

EU–China relations: troubled relations?

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Abstract

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China has been viewed by the international community both with a great deal of curiosity as well as fear over its potential power. Whereas the perception of China as a security threat has never been very strong in Europe, the China threat rhetoric is more perceptible in the United States. It has, over time, become evident that China's impact on Europe is increasingly important, both in terms of trade and politics. Whether it is correct to label China a security threat, or a potential security threat, is, however, far from clear. The European Union's view of China is not only very different from the US view, but there are also discrepancies within the EU. This can, for example, be seen in the highly conflicting debate surrounding the European arms embargo against China. In addition, there are certain aspects of the notion of China as a security threat that are very misleading and others that have not been sufficiently discussed. Clearly, China is currently not a direct security threat to Europe in the classical military sense, but could possibly become an indirect threat depending on strategic choices that Europe will make in the future. This article argues that China could develop into a direct or indirect security threat in the future, especially if the inaction of the EU, as a coherent body, continues.

Key Words: China threat, direct/indirect threat, rise of China, EU's China policy

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China is viewed by other countries with a great deal of curiosity as well as fear over its potential power. There has been a romantic view of China that dates back to the first interaction with China over the Silk Road, a view often attached to the magnificent pottery and silk exported from China to the West. On the other hand, the view of China as a threat to the security of Europe dates back to the era of Napoleon, or even earlier, but it is nonetheless a relatively recent phenomenon. Notwithstanding this, the fear of China never manifested itself to the same extent on the European continent as it has in United States policy.

Yet, it has become evident to most people that China's impact on Europe is increasingly important, both in trade and politics. Whether it is correct to label China a security threat, or a potential security threat, is unclear, however. The European Union's view of China is not only very different from the US view, but there are also important discrepancies within the EU. This can, for example, be observed in the conflicting debate surrounding the European arms embargo against China. In addition, there are certain aspects of the notion of China as a security threat that are very misleading and others that have been insufficiently discussed. Clearly, China is currently not a direct security threat to Europe in the classical military sense, but could possibly become an indirect threat depending on the future strategic choices Europe makes. This article argues that China could develop into a direct or indirect security threat in the future if the EU, as a coherent body, continues to fail to act.

On the cooperative side there are similarities between the developments within China and the EU. Both actors are in the midst of transition: the EU faces challenges due to its membership expansion and economic revival while China faces challenges due to its ongoing modernization and the ramifications for social stability. These challenges have been accentuated by a possible international recession and a problematic inflation in China. The EU is attempting to strengthen its institutional structures and create a coherent foreign policy amongst its members. China, on the other hand, is trying to

reassert central government command and formulate a foreign policy that would appear to be both transparent and non-threatening. Both China and Europe thus find themselves at crossroads and the question is now how these two giants can interact with each other and what the future of their relationship will look like. Both actors are expanding their spheres of influence internationally but the final outcome of the relationship between China and Europe remains uncertain. There are, however, more avenues for cooperation than for conflict, even if there are limits to the level of partnership due to the different value systems in China and Europe respectively.

China in the policy of the European Union

Europe's perceived security interest, and thus its security policy, regarding China is in many ways underdeveloped.¹⁾ Europe's relations with China have been important mainly in terms of economic interaction, as China is the second largest trading partner of Europe. In terms of traditional security, the EU has had very few concerns after the last European outposts—Macau and Hong Kong - were returned to China. The EU's lack of strategy in other areas but for the economy can be seen in its aid to China: the European cooperation budget to China is limited to EUR 224 million over the period 2007-2013.²⁾ However, it has become increasingly evident that the EU's relations with China cannot solely be limited to the economic field. This is strikingly obvious not least in the debate over the arms embargo against China. The strategy of the EU is thus crippled by the focus on economy and its failure to add a strong political component to its China policy.³⁾ The EU's Country Policy Paper on China

1) A great deal of this is due to that military and security policies in Europe are not issues for the EU but for the individual member states. The failure of the EU to develop a common security policy is harmful to its policy toward China, but also for the coherence of the Union in general.

2) Commission Working Document, Country Strategy Paper - China (accessed, March 17th, 2008) http://ec.europa.eu/external_relations/china/csp/index.htm

3) May-Britt Stumbaum, "Engaging China - Uniting Europe? EU Foreign Policy towards China", in

has limited the EU's position to four broader points:

1. To broaden and deepen political dialogue with China, both bilaterally and on the world stage.
2. To support China's transition to an open society based upon the rule of law and respect for human rights.
3. To encourage the ongoing integration of China in the world economy through bringing it fully into the world trading system, and supporting the process of economic and social reforms.
4. To raise the EU's profile in China.⁴⁾

The most important and substantial factor, for Europe, is still, by far, the economy. It is evident that Europe is not taking security threats into consideration to the extent needed in Northeast Asia; nor in China's increasing interest in Central Asia, its support of so called rogue regimes such as Iran and Burma, or in the conflict over Taiwan's status.⁵⁾ The EU's policy toward China only touches upon some of the possible scenarios in which China may pose (or perceived to pose) a security threat. More importantly, the EU's policy is incomplete in its design and will not enable the EU to adopt a more active policy toward China. It has become obvious that Europe has a secondary relationship with China, compared to the US. This is partly due to the fact that China cannot deal with Europe as a unit, but is forced to deal with many

Casarini N. and Musu C. (eds.), *European Foreign Policy in an Evolving International System: The Road Towards Convergence*, Basingstoke, Palgrave, 2006.

4) European Commission, *External relations*, 2006, (accessed, March 17th, 2008) http://europa.eu.int/comm/external_relations/china/intro/index.htm

5) Europe has increasingly been eager to understand the Chinese perceptions in conflict areas, such as Myanmar and Africa and a great deal of criticism has been delivered by the European Union for what is perceived as China's inaction. See for example: Alec Myanmar/Burma in Focus: Moving Beyond Intractability, Report from the Institute for Security and Development Policy, Workshop held January 28-29, 2008; Klas Marklund & Karin Odqvist Perspectives on Africa Today: A Swedish-Chinese-African Dialogue. Report from the Institute for Security and Development Policy and the Dag Hammarskjöld Foundation Conference "Perspectives on Africa Today - A Swedish-Chinese-African Dialogue" Stockholm/Uppsala, Sweden, January 14-15 February, 2008.

states bilaterally.⁶⁾ Scientific, Singapore, 2007:5. Moreover, the political impact of Europe is far less than that of the US, due in large part to its failure to create a common foreign policy.

It has become increasingly evident that any action China takes, or the political developments that will occur, will impact the EU and in some cases have real security implications for Europe. The more important security threats that could potentially affect Europe mainly revolve around the potential economic, political, and (less likely) military conflicts between China and the US. The effects on the EU would be devastating, especially considering the economic consequences that this would entail for the Union. Despite the EU's lack of political commitment in Northeast Asia, it is likely that it would be forced to act in a Sino-US conflict. It is also likely that the EU and NATO would support the US, particularly in a conflict over the Taiwan Strait—at least financially with sanctions etc. Moreover, issues such as increased competition over energy resources, trade in narcotics, the Nuclearization of Iran, and many so called “soft security” threats, such as environmental security, could develop into security threats to the EU. On the other hand, these issues also offer possibilities for partnership and cooperation. Whether we can use the term “threat” in regard to the China factor will be disputed in this article competition, challenges, difference in opinions etc are significantly more appropriate than the worn-out term, threat. In addition, the question could also be posed as such: that if China is viewed and treated as a threat, it will likely respond accordingly.

Economic security and energy

As noted, the EU's primary interest in China is in trade and this has characterized

6) Fraser Cameron & Zheng Yongnian, Key Elements of a Strategic Partnership, in Stanley Crossick & Etienne Reuter (eds.), China-EU: A Common Future, World scientific, Singapore, 2007:5.

the Sino-European relationship at the expense of political engagement. This strict focus on economic issues and the neglect of others has led some analysts to argue that the European position threatens to destabilize the region, or at least the Taiwan Strait.⁷⁾ In 2004, China became the EU's 2nd largest trading partner (after the US) and, according to China's statistics, the EU became China's largest trading partner (ahead of the US and Japan).⁸⁾ This very close relationship has caused the security situation (stability) in Northeast Asia to become a prominent issue as trade depends on stable political development, a factor which is much more important than the European Union wishes to admit. A conflict over the status of Taiwan or in the Korean Peninsula will have direct and negative consequences for European investments in the region. It will also possibly entail military engagement by the European states. Therefore, the EU needs to tie its China economic policy (and policy toward other Northeast Asian states) to a clear political strategy. The EU should thus not be worried about China per se, but rather about the security environment China resides in. The current instability in Northeast Asia can not only be traced to the policies of China. Rather, all political entities in the region play a part in the current situation.

It is sometimes argued that a military conflict in the region would be of limited military importance for the European Union. But any instability in the region will directly affect the EU. The region is far more strategically important in economic terms and at the same time far more politically unstable than is sometimes realized. It thus requires a stronger political interest from the EU in stabilizing the situation. Furthermore, this should not be done in conflict with China or the US, which both share the need for stability in order for continued economic development in the region. However, the US has a more difficult agenda in both the Korean Peninsula and in

7) John Garver, EUROPE'S ROLE IN THE MAINTENANCE OF PEACE IN THE TAIWAN STRAIT, Conference paper, http://www.silkroadstudies.org/new/docs/conferences/2005/CMinNEA/abstracts/abstract_John_Garver.pdf

8) European Commission "Trade Issues -China" (http://ec.europa.eu/trade/issues/bilateral/countries/china/index_en.htm), accessed 2008-03-31.

the Taiwan Strait than the EU, due to a history of American engagement in the region and US domestic politics. Through active participation, the EU should aim to reinforce the positive political development we have seen in Taiwan and South Korea without threatening China and provoking a military conflict. Acting with political interest in Northeast Asia will undoubtedly create a problematic situation as the EU would run the risk of being squeezed between the interests of the US and China, thereby jeopardizing both the relationship with the US and China. However, merely reacting to US and Chinese interests rather than being proactive in potential conflicts will create a greater risk of being shanghaied by either of the parties. This will be discussed in greater length in a later section.

Whereas the EU enjoyed a trade surplus with China in the beginning of the 1980s, EU-China trade relations are now marked by a sizeable and widening trade deficit to the benefit of China (around €128 billion in 2006). This is the EU's biggest bilateral trade deficit.⁹⁾ Nevertheless, this cannot be termed a security threat but rather in terms of an economic challenge. It could certainly pose a threat to certain sectors such as textiles and shoes, but these constitute limited interests and do not threaten the European economy at large. In addition, China has joined the World Trade Organization and increasingly adheres to its rules and is an active member that works for change within the organization. There are thus great hopes that the WTO will create norms for fair economic interaction.

Indirectly, stability within China is a challenge for the EU. Long-term negative growth and a halt to economic development in China could create social disruption with a direct effect on trade with China and investments in the country. Continued engagement with China to promote economic development, improved legal structures, and political functions is crucial to sustain further development in China. Local

9) European Commission "Trade Issues -China" (http://ec.europa.eu/trade/issues/bilateral/countries/china/index_en.htm), accessed 2008-03-31.

businesses in Europe would benefit from a short-term decline in Chinese productivity, but in the long-term the Chinese economy is too important for Europe. This contrasts with some US perspectives, according to which China's growing economic strength is regarded as a threat. The European states have traditionally viewed China as an economic partner and should continue to do so but also as a political partner.

There is a great deal of commonality between the EU and China in trade issues and the EU has simply not been as effective as China in exploiting these. Both are strong supporters of free trade, but also of regional redistribution mechanisms and the internal market. Moreover, both the EU and China share the problem of securing continued economic growth—China in order to lift its population out of poverty and the EU to stabilize its new members and the new bordering states. The economic and political developments in Central Asia, and to a certain extent Iran, are another concern to both China and Europe. China has been a very active partner to both the states of Central Asia and Iran in developing the economy and the energy and transportation sectors. Europe has had a stronger focus on transport networks but the common interest is obvious as both states increasingly rely on the region between China and Europe for trade and energy needs.¹⁰⁾ It can be argued that China is competing with Europe over political domination in Central Asia, but for both actors this is secondary to economic relations and the stability of the region. In terms of economy there seems to be more of a common security challenge than a threat, with China's and Europe's export and import needs being complementary in many ways.

China has increasingly been seen as a security threat by the international community due to its rapidly increasing oil and gas demands.¹¹⁾ It is true that China has increased its energy demands dramatically, but the competition over energy is stiffening

10) Swanström, Niklas L. P., "China and Central Asia: A New Great Game or Traditional Vassal Relations", *Journal of Contemporary China* 14(45), 2005:569-584.

11) Zha Daojiong, "China's Energy Security and Its International Relations", *The China and Eurasia Forum Quarterly*, 3(3), November 2005.

regardless of China's rising demand.¹²⁾ One implication of this that could become a security threat is China's increasing reliance on so called rouge states, such as Iran, Sudan, and Nigeria, for its oil and gas imports. Especially its relations with Iran are obviously not seen as very positive by the US and Europe.¹³⁾ Nevertheless, it is important to put this energy cooperation in perspective. Japan, typically recognized as an ally of the West, also has stakes in the Iranian Azadegar oil field.

China has made a conscious policy decision to absorb as much as possible of the Central Asian and Iranian oil and gas resources, both as they are relatively easy to transport to China and as they allow China to escape the risk of blocked sea lanes. However, imports from Kazakhstan for example—China's most important oil and gas provider in Central Asia—amount to only 0.013 percent of total Chinese imports.¹⁴⁾ The reason is very much the lack of infrastructure and the already established links with the Middle East and Africa. In general, the producers and the transit and consumer states need to cooperate in order to create an economy of scale in the energy sector in the region. Large investments in production, refinement, and transport are needed and no state will be able to carry this burden alone if it is to simultaneously guarantee economic sustainability. Both China and the EU rely on Russia for their energy needs, but in many ways this does not necessarily have to manifest itself in competition for the same resources. The EU's primary interest is gas, while China's imports are more diversified but especially center on oil. Russia could be a case for cooperation in Sino-European relations, even if there is deemed to be some competition over energy resources, as Russia itself is not an uncomplicated energy supplier for China and the EU. Instead of being played off against each other, however, Sino-European

12) China is today the second largest consumer of energy, the US is the largest, almost twice the size of China.

13) Brandon Gentry, "The Dragon and the Magi: Burgeoning Sino-Iranian Relations in the 21st Century", *The China and Eurasia Forum Quarterly*, 3(3), November 2005.

14) Zha Daojong, "China's Energy Security and Its International Relations", *The China and Eurasia Forum Quarterly*, 3(3), November 2005; Chinese Customs Statistics.

cooperation could stabilize the Russian market to avoid being pulled into Russian dependency.

Energy supply is a shared concern of China and the EU, but due in large part to unfortunate European politics, the two have come to take conflicting positions in this question. It is true that the EU has initiated an energy dialogue with China that is supposed to lead to better relations in the energy field.¹⁵⁾ Unfortunately, this is too little too late and the EU has declined to work more closely with China on the issue. In sum, the inaction of the European Union has created another lost opportunity in its relations with China.

Energy cooperation between the Northeast Asian states (most importantly China) and the EU in regard to Central Asian, Iranian, and Caspian oil and gas would not only be of economic value, it would also promote economic development in the abovementioned regions and states. This would also be an effective way of incorporating the Chinese and European economies and so create new forms of cooperation that both would benefit from. More could also be done in joint research between China and the EU regarding development of clean alternative energy, as well as the refinement of existing energy and other areas. Neither of this would be a security challenge, but would serve rather to prevent a new one from emerging.

In sum, energy is a possible arena for competition wherein Chinese and European interest could collide, but where both have greater interests in cooperating over energy issues. It is the responsibility of the European Union to reply positively to the Chinese proposal to work together in the field of energy

15) European Commission, "An Overview of Sectoral Dialogues between China and the European Commission", (www.europa.eu.int).

Military relations

The arms embargo is an issue of concern that is linked to military security within Europe and toward the US. France and Germany have argued for the ending of the arms embargo, but countries such as Great Britain and Denmark have argued that this would be premature.¹⁶⁾ The division on the issue in Europe is evident and most states seem to see it as a national concern rather than a European issue. The result sends a confusing signal both to China and the US and clearly demonstrates the weakness of European foreign policy.

There has been pressure from the US to sustain the embargo and Germany has backtracked slightly and now supports the more restrictive policy, even if not publicly.¹⁷⁾ The embargo has thus become increasingly politicized with both China and the US demanding that the EU act in the question, even if in different directions. The EU has claimed that the embargo is not a legal issue and they cannot really act more in the question as it is not a binding legal document but simply a statement. The legality is a less important question and whether or not the embargo is sustained is a political rather than a military issue, since the lifting or keeping of the embargo would deliver a political message to both the US and China. Many European states have not been able to sufficiently appreciate the political and strategic considerations of this issue and it has merely been viewed as a question of human rights or trade. On the contrary, the outcome of the embargo will inevitably affect the relations with the EU's two most important trade and security partners and clearly point to a European strategy for the future. It goes without saying that there are no plans in Europe to change the transatlantic alliance to a "partnership" with China, but the way

16) EU Business, "European Union still divided over arms ban on China" (2004, May 23).

17) Kristin Archick, Richard Grimmett, Shirley Kan, CRS Report for Congress, European Union's Arms Embargo on China: Implications and Options for U.S. Policy, 2005.

in which the EU acts will affect the strength and longevity of current relations.¹⁸⁾

The implications of the arms embargo could constitute an inconvenience to European unity, and it points to the very weakness of the Union, i.e. no common security policy. Moreover, the arms embargo threatens to create a clash of interest with the US, with the result that Europe could be forced to choose sides. Such political and security implications need to be taken into consideration before a decision is taken in this regard. The lifting of the arms embargo will however not tilt China's military power in any specific direction, but is of more political importance.

It cannot be argued that China is a direct military threat to the EU or that the perceived (by the US and Japan) Chinese militarization is a threat to European interests. On the contrary, the Chinese military is still too weak to pose a threat outside of its own close proximity as it has no blue water capacity and merely a weak air-to-air refueling capacity which would prevent it from mounting a large scale assault over distance. It could even be argued that the Chinese government's increased spending on its military is creating stability, since it results in a more effective and professional military force whose primary purpose is to strengthen its own borders. Regardless of whether the spending continues at the current level, it would take decades before the Chinese armed forces could compete with the US.

Increased spending is not difficult to explain considering China's need to protect its oil and gas transports and sustain its internal peace, regardless of what our perceptions of this are. In addition, as the Chinese armed forces take on a more international role with peacekeeping operations and cooperation in regional organizations, a smaller, more effective, and professional military force should be encouraged.¹⁹⁾

18) Fraser Cameron & Zheng Yongnian, Key Elements of a Strategic Partnership, in Stanley Crossick & Etienne Reuter (eds.), *China-EU: A Common Future*, World Scientific, Singapore, 2007:6.

19) Yin He, *China's Changing policy on UN Peacekeeping Operations* (ISDP, Stockholm), 2007. <http://www.silkroadstudies.org/new/docs/Silkroadpapers/2007/YinHe0409073.pdf>

It is evident that the Chinese military will be used for purposes that the EU does not agree with, such as in stabilizing Xinjiang, Tibet, and possibly Taiwan. However, China also has the right, as any other sovereign state, to protect its interests and cannot rely on the good faith of the US, especially not under the incumbent president, to protect, for example, the sea lanes of transportation. Despite the fear from many Western states of having Chinese troops deployed abroad, it is an inevitable development and China should be appreciated as a partner in security issues rather than a foe. The EU should continue to keep careful watch over the usage of the China's armed forces, but their modernization as such should not be seen as a threat. The major problem with the Chinese military modernization is the lack of transparency and the unclear intentions.²⁰⁾ For example, the budget of the Chinese military is under dispute and the figures vary greatly and it is currently impossible to fully understand the funding of the Chinese military forces. The problem is therefore not so much the increased spending as the lack of transparency.²¹⁾

The Chinese military is in no way a direct threat to Europe or its interests. On the contrary, it could prove to be valuable, with a more effective and professional army playing a greater international role. However, the EU will, and should be concerned about how the Chinese armed forces are, or may be, used against Taiwan, Tibet and Xinjiang, although this arguably concerns China's internal affairs. Europe should encourage China to become more transparent in regard to its military modernization program. Further military exchanges and perhaps even joint exercises should also be encouraged.

On another note, the Chinese export of weapons of mass destruction (WMD) and

20) Mark Ryan, David Finkelstein & Michael McDevitt, *Chinese War fighting: the PLA experience since 1949* (M.E. Sharp, Armonk, 2003); David Shambaugh, *Modernizing China's Military: Progress, Problems, and Prospects* (University of California Press, Berkeley, 2002).

21) Marcin Zaborowski, *Security Issues*, in Stanley Crossick & Etienne Reuter (eds.), *China-EU: A Common Future*, World Scientific, Singapore, 2007:45.

conventional weapons pose a security threat to the EU and its citizens. Increasingly, as the European states are engaged in international operations, such as in Afghanistan and Africa, they could come to face Chinese weaponry. Relatively slack sales restrictions from the Chinese government have created a threat to the security for European personnel operating abroad, under the flag of NATO or the UN. Similarly, it is very much in the interest of the EU that unstable governments in its vicinity are not armed with weapons from China. China has been very reluctant to accept this and continues to pay some of its oil and gas bills with military deliveries. Although European soldiers may not face Chinese soldiers carrying these weapons, Chinese weapons could nevertheless still be a threat.

China's export of small arms and WMD technology to North Korea, Pakistan, and Iran among others has made the Chinese position less than ideal. Iran has emerged as a direct security concern to the EU, and continued cooperation between China and Iran over nuclear technology is worrisome for many in the West, even if the WMD trade with Iran may have been conducted indirectly through North Korea.²²⁾ It is however not likely that this would have happened without the knowledge of China. The Chinese position regarding nonproliferation is indeed troubling and could be regarded as a direct security concern, even if its policies have improved in this respect over the last few years. China has ratified a number of international treaties including the Comprehensive Test Ban Treaty (CTBT), the Nuclear Nonproliferation Treaty (NPT), and the Chemical Weapons Convention (CWC). It has also joined several multilateral regimes such as the Australian Group and the Zangger Committee.²³⁾ Regardless of this positive trend, it remains to be seen if China has the willingness and ability to adhere to these agreements or if it will continue to support certain states

22) NTI, *China's Nuclear Export and Assistance to Iran*, 2006, <http://www.nti.org/db/china/niranpos.htm>

23) Bates Gill, "China's Evolving Role in Global Governance", in Bates Gill & Gudrun Wacker (eds), *China's Rise: Diverging U.S.- EU Perceptions and Approaches*(Stiftung Wissenschaft und Politik, Berlin, 2005), 23-29.

with nuclear technology, as China arguably has done in the cases of North Korea, Pakistan, and Iran.

Europe should engage China directly as a partner in its non-proliferation efforts, both in order to influence China but also those states that the West has little leverage over; China, for instance, should be encouraged to play a bigger role in getting states with suspected WMD programs to disarm and become more transparent. It is obvious that China could play a much greater and productive role in Iran and North Korea, but there are at the moment very few incentives for China to act in this way. At the very least, engagement with China should aim to prevent China from becoming an obstacle to EU efforts in disarmament, especially in the UN Security Council. Engaging China in this way would not only decrease the immediate risk that these weapons sales entail, but also, more broadly, transform the Chinese perception of non-proliferation which would decrease future security threats.

Chinese weapons exports will not have any direct security implications for the European continent, but could have for European troops stationed abroad. Indiscriminate sales of conventional and unconventional arms will increase insecurity on Europe's borders and, to a certain extent, create security concerns for Europe. Despite increased Chinese compliance in these questions, there are still suspicions that China is directly involved in illegal proliferation. China should therefore be encouraged to play a more active role in non-proliferation, especially with regard to North Korea and Iran.

Taiwan and domestic issues

In the case of Taiwan, the EU has insisted on a peaceful solution and that the Taiwanese people's wishes should be considered.²⁴⁾ This approach is not only weak,

24) European Commission, Declaration by the Presidency on behalf of the European Union on Cross-Strait

but also potentially dangerous. The EU is not seriously engaged in the issue. A military conflict across the Taiwan Strait would not only have serious economic implications for the EU. In addition, the strategic positions in Northeast Asia and beyond would alter dramatically and European troops would most likely be asked to participate in such a conflict.²⁵⁾

It is also impossible for the EU to stand outside the ongoing conflict in the Taiwan Strait, as the Union has claimed to have a genuine interest in human rights and political democratization, but also increased economic interaction with China. The EU's stand on increased democratization and human rights will force the Union to take a clearer position in the conflict. This is not to say that the EU should advocate Taiwanese independence. On the contrary, the EU's "one China" policy should remain. However, it is evident that the Union cannot remain distanced from the conflict as the EU's public becomes increasingly aware of the conflict and the stakes involved. Apart from the internal factors in the EU, the US will react negatively if it gets the impression that Europe is hiding behind trade and refuses to act. China, on the other hand, would expect and demand greater support from the EU in the question if the situation becomes worse.

Despite this, there is no mention of the Taiwan dispute in any deeper sense in European policy. The EU has limited its commitment and this has not only increased the insecurity across the Strait, but also impacted the transatlantic link negatively. Out of self-interest, the EU should engage itself in the conflict in an effort to work for solutions that serve in its interests. In this, the question of human rights and democracy also arises. This is very much the emotional luggage of the European states, as will be discussed in a later section.

Relations, http://www.eu2008.si/en/News_and_Documents/CFSP_Statements/March/0322MZZ_Tajvan.html

25) Adam Ward, "The Taiwan Issue and the Role of the European Union", in Bates Gill & Gudrun Wacker (eds), *China's Rise: Diverging U.S.- EU Perceptions and Approaches*(Stiftung Wissenschaft und Politik, Berlin, 2005), 43-47.

It seems evident that a clearer stand regarding the Taiwan conflict is necessary for the EU's own self-interest and to promote solutions that would strengthen further cooperation and trade rather than a possible military conflict in the Strait. The EU has no direct concern over the status of Taiwan, even if its political system, including the protection of human rights, is preferred over the current situation in China.

Tibet, Xinjiang, and Inner Mongolia are other cases where Europe will have problems in interacting with China. The perceived, and real, abuses of human rights and oppression of political rights for people in minority regions are a major stumbling block for closer cooperation. The developments in early 2008 showed the fragility of Sino-European relations, when massive protests in favor of the Tibetan population were seen in many European cities. It will be very difficult for Europe, as well as for the US, to compromise on its human rights and democracy demands on China without any major improvements from the Chinese side.

Soft security threats and political development

In the modern world, soft security threats increasingly pose a greater danger to the EU as well as China than traditional military threats. A few of these soft threats directly involve China such as avian influenza (bird flu), environmental degradation, and the trade in narcotics. There are also threats that the West shares with China, such as terrorism and international crime. Many of these issues are well covered elsewhere and here it will suffice to focus on one issue upon which the EU has not acted effectively and has not clearly seen the international linkages with China.

Narcotics and human trafficking are two international questions that tie China and Europe together and require more cooperation. Human trafficking is a new problem in China and in addition to this an estimated 300,000-400,000 Chinese citizens migrate legally annually and Europe is one major destination,²⁶⁾ and Chinese criminal networks

are increasing their activities in Europe where they control drug trade, prostitution, and illegal smuggling. Traditionally, these networks operated within the Chinese segments of society, but step-by-step they have begun to emerge outside of these segments. Criminality, money laundering, and human trafficking with Chinese origin are not only a threat to Europe but also negatively impact Chinese development to a high degree. Increased cooperation to meet the consequences of organized crime, as well as more coordinated operations to terminate criminal organizations, is needed.²⁷⁾ Europe has not utilized the knowledge of the Chinese police in anti-narcotics operations and has much to learn if it is truly interested in controlling the scourge of organized crime. In this sense, China is both the source of the threat as well as part of the remedy. It should be noted that China is very much affected by organized crime and increased criminalization could be devastating for some regions of China as it increases destabilization and rogue behavior, this especially in Yunnan in the south and Xinjiang in the east of the country, as both are major import routes from Myanmar and Afghanistan respectively.

Afghanistan has emerged as the main center of heroin and much of it is today transported through Iran or Central Asia to Russia and Europe. Increasingly, heroin takes the route to China and therefore the EU and China are both emerging as major importers of Afghanistan-originated heroin. International cooperation is crucial if the threat of narcotics and organized crime is to be efficiently met. Niklas Swanström,²⁸⁾ In many ways, Sino-European cooperation over these issues would not only be productive but also the only viable option. China is, moreover, one of the few states

26) Commission Working Document, Country Strategy Paper – China.

27) Niklas Swanström., “Organized Crime in Central Asia: its Impact on Europe,” *Jane’s Homeland Security and Resilience Monitor*, Vol. 3 No. 3, April, 2004; Niklas Swanström, “Narcotics and China: An Old Security Threat From New Sources”, *The China and Eurasia Forum Quarterly*, 4(1), February 2006.

28) *Narcotics and China: An Old Security Threat from New Sources*, *China and Eurasia Forum Quarterly*, 4(1) p.113-131 (2006)

that has really taken the fight against narcotics seriously and, in contrast to many of its neighbors, political leaders do not seem to be involved in the trade.

Closer Sino-European cooperation is needed, for example, in the training of Chinese key individuals to address these challenges. Not only could the EU assist China in meeting these challenges, but it could also help in bringing these issues to the Chinese agenda. This is especially true in areas such as environmental degradation, the management of natural resources, and the professionalism and accountability among government officials to prevent corruption. China could, for its part, assist Europe in several issues, most prominently regarding narcotics trafficking. Moreover, the EU can also help train Chinese officials in crisis-management for disasters, such as avian influenza. By addressing these issues, Europe would not only assist China, but also decrease long-term soft security threats against Europe. Many soft security threats have emerged in China or its vicinity and, most of the time, China is far more affected by them than the EU and would thus benefit from international cooperation. Closer Sino-European cooperation would decrease the number and severity of threats for both actors.

Political development within China is not an issue of security for the European Union. However, the lack of a more democratic system makes it very difficult for the European states to work closely with China. This especially as there exist real breaches of human rights. This is not to say, however, that political change should be forced upon China or that China should be brought to a point where it risks experiencing the political chaos of the demise of the Soviet Union. On the contrary, Europe's focus should be on developing a strategy together with China, thereby connecting to the spoken need of the Chinese Communist Party to democratize with the assistance to local institutions that have proven to be more democratic. It should moreover be clear that this is of great import to the EU and that without political change it could be difficult to sustain good relations in the future.

It is also very difficult for Europe to take a pro-Mainland position in the case of Taiwan as Taiwan today enjoys both political democracy and human rights. It is true that Europe has not the same focus on democracy as the US. However, slowly a more pro-democracy attitude is developing in Europe and China is well advised, as well as European politicians, to note this since it will be reflected in policy over time. This factor was readily apparent in the 2008 demonstrations concerning Tibet and the European calls for China to respect human rights in China, especially in Tibet.

Sino-European relations are likely to evolve only into a limited partnership, in contrast to the transatlantic community that has emerged over time. This is very much due to the fundamental differences in value systems that presently exist. Arguing that the values of China and the European states are similar is premature and major changes in the value systems of both sides would need to be implemented before closer cooperation could be accomplished.²⁹⁾ Democracy and political development is not the main issue of the EU today, but over time the lack of political change in China will make cooperation more difficult, especially if human rights or democratic entities are threatened. In October 2006, for instance, the EU Commission communication was harsher than previous communications, in large part due to issues of human rights and political development.

One of the most threatening side effects of Europe's relations with China is the implications for the transatlantic link. This is an issue that has been neglected in the public debate. Transatlantic relations have been at a low for some time now, and the ongoing discussion on how to act in the embargo question and in the case of Taiwan threatens to undermine the relationship further.³⁰⁾ If the EU decides to end the

29) Fraser Cameron & Zheng Yongnian, Key Elements of a Strategic Partnership, in Stanley Crossick & Etienne Reuter (eds.), *China-EU: A Common Future*, World Scientific, Singapore, 2007:7.

30) For a good overview of the US perspective on the Taiwan issue see Garver and for an excellent overview of the US position on the embargo questions see: David Shambaugh, "Lifting the EU Arms Embargo on China: An American Perspective", in Bates Gill & Gudrun Wacker (eds), *China's Rise: Diverging U.S.- EU Perceptions and Approaches* (Stiftung Wissenschaft und Politik, Berlin, 2005),

embargo, the US will without doubt react negatively. Similarly, if the non-action of the EU in the case of Taiwan continues it will also damage the relationship. The US expects to receive support in what they claim to be a direct US security interest, especially as the EU has not declared it to be of vital importance.

However, it is not in the interest of the EU to follow the lead of the US or to accept the Chinese interpretation of the situation for the sake of economic benefits. Europe has different security concerns than the US, even if the relationship with the US is of vital concern. US engagement in the region and in China specifically has focused on US core interests and military security, issues of lesser concern for the EU. Europe's concern is rather very much tied to achieving political and economic stability in order to increase political development and human rights.

China is however providing great opportunities, if needed, to repair the transatlantic link. Taking a clearer cut position on Taiwan and strengthening the arms embargo would go far in improving relations with the US. It is important to remember that the transatlantic link is far more important than short-term benefits with China, unless China can provide the same cooperative structures as the US. Nevertheless, as the increasingly unilateral foreign policy of the US has forced the EU to make difficult choices, the transatlantic link may not be the obvious choice as it once was.

In sum, therefore, the transatlantic link is still crucial for Europe and the political situation between China and Europe threatens both cooperation with the US and China. Europe is forced to be proactive and develop new strategies to maneuver between China and the US in an effort to stabilize the situation. In some ways, the EU has the potential to act as an active facilitator between the US and China in times of tension if it plays its cards right.

Preemption of potential threats through active engagement

First of all, it is crucial to remember that if China is treated as a security threat, as advocated in many camps in the US, it could turn into a self-fulfilling prophecy. China is best engaged with positive policies that aim at cooperation, slow development, and sustainable win-win solutions. Secondly, non-action in the case of China could create long term security threats. It is therefore imperative that the EU has a strong China policy that aims at cooperating with China and influencing it to embrace values that the EU encourages. Currently, the relationship between the EU and China is characterized by economic concerns and lacks strong political engagement. This does not serve in the interests of the European Union as the economy and political development will come to be increasingly interconnected. While the EU is busy with its own integration, it should realize that the peaceful development of China is also a crucial concern.

China does not presently pose any major security threat to Europe. However, there are issues that could develop into threats in the future if political development in China is reversed and/or economic development undermined with internal instability as a result. In a worst case scenario, China could shift track toward increased undemocratic development and economic isolation, which would not only affect the economic development of the EU, but also strengthen other undemocratic regimes. Currently, China is moving toward a more open society with open economic regulations, but the Union should work closely with China to secure this trend over time. The best strategy for the EU would be to not only define its relationship with China in more precise terms, but also to actively work with China to promote its adherence to international norms and regulations.

Northeast Asia and China are too important to not be integrated into a more constructive EU policy. China has to move up on the agenda of the EU, not necessarily

as a security threat, but as a state that could become a security threat without due care and attention. The major problem that the European Union is facing, and which creates some confusion among other states, is the lack of a coherent European foreign policy.

China does not view the European states, or the EU, as a security threat, but much more as a cooperative entity albeit with great problems of internal cohesion. In many ways, China would be more inclined to work with the EU if it were to evolve into a more serious political actor and, in this way, Europe would be well positioned to engage China in acting more constructively toward preventing potential future security threats from emerging.