. This was accompanied by an agreement on space and satellite navigation cooperation and the promise to start discussion on lifting the EU arms embargo on China. It was the time of the 'love affair' between the EU and China which took the form of a techno-political linkage attracting the attention, and the concern, of other global players. In particular, cooperation in strategic and security-related fields would transform the Sino-European relationship into a matter of significance (and fraught with implications) for East Asia's major powers and the United States. The attempt to promote EU space and defence interests in China would also contribute to changing perceptions of the EU, providing an ominous test for EU policy makers. Following strong opposition (and threat of retaliation) by the US to the proposal to lift the arms embargo, the EU and its member states would eventually shelve the issue (Summer 2005) and begin to gradually realign its foreign and security policy in China and East Asia on the position of the US and its Asian allies, a move enshrined in the *Guidelines on the EU's Foreign and Security Policy in East Asia* adopted by the Council of the EU in December 2007. In the same vein, with the publication in July 2008 of the procurement scheme for the second phase of Galileo (the EU-led global navigation satellite system) the Europeans would exclude Chinese contractors and lay the basis for a political readjustment of cooperation in satellite navigation, signalling the presence of misunderstanding and divergences between the two sides' satellite navigation policies and programmes. The move adopted in July 2008 would also put a temporary halt to the most prominent aspect of their techno-political linkage initiated in Autumn 2003 and meant to challenge US primacy in key high tech industrial and defence-related sectors. At that time, for some EU policy makers initiatives such as space and satellite navigation cooperation and the proposal to lift would contribute to maintain EU global competitiveness in the aerospace and defence sectors as well as support autonomy and a future leadership role of the EU in world affairs. A techno-political linkage with China would contribute (so was the hope) to build trust with Beijing and support its integration into international society. For Chinese leaders, a techno-political linkage with Europe would reinforce their regime, boost their country's comprehensive national power, and create a solid foundation for the emergence of an international system characterised by multiple poles of influence. By Summer 2008, this Sino-European techno-political linkage would be largely over. A

primary concern of this book is thus to examine the driving forces behind the development of Sino-European relations in the strategic and security-related fields in order to better understand one of the more ominous attempts by Chinese leaders and some EU policy makers to challenge American primacy in the post-Cold War era and create the conditions for the emergence of a world where power and influence would be more diffused.

The book

This study provides the reader with an examination of the main themes and forces that have fostered the development of EU-China relations with particular attention to those aspects that have made the relationship a matter of strategic significance for the US and its Asian allies. In the first part of the book, the reader is presented with an analysis of the evolution of the relationship, with particular attention devoted to the dramatic growth of EU-China relations across the board occurred in the post-Cold War period. This part seeks to identify the strategic reasons given by EU and Chinese policy makers for fostering relations in the economic as well as in the more strategic and security-related fields. The second part of the book concentrates on the strategic partnership established by the two sides since Autumn 2003 asking: Why has the EU invited China to cooperate in Galileo and other space technologies? Why have EU policy makers proposed to lift the arms embargo? What would EU and Chinese policy makers like to achieve by establishing a techno-political linkage between their respective aerospace and defence sectors? Why have the US and its Asian allies criticised these initiatives and strongly opposed the proposal to lift? The third, and final, part of the book focuses on the implications of the promotion of EU space and defence interests in China for East Asia's major powers and the US. The questions asked are the following: Has engagement with China on space and defence matters changed perceptions of the EU among East Asian and American policy makers? With what implications for EU foreign and security policy in the area and transatlantic relations? What would explain the realignment of the EU's foreign and security policy in China and East Asia on US perspectives since Autumn 2005? Why did the EU decide to put a temporary halt to Sino-European satellite navigation cooperation in July 2008? And finally, what does the examination of the EU's China policy of the last years tell us about the emergence of the EU as a global actor?

Alongside the analysis of the economic dimension which remains the backbone of the relationship, this book focuses on the more technological, strategic and security-related aspects of the relationship: space and satellite navigation cooperation; advanced technology transfers; arms sales, including the question of the proposal to lift the EU arms embargo on China. The strategic significance of the latter is beyond discussion. With regard to space and high S&T cooperation, they are traditionally considered fields in between low and high politics. The promotion of cooperation between the EU and China in space, satellite navigation, and high S&T as well as closer ties between their aerospace industries and attempts at connecting the two sides' defence sectors through the proposal to lift the arms embargo, would produce what is labelled here a 'techno-political linkage' which would be perceived by the US and its Asian allies as having a potential disturbing effect on East Asia's strategic balance and the US' security interests in the area. Notwithstanding their global relevance, these topics seem to have received, however, much less attention from the

scholarly literature than they would deserve for fully understanding the significance of contemporary EU-China relations.

The examination of the Sino-European techno-political linkage contained in this book, in particular in the period between Autumn 2003 and Summer 2005 (when the proposal to lift the EU arms embargo would be officially postponed) and the subsequent realignment of EU foreign and security policy in China and East Asia on the position of the US, is placed in the context of evolving dynamics in transatlantic relations on the one hand, and East Asia's major powers' changing security perceptions, on the other. With this approach, this study intends to provide the reader with a better understanding of the global implications of Sino-European relations while also raising the question as to whether – and to what extent – the promotion of EU space and defence interests in China has made the EU (albeit inadvertently) a novel strategic factor in East Asia.

This volume can thus be read in three ways: (i) as a work that analyses the development of contemporary EU-China relations in the economic, technological and high-politics dimensions; (ii) as an examination of the implications of the high tech and security-related elements of the relationship for East Asia's major powers and the United States; and (iii) as a study that traces the process of the emergence of the EU as a novel strategic factor in East Asia. This study leaves out, on purpose, important aspects of the Sino-European relationship. A comprehensive study of all the various domains of the relationship would, in fact, require several volumes and be beyond the capacity of this author. It is felt instead that by concentrating on the economic, technological and high-politics elements of the relationship, this research would provide the reader with a better understanding of the strategic significance acquired by contemporary Sino-European relations, including their implications for East Asia's major powers and the United States. This approach would also contribute to current discussions on the emerging global order and the place (and role) that the EU and China may have in it. The breadth and scope of the issues under examination are a sign of the profound changes occurred in the international system in the post-Cold War era and represent a remarkable departure from the neglect that the topic of EU-China relations would largely receive from the scholarly community only a few decades ago.

The development of a scholarly field

In the 1970s and 1980s, Sino-European relations were viewed as derivative of Cold War constraints and as such of secondary significance. Chinese leaders, for instance, tended to use relations with European countries as part of their policy to gain strategic advantage vis-à-vis the United States and the Soviet Union. By the same token, both Western and Eastern Europe's relations with China would depend on their respective ties with Washington or Moscow. Such neglect was reflected in the scholarly community which tended to view the two sides as 'weak and far away'.¹ The result,

¹ See for instance; William E. Griffith, "China and Europe: Weak and Far Away", in Richard Solomon (ed.), *The China Factor*, Englewood Cliffs: New Jersey, Prentice Hall, 1981. See also: Frederick Bennett, *La Chine et la sécurité européenne*, Paris, West European Union, 1978; Ding Hong and Zhang Baoxiang, *Opportunity, Policy and Role: On Western Europe's Role in Present Day World*, Beijing, China Institute of Contemporary International Relations, 1987; Jean-Pierre Cabestan, "Sino-European

was a paucity of scholarly works in the 1970s and 1980s. The end of the Cold War would bring about new possibilities for the development of the relationship and the scholarly literature would follow this passage.² Accordingly, a number of studies were produced, focusing largely on the economic and diplomatic relations between Europe and China in the post Cold War period and on their future potential.³ Since the early 1990s, scholars have concentrated their attention on themes as different but interrelated as the relations between China and individual EU member states (in particular the large ones)⁴; on the role of Hong Kong and Macau in China's relations with Europe⁵; or on the Taiwan question in EU-China relations.⁶ Some researchers have addressed the potential, and the limits, of closer relations and of a strategic partnership, pointing out to fundamental differences between Europe and China.⁷ It was noteworthy in this context the publication of a special issue of *The China Quarterly* entirely devoted to Europe-China relations in March 2002.⁸ Since the late 1990s, the subject of EU-China relations has also found place in works by scholars concerned with broader Asia-Europe relations and the prospects of inter-regional

Relations", in Gerald Segal (ed.), *Chinese Politics and Foreign Policy Reform*, London, Kegan Paul International, 1990;

² Michael Yahuda, "China and Europe: The Significance of a Secondary Relationship", in Thomas Robinson and David Shambaugh (eds.), *Chinese Foreign Policy: Theory and Practice*, Oxford, Oxford University Press, 1994, pp. 266-282; David Shambaugh, "China and Europe: the Development from a Secondary to an Independent Relationship", in Song Xinning and Zhang Xiaojin (eds.), *China and Europe Towards the Twenty-First Century* (Zouxiang ershiyi shiji de zhongguo yu ouzhou), Hong Kong, The Social Sciences Press, 1997, pp. 33-63. See also: David Shambaugh, *China and Europe: 1949-1995*, London, SOAS-Contemporary China Institute, 1996.

³ Peter Ferdinand, "Economic and Diplomatic Interactions between the European Union and China", in Richard L. Grant (ed.), *The European Union and China: A European Strategy for the Twenty-First Century*, London, Royal Institute of International Affairs, 1995; Franco Algeri, "EU Economic Relations with China: An Institutional Perspective", *The China Quarterly*, n. 169, March 2002, pp. 64-77; Marcus Taube, "Economic Relations between the PRC and the States of Europe", *The China Quarterly*, n. 169, March 2002, pp. 78-107; Hervé Dejean de la Bâtie, *La politique chinoise de l'Union européenne: en progress, mais peut mieux faire*, Paris, IFRI, February 2002; Kay Möller, "Diplomatic Relations and Mutual Strategic Perceptions: China and the European Union", *The China Quarterly*, n. 169, March 2002, pp. 10-32.

⁴ See for instance: Patricia Wellons, "Sino-French Relations: Historical Alliance vs Economic Reality", *The Pacific Review*, Vol. 7, n. 3, 1994, pp. 341-348; Werner Meissner and Jean-Pierre Cabestan (eds.), "The Role of France and Germany in Sino-European Relations", *East-West Dialogue*, special issue, vol. VI, n. 2 - vol. VII, n. 1, June 2002; Eberhard Sandschneider, "China's Diplomatic Relations with the States of Europe", *The China Quarterly*, n. 169, March 2002, pp. 33-44; Marco Overhaus, Hanns W. Maull and Sebastian Harnisch (eds.), "German-Chinese relations: Trade Promotion Plus Something Else?", *German Foreign Policy in Dialogue*, Vol. 6, n. 16, Trier, 23 June 2005.

⁵ Michael Yahuda, *Hong Kong: China's Challenge*, London, Routledge, 1995; Miguel Santos Neves and Brian Bridges (eds.), *Europe, China and the Two SARs: Towards a New Era*, Basingstoke, Macmillan, 2000.

⁶ Jean-Pierre Cabestan, "France's Taiwan Policy: A Case of Shopkeeper Diplomacy", in Werner Meissner and Jean-Pierre Cabestan (eds.), 2002, pp. 264-291; Francoise Mengin, "A Functional Relationship: Political Extensions to Europe-Taiwan Economic Ties", *The China Quarterly*, n. 169, March 2002, pp. 136-153.

⁷ Richard L. Grant (ed.), *The European Union and China: A European Strategy for the Twenty-First Century*, London, Royal Institute of International Affairs, 1995; Lanxin Xiang, "An EU's Common Strategy for China?", in *The International Spectator*, Vol. 26, No. 3, July-September 2001, pp. 89-99; Song Xinning, "China's Rise and the European Experience", in *Teaching and Research*, No. 4, 2004.

⁸ Richard Louis Edmonds (ed.), Special Issue: "China and Europe since 1978: A European Perspective", *The China Quarterly*, n. 169, March 2002.

cooperation.⁹ EU-China relations would also be examined in the context of transatlantic relations and of the emergence of diverging perceptions between the EU and the US vis-a-vis a rising China.¹⁰ In this vein, catchwords such as ‘the emerging axis’ and ‘the new strategic triangle’ would gain currency.¹¹

The establishment of a comprehensive strategic partnership between the EU and China in Autumn 2003 would attract further interest from the scholarly and policy community, spurring a new wave of publications.¹² A number of conferences and workshops would be organised whose proceedings would be later published in edited volumes.¹³ More recently, some works have focused on a critical assessment of the content and meaning of the Sino-European strategic partnership, its significance for

⁹ Trevor Taylor, *European Security and the Asia-Pacific Region*, London, Royal Institute of International Affairs, 1997; Hanns Maull, Gerald Segal and Jusuf Wanandi (eds.), *Europe and the Asia Pacific*, London, Routledge, 1998; Christopher Dent, *The European Union and East Asia: An Economic Relationship*, London, Routledge, 1999; Georg Wiessala, *The European Union and Asian Countries*, London, Continuum-Sheffield Academic Press, 2002; Paul Cammack and Gareth A. Richards (eds.), ‘Asia-Europe Inter-Regionalism’, Special Issue of the *Journal of the Asia Pacific Economy*, vol. 4, n. 1, 1999; Jurgen Ruland, Gunter Schubert, Gunter Schucher and Cornelia Storz (eds.), *Asian-European Relations: Building blocks for global governance?*, London, Routledge, 2008; Richard Balme and Brian Bridges (eds.), *Europe-Asia Relations: Building Multilateralisms*, Basingstoke, Palgrave, 2008; Amy Verdun (ed.), ‘The European Union and Asia’, Special Issue of *Current Politics and Economics of Asia*, Vol. 17, No. 1, 2008.

¹⁰ David Shambaugh, “European and American Approaches towards China: Different Beds, Same Dreams?” *China Perspectives*, n. 42, July-August 2002, pp. 4-12; Henry L. Stimson Center and the Research Institute of the German Council on Foreign Relations, *Transatlantic Dialogue on China: Final Report*, Washington, Report n. 49, February 2003; Frank Umbach, “EU Links with China Pose New Threat to Transatlantic relations”, *European Affairs*, Vol. 5, n. 2, Spring 2004; Bates Gill and Gudrun Wacker (eds.), *China’s Rise: Diverging US-EU Perceptions and Approaches*, Berlin, Stiftung Wissenschaft und Politik, August 2005; David Shambaugh and Gudrun Wacker (eds.), *American and European Relations with China: Advancing Common Agendas*, Berlin, SWP Research Paper, June 2008.

¹¹ David Shambaugh, “China and Europe: The Emerging Axis”, *Current History*, September 2004, pp. 243-248; and “The New Strategic Triangle: US and European Reactions to China’s Rise”, *The Washington Quarterly*, Vol. 28, n. 3, Summer 2005, pp. 7-25.

¹² Katinka Barysch, Charles Grant and Mark Leonard, *Embracing the dragon: The EU’s Partnership with China*, London, Centre for European Reform (CER), May 2005; Fraser Cameron, Axel Berkofsky, Stanley Crossick, *EU-China relations - towards a strategic partnership*, European Policy Centre, Working Paper n. 19, July 2005; Nicola Casarini, *The Evolution of the EU-China Relationship: From Constructive Engagement to Strategic Partnership*, Paris, European Union Institute for Security Studies, Occasional Paper n. 64, October 2006; Marcin Zaborowski (ed.), *Facing China’s Rise: Guidelines for an EU Strategy*, Paris, European Union Institute for Security Studies, Chaillot Paper n. 94, December 2006.

¹³ Stanley Crossick and Etienne Reuter (eds.), *China-EU: A Common Future*, New Jersey, World Scientific, 2007; David Kerr and Liu Fei (eds.), *The International Politics of EU-China Relations*, Oxford, Oxford University Press (for the British Academy), 2007; Peter Ludlow (ed.), *The EU and China*, Ponte de Lima, European Strategy Forum, 2007; David Shambaugh, Eberhard Sandschneider and Zhou Hong (eds.), *China-Europe Relations: Perceptions, Policies and Prospects*, London, Routledge, 2008.

the international system,¹⁴ and whether Europe and China could shape a new world order.¹⁵

While this study takes stock of the above scholarly and policy-oriented works, a major task of this book is to interpret, and explain, the development of EU-China relations, including the more strategic and security-related spheres, and their implications for East Asia's major powers and the United States. As mentioned earlier, it concentrates on the economic, technological and high-politics elements of the relationship which have often been understudied (if not neglected, as in the case of space cooperation). The study uses insights from the main paradigms developed in the scholarly field of international relations (IR) in order to identify the (often unexpressed) theoretical lenses used by European and Chinese leaders - at various times and in different contexts - for pushing forward their bilateral relations, including the establishment of a techno-political linkage.¹⁶ In this way, the book aims to gain insights into how EU and Chinese policy makers tended to look at the emerging global order in the post-Cold war period, including the place (and role) of Europe and China in it. It became, in fact, pretty evident during field research and interviews with practitioners, that the way EU and Chinese policy makers were developing their relationship depended largely on the lenses (i.e. the paradigms) through which they viewed the world and the place of their countries in it.

Paradigms in IR

Scholars have noted that it was European history which provided the laboratory from which liberals and realists 'have derived their widely divergent theories of inter-state relations'.¹⁷ Realist and idealist (or liberal) approaches have long dominated the practice and study of IR and they will be used here to interpret the development of EU-China relations. The post-Cold War period would witness the emergence of additional (and alternative) paradigms felt to provide better explanations of the emerging global order and the new challenges posed by the globalisation process. Of all the various approaches emerged, constructivism would be retained here as it provides useful insights for explaining behaviour of those policy makers, in particular from Europe, committed to using the power of ideas, including normative approaches, in order to support China's transformation into an open society and its integration into international society. The three paradigms employed in this study for the purposes of explaining the development of EU-China relations - realism, liberalism and constructivism - have emerged at different historical times and are now interspersed with each other in driving forward the Sino-European relationship.

¹⁴ David Scott, "China-EU convergence 1957-2003 : towards a 'strategic partnership'", *Asia-Europe Journal*, Vol. 5, n. 2, June 2007, pp. 217-233; see also by the same author: "China and the EU: A Strategic Axis for the Twenty-First Century?", *International Relations*, Vol. 21, n. 1, 2007, pp. 23-45; William A. Callahan, "Future Imperfect: The European Union's Encounter with China (and the United States)", *The Journal of Strategic Studies*, Vol. 30, n. 4-5, August-October 2007, pp. 777-807; Terry Narramore, "China and Europe: engagement, multipolarity and strategy", *The Pacific Review*, Vol. 21, n. 1, March 2008, pp. 87-108.

¹⁵ Charles Grant with Katinka Barysch, *Can Europe and China Shape a New World Order?*, London, Centre for European Reform, May 2008.

¹⁶ On understanding and explaining in IR see: Martin Hollis and Steve Smith, *Explaining and Understanding International Relations*, Oxford, Clarendon Press, 1991.

¹⁷ Aaron L. Friedberg, "Will Europe's Past Be Asia's Future?", *Survival*, Vol. 42, n. 3, Autumn 2000, pp. 147-159, p. 149.

The first paradigm, political realism, in its classic form stretches back to the works of Niccolo Macchiavelli, in particular *The Prince* (1532) and Thomas Hobbes, author of the *Leviathan* (1651).¹⁸ Both Macchiavelli and Hobbes assumed that human beings' behaviour was fundamentally motivated by self-interest and lust for power. Accordingly, international politics would be a constant struggle for power. Sovereign political entities (mainly states) would strive for survival in an arena (the international system) characterised by anarchy by accumulating as much power as possible in order to defend, and pursue, their national interest. In such an environment, military power would be of the uttermost importance and wealth accumulated from commerce would serve to build the necessary armies to wage eventual wars against those threatening the survival of the state or for conquering new territories. The European concert of powers would operate under this paradigm for centuries. After the First World War the seminal work of E.H. Carr's *The Twenty Years' Crisis* provided the basis for twentieth century political realism in international relations.¹⁹ In the aftermath of the Second World War, the works of Hans Morgenthau contributed to establishing realism as the dominant paradigm for the study of international relations.²⁰ Contemporary realists would hold (like their classical predecessors) that states are the principal actors in world politics. States would pursue their national interests within an anarchical international system through the acquisition and the exercise of power. As a result, socio-economic concerns would be subordinate to the pursuit of political power. The focus of the realist school has traditionally been on great powers whose behaviour is influenced mainly by their external environment (i.e. structural constraints) and not by their internal characteristics. From the realist point of view (in particular in its structural variant), it is not possible to differentiate among states since it is the structure of the international system that shapes their foreign policy and not whether they are democratic or authoritarian. In Kenneth Waltz's structural (or defensive) realism, states merely aim to survive, regardless of their culture and political system. Waltz would maintain that it is the anarchical structure of the international system which forces states to pursue power in order to enhance their prospects for survival. According to this strand of realism, the 'first concern of states is to maintain their position in the system'.²¹ This is not shared, however, by all realists. John Mearsheimer, foremost representative of offensive realism, claim that status quo powers would be rather difficult to find since the international system creates incentives for gaining power at the expenses of rivals. For offensive realists, the ultimate goal of a state is to be the hegemon of the international system. It follows that 'creating a peaceful world is surely an attractive idea, but it is not a practical

¹⁸ Niccolo Macchiavelli, *Il Principe*, Milan, Arnoldo Mondatori Editore, 1986; Thomas Hobbes, *Leviathan*, London, Penguin Classics, 1988. On realism in IR see Jack Donnelly, *Realism and International Relations*, Cambridge, Cambridge University Press, 2000.

¹⁹ E. H. Carr, *The Twenty Years' Crisis 1919-1939*, Basingstoke, Palgrave, 2001; for a critical assessment of Carr's work see Michael Cox (ed.), *E.H.Carr: A Critical Appraisal*, Houndmills, Palgrave, 2000; and Charles Jones, *E.H. Carr and International Relations: A Duty to Lie*, Cambridge, Cambridge University Press, 1998.

²⁰ See for instance Hans Morgenthau, *Politics Among Nations: The Struggle for Power and Peace*, (5th edn), New York, Alfred A. Knopf, 1973.

²¹ Kenneth Waltz, *Theory of International Politics*, Reading: MA, Addison-Wesley, 1979, p. 107.

one'.²² Offensive realism has traditionally held a rather pessimist view of international politics.

Conversely, the liberal school of thought holds a more positive view of international relations. Liberals tend in fact to be optimistic about the prospects for a safer and more peaceful world. Also the liberal school considers the state to be the main actor in world politics. Yet, the emphasis here is on the internal arrangement (for example democracy as opposed to authoritarianism) which is seen as having important effects on a state's foreign policy, to the point that for the advocates of the democratic peace theory, democracies would hardly fight each other.²³ Besides the internal political system, liberals maintain that high levels of economic interdependence among states would contribute to a peaceful international system, since economic exchanges promote prosperity and this could, in turn, spur domestic change within authoritarian regimes toward democracy - the idea of 'change through trade'. Satisfied (and democratic) states are less prone to engaging in wars since they may put at risk their prosperity (*mors tua – mors mea*). Hence, for liberals (in their institutionalist variants) anarchy could be overcome by states agreeing to pursue absolute gains by collaborating in international organisations and fora, i.e. where every state gains more than it loses by collaboration and positive engagement with other states (*vita tua – vita mea*) which could lead, in turn, to state's behaviour that cultivates an indifference for relative gains, i.e. where one state gains more (relatively) than another (*mors tua – vita mea*).²⁴ Since the mid-1970s, interdependence theorists would further stress that in an increasingly interdependent world, states would gain more by strengthening institutions and organisations for regional and world governance.²⁵ The European Union would be the most prominent example of the validity, and benefits, of adopting such a paradigm. In the post-Cold War period, the emergence of constructivism in IR has provided scholars with additional tools for applying the role of ideas and norms in world politics. The catchphrase by Alexander Wendt that 'anarchy is what states make of it' has come to encapsulate a research agenda based on ideational factors.²⁶ The role of ideas has been widely used by scholars of European Foreign Policy for explaining the international behaviour of the EU and its perceived civilian and normative role.²⁷

The argument

²² John J. Mearsheimer, *The Tragedy of Great Power Politics*, New York, W .W. Norton & Co., 2001, p. 17.

²³ On the democratic peace theory see for instance Michael E. Brown, Sean M. Lynn-Jones and Steven E. Miller (eds.), *Debating the Democratic Peace*, Cambridge: MA, MIT Press, 1996; see also Bruce Russett, *Grasping the Democratic Peace: Principles for a Post-Cold War World*. Princeton, NJ: Princeton University Press, 1993.

²⁴ See for instance: Kenneth Oye, *Cooperation Under Anarchy*, Princeton: NJ, Princeton University Press, 1986.

²⁵ Robert O. Keohane and Joseph S. Nye Jr., *Power and Interdependence: World Politics in Transition*, Boston: MA, Little Brown, 1977.

²⁶ Alexander Wendt, "Anarchy Is What States Make of It: The Social Construction of Power Politics" *International Organization*, Vol. 46, n. 2, Spring 1992, pp. 391-425; see by the same author *Social Theory of International Politics*, Cambridge, Cambridge University Press, 1999.

²⁷ See for instance Sonia Lucarelli and Ian Manners (eds), *Values and Principles in European Foreign Policy*, London, Routledge, 2006; see also Ian Manners, "Normative Power Europe: A contradiction in terms?", *Journal of Common Market Studies*, Vol. 20, n. 2, 2002, pp. 235-258.

The development of EU-China relations since the end of the Cold War shows a combination of both material (realist), idealist (liberal) and ideational (constructivist) elements. Self-interest reasons were evident, for instance, in the adoption by the EU and its member states of a firm policy of engagement vis-à-vis China since the mid-1990s. With the so-called policy of 'constructive engagement', the EU and its member states aimed to support China's transformation process and its integration in the world economy and regulatory system. This would contribute to enable European companies to compete on an equal and fair footing in China fostering, in this way, European business interests in the Chinese market. Idealist arguments would accompany the EU's engagement policy with China. The promotion of economic exchanges with the Chinese regime would in fact be perceived as instrumental for supporting the development of a civil society within China which could hopefully lead, over time, to greater political liberalisation and respect for fundamental freedoms and human rights. This liberal idea of change through trade would be based on the assumption that in an increasingly interdependent world, there would be no other option than to engage with Beijing and seek to transform China along liberal-democratic lines. A firm engagement policy would be felt to have not only positive effects in the domestic arena, but also (so would go the hope) in Chinese foreign policy behaviour. By helping China enmesh into international rules and regimes, EU policy makers in Brussels and in the national capitals would hope to convince China of the benefits of a peaceful and cooperative foreign policy attitude both in the region and worldwide. This approach would be in tune not only with liberal arguments in their interdependent and institutional variants but also with the advocates of the theory of trade expectations which, by combining some core elements of realism (self-interest as the driving force for action) and liberalism (interdependence as the regulative structure underlying the international system), maintains that it is important for developed nations such as the EU and its member states to shape their foreign policy toward China in such a way so as to ensure that Beijing's expectations concerning its economic development would be as positive as possible and the costs involved in engaging in an aggressive foreign policy prohibitively high.²⁸ Furthermore, the stated desire of the EU and its member states to help support China's modernisation and transformation process toward an open society based on the rule of law and respect for human rights would uphold ideational factors and enforce a constructivist perspective. A combination of the three main paradigms (realism, liberalism and constructivism) appear thus to have guided the EU's policy of widespread engagement with China since the mid-1990s.

For the Chinese leadership, enhancing relations across the board with the EU and its member states has always been seen as a highly strategic objective, as it would be instrumental for helping the country's long-term economic development and overall modernisation. China's determination to strengthen economic ties and technology transfers with Europe is closely linked with Beijing's re-definition of its national core interests. Since 1978, Chinese leaders have identified modernisation and economic development as one of the new national core interests and central goals (the others being: achieving unification with Taiwan; and maintaining peaceful cooperation and relations with China's major partners while opposing hegemony). In a situation where the Maoist ideology has lost its appeal and *raison d'être*, delivering economic

²⁸ See for instance: Dale C. Copeland, "Economic Interdependence and War: A Theory of Trade Expectations", *International Security*, Vol. 20, No.4, Spring 1996, pp. 5-41; see also Edward D. Mansfield, *Power, Trade & War*, Princeton: NJ, Princeton University Press, 1995.

development and rising standard of living (along with the prospect of achieving unification with Taiwan) has become the basis for the legitimisation of the ruling CCP. In order to carry out the modernisation process and economic development, both reforms and an open-door policy are needed. With regard to the reform process, for the CCP this means the transformation from a system of planned economy to a market-oriented one, while the open-door policy is based on a firm adherence to the development of economic and technological exchanges and cooperation with foreign countries. The overall objective being the maintenance of sustained economic growth over the next decades in order to “build a well-off society in a well-rounded way” by the middle of the 21st century.²⁹ In this context, enhancing relations across the board with the EU and its member states is seen by Chinese leaders as strategic, in particular for accessing advanced Western technology which would be much more difficult (if not impossible) to obtain from the US or Japan. Already in the early 1980s, when West European investments and technology would play an important role in advancing China’s modernisation process, Deng Xiaoping declared that: “we should lose no time in seeking their [West Europe] cooperation, so as to speed up our technological transformation...it is a matter of strategic importance”.³⁰ For Chinese leaders, the strategic element in Sino-European relations is thus contained in the idea that Europe’s capital goods and advanced technology would make it easier – and faster – for China to develop its economy and modernise its industrial base which would, in turn, increase the country’s overall political influence and diplomatic leverage.³¹ Material concerns regarding China’s comprehensive national power would thus be a major driver for enhancing relations with the EC/EU and its member states.

With the establishment of strategic partnership in Autumn 2003, in addition to the reasons outlined above, it seems that for both Chinese and some EU policy makers power balancing considerations would play a role in fostering a techno-political linkage. Opposition to the US-led Iraq war provided an opportunity window for Chinese and some EU political leaderships (in particular from the large EU member states of ‘old Europe’ and high ranking officials in the European Commission) to counter US primacy in the aerospace and defence sectors and attempt to limit some of the more unilateral attitudes of the US in world affairs. Behind the establishment of strategic partnership, there were in fact plans for countering US preponderance in some key high tech sectors as well as promote (in the case of the Europeans) greater autonomy in security affairs from Washington. This was a response to US strategy known as ‘preponderance’ (or ‘primacy’) articulated by scholars and policy makers alike in the aftermath of the demise of the Soviet Union and the end of the Cold War.³² The term ‘maximal realism’ would be also added to describe a vision of a new

²⁹ *Report of the 13th National Congress of the Chinese Communist Party*, Beijing, 25 October-1 November 1987; see also the conclusions of the Fifth Plenary Session of the 16th Central Committee of the Chinese Communist Party, Beijing, 8-11 October 2005.

³⁰ Deng Xiaoping, ‘Use the intellectual resources of other countries and open wider to the outside world’ (8 July 1983), in *The Selected Works of Deng Xiaoping*, Vol. III, Beijing, Foreign Language Press, 1994, p. 43.

³¹ David Scott, China-EU convergence: 1957-2003: towards a ‘strategic partnership’, *Asia-Europe Journal*, Vol. 5, Issue 2, 2007, pp. 217-233.

³² See for instance Samuel P. Huntington, “Why International Primacy Matters”, *International Security*, Vol. 17, n. 4, Spring 1993, pp. 68-83; Michael Mastanduno, “Preserving the Unipolar Moment: Realist Theories and U.S. Grand Strategy after the Cold War”, *International Security*, Vol. 21, n. 4, Spring 1997, pp. 49-88; Christopher Layne, “From Preponderance to Offshore Balancing: America’s Future Grand Strategy”, *International Security*, Vol. 22, n. 1, Summer 1997, pp. 86-124;

world order led by an international hegemon.³³ According to the advocates of ‘primacy’ (as well as ‘preponderance’ and ‘maximal realism’), the key to peace and stability would be for the superior state (i.e. the US) to maintain military and technological superiority over those that seek to challenge it and to sustain a willingness to defend the vital interests of its allies. One of the spill-over effects of this argument would be the creation of forums and organisations (such as *The Project for the New American Century*) from which the principle that ‘American leadership is good both for America and for the world’ would be propagated.³⁴ Growing disaffection toward US unilateral attitudes, the ‘preventive war’ doctrine, and the US-led Iraq war among EU political leaderships (in particular, in Western continental Europe) and public opinions provided, thus, the context for challenging American primacy and the neo-conservative agenda of the Bush administration. Underneath, there was an attempt, by some EU political and corporate leaders, to close a technology gap with the US and promote European autonomy in security affairs. In order to better understand the balancing elements contained in the establishment of the EU-China strategic partnership, it is necessary to delve into the debates among IR scholars as to whether American primacy in the post-Cold War period would be challenged and how.

Soft balancing in EU-China relations

In a US-led (and US-designed) post-Cold War international system, both China and the EU would strive (to different degrees) for their rightful place in the world that would match their increasing economic and political clout. Their bilateral relations would thus inevitably impinge on (and have implications for) the emerging global order as well as the strategic interests of the superior’s state sitting on top of the international system. Since the demise of the Soviet Union, scholars have questioned whether the post-bipolar period would witness the emergence of a new balancing order and the rise of great powers that could challenge American primacy.³⁵ While some scholars predicted a long period of unchallenged supremacy by the United States, structural realists such as Michael Waltz argued that unipolarity contained the seeds of counterbalancing actions by second-tier great powers and as such they would expect balancing strategies, both hard and soft, against US unipolar moment.³⁶ Eventually, the world would see neither external balancing through the formation of alliances, nor internal hard balancing through military build-ups of would-be competitors of the US.³⁷ By the turn of the millennium, the debate had shifted on

Stephen G. Brooks and William C. Wohlforth, “American Primacy in Perspective”, *Foreign Affairs*, Vol. 81, n. 4, 2002, pp. 20-33.

³³ See Christopher Layne, “Less is More: Minimal Realism in East Asia”, *The National Interest*, Vol. 43, Spring 1996, pp. 66-77.

³⁴ This was the sentence found on the website of *The Project for the New American Century* (PNAC) one of the foremost neo-conservative think tanks during the George W. Bush administration (2000-2008).

³⁵ See for instance: John. J. Mearsheimer, “Back to the Future: Instability in Europe after the Cold War”, *International Security*, Vol. 15, n. 1, Summer 1990, pp. 5-56; and also: Christopher Layne, “The Unipolar Illusion: Why New Great Powers Will Rise”, *International Security*, Vol. 17, n. 4, Spring 1993, pp. 5-51.

³⁶ Kenneth N. Waltz, “The Emerging Structure of International Politics”, *International Security*, Vol. 18, n. 2, Fall 1993, pp. 44-79.

³⁷ Keir A. Lieber and Gerard Alexander, “Waiting for Balancing: Why the World Is Not Pushing Back”, *International Security*, Vol. 30, n. 1, Summer 2005, pp. 109-139.

finding explanation to the ‘unipolar moment’ of the US and the absence of balancing strategies by second-tier great powers against American supremacy.³⁸ The debate would then move on to whether balance of power politics was emerging in a more subtle guise, namely whether in the absence of hard balancing, great powers could be engaged in soft balancing to counter US primacy.

Most of the literature has focused on the notion of hard balancing, traditionally employed by scholars for explaining a change in the military balance in an actual or (more often) potential conflict by contributing military capabilities to the weaker side through measures such as military build-up, war-fighting alliance, or transfer of military technology to an ally. Soft balancing, instead, includes actions that rely on non-military tools such as the use of diplomacy, international institutions, and international law to constrain and delegitimise the actions of the superior state. Moreover, soft balancing can take the form of initiatives aimed at closing the economic and technological gap between second-tier great powers and the hegemonic state.

For some scholars, soft balancing aims to have a real, if indirect, effect on the military prospects of the hegemon of the international system. Other researchers have instead observed that soft balancing could also simply aim at the hegemon’s intentions and not exclusively at its military capabilities.³⁹ De facto soft balancing appears to be driven by a combination of economic interests, security concerns, domestic motives, and the desire to counterbalance the superior power by closing the technological gap. Since these factors would feature prominently in the establishment of the technological linkage between the EU and China in Autumn 2003, it is argued here that by employing the notion of soft balancing it would be possible to gain a better understanding of the underlying reasons behind the behaviour of the two most ominous second-tier great powers and their attempt to challenge US primacy.

A certain amount of attention in the scholarly literature has been devoted to examining the interactions between Russia and China as they represent, according to Stephen G. Brooks and William C. Wohlforth, ‘the strongest case of soft balancing’.⁴⁰ Yet, also the EU would be considered as a possible – and strong – candidate for soft balancing against the US.⁴¹ Since the end of the Cold War, the EC/EU has, in fact, begun claiming an autonomous security role. For Franz Oswald, ‘the reallocation of roles in the transatlantic alliance has been taking place only since 1991 when the absence of an existential security threat allowed the European economic bloc to

³⁸ See for instance: Michael Mastanduno, “Preserving the Unipolar Moment: Realist Theories and U.S. Grand Strategy after the Cold War”, *International Security*, Vol. 21, n. 4, Spring 1997, pp. 49-88; William C. Wohlforth, “The Stability of a Unipolar World”, *International Security*, Vol. 24, n. 1, Summer 1999, pp. 5-41; G. John Ikenberry (ed.), *America Unrivaled: The Future of the Balance of Power*, Ithaca: NY, Cornell University Press, 2002.

³⁹ Robert A. Pape, “Soft balancing against the United States,” *International Security*, Vol. 30, n. 1, Summer 2005, pp. 7-45; see also in the same issue T. V. Paul, “Soft balancing in the Age of U.S. Primacy”, *International Security*, Vol. 30, n. 1, Summer 2005, pp. 46-71.

⁴⁰ Stephen G. Brooks and William C. Wohlforth, “Hard Times for Soft Balancing”, *International Security*, Vol. 30, n. 1, Summer 2005, pp. 72-108.

⁴¹ In favour of this position see for instance: Charles A. Kupchan, *The End of the American Era: U.S. Foreign Policy and the Geopolitics of the Twenty-First Century*, New York, Alfred A. Knopf, 2003.; see also by the same author “The Rise of Europe, America’s Changing Internationalism, and the End of U.S. Primacy”, *Political Science Quarterly*, Vol. 118, n. 2, 2003, pp. 205-231.

renegotiate security roles without incurring any great risk'.⁴² The adoption of a common currency in 1999 was an example of economic soft balancing. Scholars such as David P. Calleo dubbed the birth of the Euro the 'single most important event in European and transatlantic politics since the demise of the Soviet Union'.⁴³ This happened at a time of slow decline of Atlanticists orientations in Western Europe coupled with reduced military US presence and the reorientation of Washington's strategic priorities away from the European theatre. Opposition to the US-led Iraq war by France and Germany in 2003 and the creation of an European Security and Defence Policy (ESDP), including efforts for an increased EU security role, can be considered, after the birth of the Euro, another powerful example of soft balancing against US primacy by the European allies.

The establishment of strategic partnership between the EU and China in Autumn 2003, including a techno-political linkage, must therefore be seen as a practical extension at the level of international politics of the determination by the EU and its member states (in particular, the large continental nations of Western Europe) to assume a greater – and more autonomous – foreign and security policy role. In the case of the EU-China strategic partnership, the aim would not be US military preponderance (at least not for the European allies) but US intentions in key technological and strategic sectors like aerospace and defence. US policies in these sectors in the post-Cold War period had come in fact to be perceived as a challenge – if not a threat – for global competitiveness and autonomy by EU policy makers. The EU's decision to invite China and other space-faring nations to jointly develop the Galileo satellite system would also derive from different transatlantic conceptions on the use of space. While Washington concentrates on leveraging the space to provide America and its allies an asymmetric military advantage, the EU is more concerned in creating useful (i.e. commercial) space applications. Sino-European space cooperation would thus be meant to boost commercial activities while the US looks at space from a different angle, i.e. the protection of its global interests and primacy in world affairs. In this sense, the EU uses international cooperation in the Galileo project to disseminate trust and the peaceful use of space technology. Since little cooperation is underway in satellite navigation between the transatlantic allies, Sino-European space cooperation could be rightly seen as a reaction over US uses of its space primacy. In other words, EU-China cooperation in the Galileo project would not aim (at least in the eyes of the Europeans) at the space capabilities of the US, but rather at its intentions.

The proposal to lift the EU arms embargo on China (currently shelved) can be seen as another attempt by some powerful EU member states (in particular, France and Germany, but also Italy and Spain) to soft balance against US primacy in the defence sector by opening up to the very promising Chinese defence market and procurement budget. The latter being pretty marginal for US defence companies due to strategic considerations and the Taiwan factor. As a result, US opposition to the proposal to lift the EU arms embargo on China would also acquire a commercial dimension. However, the main aim of the lifting would be the political recognition of a rising China. The message to Washington was that China could (and should, according to

⁴² Franz Oswald, "Soft Balancing Between Friends: Transforming Transatlantic relations", *Debatte*, Vol. 14, n. 2, August 2006, pp. 145-160, p. 150.

⁴³ David P. Calleo, "The Strategic Implications of the Euro", *Survival*, Vol. 41, n. 1, Spring 1999, pp. 5-19, p. 5.

the advocates of the lifting) be treated as a 'normal' great power. Recognition of China as a 'normal' power by the European Union would eventually contribute to shed dependency in security and political matters from Washington and open up new avenues in world politics outside the hegemonic interests of the US. This attracted most of the attention, and the concern, in Washington. In the end, the shelving of the Chinese arms embargo issue was a victory for the advocates of American primacy in world affairs (both in the US and in Europe) as it demonstrated to Washington's Asian allies (and the Europeans as well) that the US was still firmly in command of major political decisions within the Western camp. According to the advocates of the proposal to lift, the aim here was neither US military capabilities, nor an attempt to affect intentionally East Asia's strategic balance by arming – or openly siding with – Beijing. As in the case of cooperation in Galileo, the proposal to lift would have been largely, a soft balancing act whose intention (at least for EU policy makers) was aimed at influencing US posture over China. In a direction more in tune with the EU's policy of constructive engagement adopted vis-à-vis China since the mid-1990s.

The period between Autumn 2003 and Summer 2005 would remain the only moment in the recent history of the EU when the Europeans (in particular, the political leadership of France and Germany and some policy makers in other continental countries of 'old Europe' as well as high-ranking elements within the European Commission) had attempted to challenge the traditional transatlantic alliance by soft balancing against the US. The lure of the Chinese market coupled with a profound discontent with the American-led Iraq war and the perceived unilateral attitudes of the Bush administration had provided the official reasons. Underneath, there was an attempt by the political leadership of some powerful EU governments together with Chinese leaders to impart a long-term challenge to US primacy in key high tech industrial and security-related sectors and create a solid foundation for the emergence of an international system characterised by multiple poles of influence. For some EU policy makers, this would help the political emancipation of the EU from Washington while establishing closer ties with China, something seen as conducive for better integrating China into international society. For Chinese leaders, a techno-political linkage with Europe would reinforce their regime, boost the country's comprehensive national power, and take advantage of the contradictions between the Western allies.

Turning around

By Summer 2008, the EU-China techno-political linkage initiated in Autumn 2003 would be largely over. In Summer 2005, the proposal to lift the EU arms embargo on China would be officially shelved. In October 2006, in its fifth policy paper on China the European Commission attached for the first time clear political conditionality for the furthering of Sino-European relations and an eventual lifting of the arms ban. In December 2007 the Council of the EU released the *Guidelines on the EU's Foreign and Security Policy in East Asia* which would, in essence, align EU foreign and security policy in China and East Asia on the position of the US and its Asian allies. The last blow to the Sino-European 'love affair' of the period 2003-2005 would be given by the European Space Agency and the European Commission in July 2008 through the publication of the procurement scheme for the second phase of Galileo. The tender information package would, in fact, exclude (temporarily) Chinese contractors from the manufacturing, services and launch of the remaining 26 satellites of the EU-led global navigation satellite system and pave the way for a political

readjustment of Sino-European space cooperation. What had started in Autumn 2003 as the most important collaboration between the EU and China on space and high S&T had turned into fears of potential misuses of European technology by the People's Liberation Army (PLA) for its military space programme as well as diverging views as to a potential strategic rivalry between their respective satellite systems (Galileo vs the Chinese *Beidou*).

In the span of a decade, the EU's China policy would thus go through three main phases: from constructive engagement (since the mid-1990s), to the peak of strategic partnership, including a techno-political linkage (2003-2005), to a period characterised by pragmatic restraint and alignment with US position on China in the more strategic and security-related domains. This realignment can be seen as a consequence of the inability of the EU to reconcile the reasons of global (soft) balancing against the US with the genuine concerns of the US and its Asian allies regarding East Asia's strategic balance. The EU-China techno-political linkage would include, in fact, a political recognition of China and an understanding of the place and role of a rising China quite different from the view put forward by the Bush administration. Such an idealist approach by the EU and its member states toward China (together with the material prospect of lucrative contracts for European companies) would conflict with the realities of an hobbesian balance of power in East Asia unable to take in European nuances toward Beijing. In the end, this inability to reconcile different worldviews would make the EU unable to take a clear stance. The result was a postponement of the arms embargo issue until the conditions for the lifting would be there. Since then, the EU and its member states, unable to reach consensus on what kind of power China is and act consequently, would realign their foreign and security policy in China and East Asia to US positions, seen now as a safe harbour after the wreckage of the Chinese arms embargo affair.

Among these turns and twists, China would eventually come to represent one of the most prominent challenges for EU foreign and security policy and, more generally, for the emergence of the EU as a responsible global actor. At this point some qualifications about the EU would be needed. While China as a foreign policy actor does not pose major analytical problems, the EU is indeed an unique political animal whose actorness, including its capacity to project its influence and power abroad, cannot be taken for granted. What is, after all, the EU? And how does it exert its foreign policy?

The EU as a global actor

Over the years, scholars have formulated different (and diverging) conceptualisations as to what entity the EU is and whether there exists a distinctive European Union foreign policy as such.⁴⁴ Scholars have defined the EU as a "partial polity", i.e. a political entity which lacks, however, many of the features that we might expect to find in a traditional state.⁴⁵ Given its distinctive, if not unique, type of internationally-acting body, the EU has increasingly been studied as a particular kind of global actor. As Christopher Hill and Michael Smith argued:

⁴⁴ Brian White, *Understanding European Foreign Policy*, Houndmills, Palgrave, 2001.

⁴⁵ William Wallace, "Post-sovereign Governance: The EU as a Partial Polity" in Helen Wallace, William Wallace and Mark A Pollack (eds.), *Policy-Making in the European Union*, Oxford, Oxford University Press, 2005 (fifth edition), pp. 483-503, p. 493.

Empirically the EU can be seen as one of the world's two economic 'superpowers', and an increasingly significant influence in the realms of international diplomacy, 'soft security', and broader world order. Analytically, the Union poses major challenges by virtue of its status as something more than an intergovernmental organisation but less than a fully-fledged European 'state'.⁴⁶

Since European countries have begun interacting in the framework of the European Political Cooperation (and later, the Common Foreign and Security Policy - CFSP) a number of concepts have been put forward by researchers in order to explain the international behaviour of the EC/EU. In 1977 scholars developed the concept of *actorness*, arguing that the EC/EU is indeed an international actor since it possesses the necessary structural prerequisites for action in world affairs: a legal personality, a distinctive diplomatic service (i.e. the European Commission delegations abroad) and the capacity to enter into negotiations with third parties.⁴⁷ In 1990, the concept of *presence* was proposed. Accordingly, the EC/EU would have a presence in international relations since it exhibits distinctive forms of external relations and, more importantly, it is perceived to be a significant player in the international system by other important actors.⁴⁸ But what kind of player? In 1972 the term *civilian power* was introduced, on the basis that the EC/EU should not try to imitate traditional power politics states, but rather seek to become an entity intent on spreading civilian and democratic values abroad.⁴⁹ Some scholars have added that military power would be both too expensive and too politically divisive for the EU. Instead, the EU should focus on its soft power capabilities, since it is very well placed for this.⁵⁰ Scholars have also introduced the notions of normative power and norms entrepreneur to describe the EU's foreign policy behaviour.⁵¹ Yet, researchers have pointed out to the continuing importance of military power for the conduct of international relations, accusing the advocates of a civilian (and normative) power Europe of making a virtue out of necessity.⁵² More recently, the notion of the EU as a soft power has been questioned by analysing the empirical evidence of the EU's military involvements abroad.⁵³ All these different interpretations signal, in essence, recognition of the arrival of the EU as a novel – though unfinished – foreign policy actor on the

⁴⁶ Christopher Hill and Michael Smith, "International Relations and the European Union: Themes and Issues", in Christopher Hill and Michael Smith (eds.), *International Relations and the European Union*, Oxford, Oxford University Press, 2005, pp. 3-17, p 4.

⁴⁷ Gunnar Sjostedt, *The External Role of the European Community*, Farnborough, Saxon House, 1977.

⁴⁸ David Allen and Michael Smith, "Western Europe's Presence in the Contemporary International Arena", in *Review of International Studies*, Vol. 16, No. 1, January 1990, pp. 19-39; see also: Christopher Hill, "The Capability-Expectations Gap, or Conceptualising Europe's Foreign Policy", in *Journal of Common Market Studies*, Vol. 31, No. 3, September 1993, pp. 305-328; and Ben Rosamond, *Theories of European Integration*, London. Macmillan, 2000.

⁴⁹ François Duchêne, "Europe's Role in World Peace", in Richard Mayne (ed.), *Europe Tomorrow: Sixteen Europeans Look Ahead*, London, Fontana/Collins (for Chatham House), 1972, pp. 32-47.

⁵⁰ Karen Smith, "Beyond the civilian power EU debate", *Politique Européenne*, Vol. 17 (2005), pp. 63-82; see also Jan Zielonka, *Explaining Euro-Paralysis: Why Europe Is Unable to Act in International Politics*, New York, St. Martin's Press, 1998.

⁵¹ Ian Manners, "Normative Power Europe: A contradiction in terms?", *Journal of Common Market Studies*, Vol. 20, n. 2, 2002, pp. 235-258; Ben Rosamond, "Conceptualising the EU model of governance in world politics", *European Foreign Affairs Review*, Vol. 10, n. 4, 2005, pp. 463-478.

⁵² See Christopher Hill, "European Foreign Policy: Power Bloc, Civilian Model - or Flop?", in Reinhardt Rummel (ed.), *The Evolution of an International Actor: Western Europe's New Assertiveness*, Boulder, CO, Westview, 1990.

⁵³ Bastian Giegerich and William Wallace, "Not Such a Soft Power: The External Deployment of European Forces", *Survival*, Vol. 46, No. 2, Summer 2004, pp. 163-183.

international scene. Having established that the EU is (though *sui generis*) a distinctive international actor, what are the characteristics of its foreign policy? And how do EU policy makers take decisions with regard to the People's Republic of China?

EU foreign policy has been defined as the activity that refers to the universe of concrete actions, policies, positions, relations, commitments and choices of the EU in international politics.⁵⁴ EU foreign policy does not emerge from a single, authoritative source but comes in at least three forms or types of activity.⁵⁵ The first (pillar I) is the foreign policy (or external relations) of the European Community which covers principally trade, aid and development relations with third parties. It is in this context that the European Commission releases its communications on China (five so far) and the *Country Strategy Paper* which contains the EU's development aid strategy. The political and security dimensions of EU foreign policy (since the Treaty of Maastricht the CFSP - Pillar II) is intergovernmental, i.e. it has remained under the authority of the EU member states.⁵⁶ It is within the CFSP framework that the proposal to lift the EU arms embargo on China is discussed.⁵⁷ Finally, there is a third type of EU foreign policy, namely the foreign policies of the EU member states themselves. As a result, each analysis of the EU foreign policy must include what Christopher Hill called "the sum of what the EU and its member states do in international relations".⁵⁸

Method

This book examines the interplay of the national and the EU level in the elaboration of EU foreign and security policy toward China with the aim to piece together an accurate picture of the dynamics of common policy towards China, in particular in the economic, technological and high politics domains. Particular emphasis is devoted to the large member states: Germany, France, the United Kingdom and Italy. These are the EU members which have had the most prominent and enduring influence on the elaboration of the EU's China policy and which also have the greatest capacity to project their influence abroad (though to varying degrees). The large EU members (including Spain) are also those with which Beijing has established individual strategic partnership and annual summits. The large EU member states are also those with the more developed aerospace and defence sectors. Germany, France and Italy (but also Spain to a certain extent) are the EU members which have more strongly supported the techno-political linkage with China, both in the form of space and satellite navigation cooperation and the proposal to lift the arms embargo (though the German government of Angela Merkel would eventually reverse the position of her predecessor regarding the proposal to lift). The choice to focus on the most powerful

⁵⁴ Roy Ginsberg, *The European Union in International Politics: Baptism by Fire*, Lanham: MD, Rowman & Littlefield, 2001, p.3.

⁵⁵ White (2001), p. 13.

⁵⁶ The three-pillar structure of the "new" European Union includes: a) the first pillar, now referred to as the European Community, composed by the three originally separated Communities: European Steel and Coal Community, European Economic Community and European Atomic Energy Community; b) the second pillar of a Common Foreign and Security Policy; c) the third pillar for co-operation in Justice and Home affairs, these last two pillars being intergovernmental.

⁵⁷ The arms embargo was imposed by EC member countries in 1989 in the framework of the then European Political Cooperation.

⁵⁸ Christopher Hill, "Convergence, Divergence and Dialectics: National Foreign Policies and the CFSP", in Jan Zielonka (ed.), *Paradoxes of European Foreign Policy*, The Hague, Kluwer, 1998.

EU governments is thus dictated by the emphasis given by this study to the economic, technological and security-related aspects of Sino-European relations which have traditionally seen the large EU members (in particular, the continental powers of Western Europe) at the forefront. In the case of China, the actors under considerations would be mainly the government (in particular, the Ministry of Foreign Affairs and the Ministry of Science and Technology) and the PLA.

There are a number of limitations with this approach that need to be recognised at the onset. First of all, the focus is on macro processes, generally referring to states or to national representatives and, in the case of the EU, the European Commission. Little space is devoted to inter and intra-group dynamics, in particular at the European level where they play an important part (with the exception of the EU's Taiwan policy discussed in Chapter 7). But this would require a different book. Secondly, this study gives little attention to the role played by non-state actors, which is admittedly a limitation but justified here with a concentration on the systemic level. Thirdly, the focus on macro conditions and the systemic level does not allow for too many nuances and problematisations in the analysis of foreign policy, both within China and, more importantly since it is a *sui generis* actor, in the case of EU member states' foreign policies. The study does, in fact, gloss over differences among various European actors and within EU members that the careful reader would notice immediately. However, this is done for keeping the research in focus and maintain the level of analysis at the macro level.

Material for this study includes primary sources and secondary literature. Empirical data and information not openly available have been collected through fieldworks and a large number of interviews (around 100) carried out in Europe (Brussels, London, Paris, Berlin and Rome), China (Beijing and Shanghai), Japan (Tokyo) and the United States (Washington) in the period 2004-2008. Qualitative interviewing (both semi-structured and unstructured), mainly off the record, have been used for gleaning information directly from policy makers. Complete anonymity was guaranteed to all interviewees. This does not allow, unfortunately, for the disclosure of many names, though some are quoted after receiving permission to do so. This study has also relied on official documents and secondary sources for putting interviews into context and analyse the broad trends. Finally, participation to academic and policy-oriented conferences has provided useful material and insights from both scholars and practitioners, though the use of the 'Chatham House' rule would make again impossible to name the source of the information. While the book examines EU-China relations, the perspective adopted is mainly European. This is reflected in the structure of the book. The chapters begin with the analysis of the European position and then discuss the Chinese perspective. The viewpoint of the US (and of Japan and Taiwan, when relevant) is present throughout, in particular in Part II and III of the book dealing with the implications of EU-China relations for East Asia and the US.

To examine the development of EU-China relations and its global implications, the method of process tracing has been used. This is a procedure designed to identify processes linking a set of initial conditions to a particular outcome.⁵⁹ The main goal of

⁵⁹ See Alexander L. George and Andrew Bennet, *Case Studies and Theory Development in the Social Sciences*, Cambridge: Mass, MIT Press, 2005; see also Pascal Vennesson, "Case studies and process tracing: theories and practices", in Donatella Dellla Porta and Michael Keating (eds.), *Approaches and Methodologies in the Social Sciences*, Cambridge, Cambridge University Press, 2008, pp 223-239.

process tracing is to establish and evaluate the link between different factors. In an interpretivist perspective, this method provides for ways in which this link manifests itself and the context in which it happens.⁶⁰ Thus, the focus is both on what happened and how it happened, allowing for an examination of the reasons that policy makers would give for their actions and behaviour. The ultimate goal of process tracing is to provide a narrative explanation of a causal path that leads to a specific outcome.⁶¹ For instance, the development of a techno-political linkage between the EU and China since Autumn 2003 would produce an unexpected outcome (for EU policy makers at least) and make the EU to be perceived as a novel strategic factor in East Asia due to the connections made by the US and its Asian allies between the promotion of EU space and defence interests in China and East Asia's strategic balance, connections which were not held, overall, by the majority of EU policy makers. By tracing the process leading to this asymmetry in perceptions and causal links, in particular between the transatlantic allies, it is explained why the US and its Asian allies reacted so strongly, in particular against the proposal to lift the EU arms embargo on China, and why the Europeans were taken largely by surprise. By using this method, it is hoped that the reader would gain a better understanding of the processes leading to the development of EU-China relations, in particular in the strategic and security-related spheres, and their perceived implications for the US and its Asian allies.

Structure of the book

The book comprises of nine chapters, divided equally in three parts.

Part I traces the evolution of the relationship. Chapter 1 sets the context by presenting an overview of the first twenty years of Europe-China relations; i.e. since their inception in 1975, when the European Community and the People's Republic of China established formal diplomatic relations, until 1995 when the EU adopted its first document on China and ushered in a policy of constructive engagement with Beijing. Chapter 2 examines the approach adopted by the EU both at the bilateral and inter-regional level in order to engage China in the post-Cold War as well as the new securitisation discourse emerged both in Europe and China which would underpin the widespread engagement policy adopted by the two sides since the mid-1990s. Chapter 3 concentrates on the interplay between business and politics which has come to characterise Sino-European relations since the beginning, resulting in a *quid pro quo* between European business interests (backed by their respective governments) and Chinese leaders (in the form of political concessions and silence over sensitive issues). Such trade-off would largely allow for a dramatic boost in economic relations which, in turn, would lay the basis for the subsequent upgrading of political relations.

Part II concentrates on the establishment of strategic partnership. Chapter 4 focuses on the EU-China strategic partnership established in Autumn 2003 which upgraded relations between the two sides by including a techno-political linkage in the form of space and satellite navigation cooperation and the attempt to exploit commercial and defence-related opportunities by proposing to lift the EU arms embargo on China. Chapter 5 examines in detail EU-China space and satellite navigation cooperation, including the strategic implications of such initiative for US space primacy. Chapter 6

⁶⁰ Vennesson (2008), p. 233.

⁶¹ Ibid., p. 235.

delves into the debate surrounding the proposal to lift the Chinese arms embargo, the question of arms sales to China and the changing perceptions of the EU among East Asian policy makers.

Part III focuses on the implications of the EU-China techno-political linkage for East Asia's major powers and the US. Chapter 7 examines Europe's traditional involvement in East Asian security affairs, including the Taiwan question, and compares it with the novelty (in the eyes of East Asian policy makers) represented by the promotion of EU space and defence interests in China and its perceived implications for a regional environment largely characterised by a zero-sum game and balance of power logic. Chapter 8 traces the process of realignment of the EU's foreign and security policy in China and East Asia on the position of the US and its Asian allies following the shelving of the proposal to lift the Chinese arms embargo in Summer 2005. Chapter 9 traces the process leading to the temporary halt and political readjustment of Sino-European satellite navigation cooperation occurred in July 2008 with the decision to exclude Chinese contractors from the second phase of implementation of Galileo. With this move, what had remained of the techno-political linkage initiated in Autumn 2003 would eventually begin to fade away. The move by the European Space Agency and the European Commission to exclude China from the second phase of Galileo would signal, in fact, growing uneasiness within Europe toward the most ominous attempt by the EU and its member states (in particular, the large continental countries of Western Europe) to temporarily 'ally' with China in order to counter US primacy in key industrial and high tech sectors and foster European autonomy in political and security affairs.