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Diploma Thesis

EU Sanctions Policy in the Sino-European Relations

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Declaration of Authorship

I hereby declare that I am the sole author of the thesis “EU Sanction Policy in the Sino-European Relations”. I declare that I marked out all quotations and the used literature and sources are stated in the attached list of references.

In Prague

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Introduction

The European Union and China rank among the largest players in the world economy, trade, politics and security. Their relation is then closely observed by countries, organizations and other entities. It is the question though, what would happen to the economic world order if their relation was disturbed by some unexpected event or fundamental political misunderstanding. The European Union is the biggest trading partner for China and China occupies the second rank for the European Union.¹ These economic ties were strengthened by the political relations resulting in a strategic partnership in 2003. Only from this brief description, it is evident that both actors are essential partners to each other. However, many scars may be found in their relations and these scars are definitely not marginal as it might seem from the basic outlook. It is not necessary to remind the difference in political regimes of these actors, in intellectual property policies and neither in human rights. The latter one is the vital link with arms embargo imposed by the European Union on China in 1989, and with the world peace. Although both countries promote the world peace and so the security, the European Union is concerned about the human rights' violation in China. It relates to the cruel military interventions in the past so the logic behind the European concerns is that providing lethal weapons to China might increase its military force. This force could be used against peaceful nations or China's inhabitants. It would be an aggressive act that the European Union claims not to let happen in order to promote human rights and world peace.

The academics and researchers in the field of international relations were, and still are, trying to describe and understand the changing environment in the world order. Among them, *Paul Kennedy* is the most prominent in emphasizing the military and naval power of the state in its attempt to increase the economic power and regional or international influence. He points out the correlation between maintaining, financing and budgeting of military and naval forces of a country and its economic success in the international

¹ Trade section. Delegation of the European Union to China. European Union – EEAS (European External Action Service) [online]. Available at: https://eeas.europa.eu/delegations/china/15394/china-and-eu_en#Trade

relations.² In his most famous book, *The Rise and Fall of The Great Powers*, he stated that as the army has the influence on the states' economy, the latter one set the balance of power in the international politics. Thus, together with the Realism theory³ of the state survival in the anarchic world, it is in the greatest interest of the country to stay aware of the newest development and the economic resources in the international security and military field. Kennedy also assesses in his work that alongside with the United States and former Soviet Union, the emerging players for the role of Great Power are Japan, China⁴ and the European Economic Community (EEC). This is the reason why the author believes that China and its politics, military development and arms trade are relevant topics for further research.

Based on the author's personal interest in China and her academic background in the international relations, the decision to examine the Sino-European relations was expected. As Kennedy stated, the EEC might be the next Great Power, nowadays the European Union is. So the relations of two Great Powers, as China and the EU, analysed based on military ground, cooperation and development could influence in many ways the balance of power in the world order. This is the reason why the author decided to elaborate on the theoretical framework of the international relations linked together with the current world affairs development. The topic of this diploma thesis is the *EU Sanctions Policy in the Sino-European Relations*. The main focus of this thesis is on the imposed arms embargo on China because the use of restrictive measures is one of the most important coercive tool in the foreign policy of a country.

After the Chinese government dramatically suppressed peaceful student protests in 1989, the EU imposed a weapon sales embargo on China. Even though nearly 30 years have passed since the events, it still represents a sore point in the Sino European relations. We are witnesses of the topic's presence in the international political discourse even in context of other events which might not seem connected to the arms embargo and human rights topic at all. In 2016, when the European Union was going

² KENNEDY, Paul M. *The rise and fall of the great powers: economic change and military conflict from 1500 to 2000*. New York: Vintage Books, 1989. ISBN 0-679-72019-7. P. 71

³ DRULÁK, Petr. *Teorie mezinárodních vztahů*. 2. Praha: Portál, 2010. Pp. 224. ISBN 978-80-7367-721-3. P. 54-55

⁴ Mainland China would be referred hereafter in this thesis as China if not specified otherwise

through changes due to Brexit, Katsuyuki Kawai - a member of the parliament and special adviser to Japanese Prime Minister Shinzo Abe on foreign affairs - commented in the interview for the Financial Times that it “could even change the balance of power in the Indo-Pacific region” and that “Taking the UK out, perhaps little by little the arms embargo on China could be lifted. That is something we must not see.”⁵ This example explains why the author of this thesis would like to further develop the topic of arms embargo in Sino-European relations because it is still a vibrant and relevant issue that is discussed world-wide and might influence the politics and behaviour of several countries.

The main objective of this thesis is to provide an opinion on whether the arms embargo imposed on China in 1989 by the European Union should be lifted or not, based on analysis of the data and references reviewed for this paper. The examined period is from 1989 till 2017 as the arms embargo is still an active imposed measure by the time of writing this thesis. Author believes that there might be important dialogues on the embargo in 2019 as it might represent the “30th anniversary of the embargo’s imposition”. The subsequent goal is to examine if the maintenance of the restrictive measure is influenced by other actors, and if so, how and why.

The methodology research of the coercive measures of the EU’s foreign policy is quite complicated by the unique characteristic of this organisation as “*sui generis*”. It is not possible to analyse the foreign policy of the EU the same way as the one of the sovereign country. The EU also does not have an equal organisation with which it might be compared to. Even though the EU has officially institutional and legal framework to the common foreign policy, there is in fact, 28 individual actors contributing to their own interests into the common policy. However, the attempt in this thesis will be to describe the specifics and most importantly, the relevance of arms embargo in the politics of the EU as one unique actor as well as the differences within the member states.

⁵ HARDING, Robin. Japan fears Brexit blow to EU arms embargo on China: Concerns rise in Tokyo that UK-free Europe could change Asia-Pacific balance of power. In: *The Financial Times* [online]. 2016

The literature review for this thesis is based on primary and secondary references as well as quantitative data. It includes books, journals and publication written by international institutions as for example Stockholm International Peace Research Institute (SIPRI). The official documents and statements from the EU bodies are essential and the newspaper articles are used for the current development on the political discourse.

To follow the clear logic on how to answer the thesis goals, the author decided to structure the paper into two main chapters. The first chapter will introduce the theoretical background necessary to fully understand the EU's sanctions policy as well as the imposition procedure of restrictive measures. To understand what are the drivers behind the changes or evolution in the Sino-European relations, there will be examination of international relations theories, namely Realism and Neorealism, Marxism and Constructivism. Author is convinced that these theories are the most relevant ones for the purpose of this paper. Furthermore, the historical context of 1989 event at Tiananmen square and the consequences will be described. This will help with an understanding of what showcased the mentioned theories in the first chapter in the Sino-European relations. To begin the second chapter, the current state and development of the arms trade between the EU and China is laid out. Then, the subchapter follows with the political implications of the imposed measure, based on the objectives of the European Union, which are human rights and law obligations. However, the economic reasoning behind the political dialogue is also omnipresent. The economic profit from the arms trade might be the reasoning behind the European firms' lobbying on easing the EU regulation or even on the embargo removal. Author believes that the examination of specific deals in the topic is essential for this paper and it links together all the presented information and provide some insight into conclusion for better possibility to answer the thesis question.

1. Theoretical framework

The first chapter reviews the theoretical concept of the EU restrictive measures as a part of EU's foreign policy. It will briefly describe the evolution of the EU sanction policy, define the restrictive measures, set the legal and historical grounds. The other section of this chapter will introduce three selected theories of International Relations to support reader's understanding of political position of the EU member states in dialogues and discussions about arms embargo imposed on China.

1.1. Restrictive measures

As the European Commission defines sanctions and restrictive measures, both terms refer to the same issue and can be used interchangeably.⁶ It is an instrument of a diplomatic or economic nature which seeks to bring out a change in activities or policies such as violations of international law or human rights, or policies that do not respect the rule of law or democratic principles. These measures target governments, entities, groups or organisations and individuals, such as terrorists. The most frequently used sanctions are arms embargo, assets freeze, export bans, visa or travel bans. For the purpose of this paper, the brief elaboration on the economic sanctions is vital for a better understanding of what arms embargo can stand for. This topic is definitely not new in the academic or research field and several scholars focus their analysis on the effectiveness of economic sanctions so we can rely on their findings as follow.⁷

Economic sanctions are defined as “deliberate, government-inspired withdrawal, or threat of withdrawal, of customary trade or financial relations”⁸. The trade restrictions limit or freeze trading between two countries but it can be imposed selectively, targeting one sector without limiting other trading. In fact, “Economic sanctions have many names: blockades, boycotts, embargoes, sometimes even described as quarantine or economic coercion. The concepts are almost synonymous”.⁹ It can be assumed that

⁶ Sanctions or restrictive measures. European Union – EEAS (European External Action Service) [online]. 2008, p. 1. Available at: http://eeas.europa.eu/archives/docs/cfsp/sanctions/docs/index_en.pdf.

⁷ DRULÁKOVÁ, R., ROLENC J. M., TRÁVNÍČKOVÁ Z. and ZEMANOVÁ Š. Sankční politika Evropské unie: typy sankčních opatření a vztah k sankcím Rady bezpečnosti OSN [online]. 2011/02. P. 4 – 5. Available at: <https://www.vse.cz/polek/download.php?jnl=se&pdf=19.pdf>

⁸ HUFBAUER, Gary Clyde. Economic sanctions reconsidered. 3rd ed., Expanded ed. Washington, DC: Peterson Institute for International Economics, 2007. ISBN 0881322687. P. 3

⁹ WALLENSTEEN, Peter. A Century Of Economic Sanctions. 1st ed. Uppsala, Sweden: Dept. of Peace and Conflict Research, Uppsala University, 2000. [Online] p. 1. Available at: http://www.musik.uu.se/digitalAssets/18/a_18601-f_UPRP_No_1.pdf

arms embargo belongs in the economic sanction though. The EU defines arms embargo as follow: “Arms embargoes may be applied to stop the flow of arms and military equipment to conflict areas or to regimes that are likely to use them for internal repression or aggression against a foreign country. In this perspective, CFSP legal instruments imposing an arms embargo generally comprise:

- prohibition on the sale, supply, transfer or export of arms and related materiel of all types, including weapons and ammunition, military vehicles and equipment, paramilitary equipment and spare parts,
- prohibition on the provision of financing and financial assistance and technical assistance, brokering services and other services related to military activities and to the provision, manufacture, maintenance and use of arms and related materiel of all types.”¹⁰

The financial sanctions are designed by the EU to: “...target specific persons, groups and entities responsible for the objectionable policies or behaviour. Such sanctions comprise both an obligation to freeze all funds and economic resources of the targeted persons and entities and a prohibition on making funds or economic resources available directly or indirectly to or for the benefit of these persons and entities. Exemptions are available under specific conditions and procedures (e.g. funds necessary for basic expenses, including payments for foodstuffs, rent or mortgage, medicines and medical treatment.”¹¹ The EU defines the visa or travel ban as: “Third country nationals can be subjected to a ban on admission into the EU. Member States are called upon to take all the necessary measures to prevent the entry into, or transit through, their territories of the listed persons. As a general rule, the legal instrument imposing such restrictions will allow for exemptions from the visa or travel ban on humanitarian and other grounds or in order to comply with obligations of a Member State under international law. Restrictions on admission do not oblige a Member State to refuse its own nationals entry into its territory.”¹² The Council notifies persons and entities targeted by an asset freeze or travel ban of the measures taken against them. At the same time, it brings the available legal remedies to their attention: They can ask the Council to reconsider its

¹⁰ Sanctions or restrictive measures. European Union – EEAS (European External Action Service) [online]. 2008, p. 4

¹¹ Ibid, p. 5

¹² Ibid, p. 5

decision, by providing observations on the listing. They can also challenge the measures before the General Court of the EU.

The states using these measures “seek to lower the aggregate economic welfare of a target state by reducing international trade in order to coerce the target government to change its political behaviour. Sanctions can coerce either directly, by persuading the target government that the issues at stake are not worth the price, or indirectly, by inducing a popular pressure to force the government to concede, or by inducing a popular revolt that overthrows the government, resulting in the establishment of a government that will make the concessions.”¹³

Throughout the history, the sanctions in the modern terms usually accompanied wars or other acts of the international law violations. Its seldom usage dramatically changed with the end of the World War I. The peace research and studies mention three important milestones in this field. Each of them corresponded with the development of the world events. Every time the new affair occurred, the peace researchers and the representatives of the world organizations needed to assess new approach towards the use of coercive measures because the goals and as well as the consequences differed with the international affairs development. The League of Nations, the UN and the major powers were the primary actors of the debates on the usage, goals and consequences of the sanctions. As the peace researcher Wallensteen stated, the first debate might be called *Sanctions against aggression*.¹⁴ The discussions about usage of restrictive measures seemed to stem around when economic sanctions could be used on other countries. In the 1930s, that question was posed in relation to aggressing states. At that time, sanctions were expected to prevent major powers from unleashing wars. However, from the historic events, it is obvious that the prevention of war failed to persist. So, the sanctions transformed from a country blockage and boycott into the incorporated tool in the field of collective security first for League of Nations and subsequently for United Nations after the World War II. In the 1960s, the second sanctions debate: *Sanctions for Decolonisation*, started to steer the discussions about

¹³ PAPE, R. Why Sanctions Do Not Work. *International Security*, Vol. 22, No. 2, 1997, pp. 90-136. P 93 – 94. Available at: www.jstor.org/stable/2539368

¹⁴ WALLENSTEEN, Peter. *A Century Of Economic Sanctions*. 1st ed. Uppsala, Sweden: Dept. of Peace and Conflict Research, Uppsala University, [online] 2000. P. 1 - 5

sanctions. The decolonisation strategy was a widely-shared goal, however, the imposition of the UN sanctions against major powers were often ruled out by the veto in the Security Council.

During the 20th century, the sanctions were used more and more often, especially by American presidents and lawmakers. They were usually pursuing different objectives from human rights restoration to regime change. Even though the effect of sanctions may be arguable, they represent a feasible way between scolding of ambassador and bloody armed repression. Sometimes they worked perfectly and helped restore the peace, for example the sanctions in the Suez crisis of 1956 against Britain¹⁵ can be cited. The third debate can be dated to the decision by the UN Security Council to impose sanctions on Iraq in 1990. The third sanctions debate: *Sanctions and the New Wars*, was primarily focused on territorial aggression and so more in parallel with the first debate. It should be noted that there were more organisations than just the UN implementing various sanctions. For example, the Arab League and its special Sanctions Bureau in Damascus ran the Arab boycott of Israel.¹⁶

¹⁵ In 1956, Israel (with help of France and Britain) invaded and occupied the Suez Canal, parts of the Sinai and Gaza which was nationalized by the leader of Egypt. Eisenhower threatened that the US would cut off all private assistance to Israel, which amounted to \$40 million in tax-deductible donations and \$60 million annually in the purchase of bonds. He would also terminate shipments of agricultural products and all military assistance, including deals already in the pipeline. He canceled export licenses for the shipment of munitions or other military goods. The threat of sanctions in the form of a resolution to the UN requiring the termination of all aid to Israel by UN members if it failed to withdraw was also decisive. Similarly, to force the British to pull out, the US administration withheld financial aid and applied an embargo on American oil. More information available at: <http://mondoweiss.net/2014/07/threats-sanctions-against/>

¹⁶ The Arab League, an umbrella organization comprising 22 Middle Eastern and African countries and entities, has maintained an official boycott of Israeli companies and Israeli-made goods since the founding of Israel in 1948. The boycott is administered by the Damascus-based Central Boycott Office, a specialized bureau of the Arab League. The boycott has three tiers. The primary boycott prohibits citizens of an Arab League member from buying from, selling to, or entering into a business contract with either the Israeli government or an Israeli citizen. The secondary boycott extends the primary boycott to any entity world-wide that does business in Israel. A blacklist of global firms that engage in business with Israel is maintained by the Central Boycott Office, and disseminated to Arab League members. The tertiary boycott prohibits an Arab League member and its nationals from doing business with a company that deals with companies that have been blacklisted by the Arab League. Despite the lack of economic impact on either Israeli or Arab economies, the boycott remains of strong symbolic importance to all parties. More information available at: <https://fas.org/sgp/crs/mideast/RL33961.pdf>

EU towards restrictive measures

As the European countries began with the integration, some evidence of sanctions could be traced back to 1957 when the Treaty of Rome implied that cooperation in common trade policy could produce the effect of economic sanctions. At that time, the European Economic Community (EEC) was primarily focused on its inner market and the restrictive measures were imposed rather as the exceptions from sanction principles of the Security Council of the UN.¹⁷ The autonomous sanctions were used more frequently from the 1980s and it was the Single European Act (1987) which incorporated institutional ground of the sanctions policy into the structure of EEC and the responsibility of implementation of restrictive measures, autonomous or imposed by the UN, came down to Commission.¹⁸ However, it was only from the Treaty of European Union (TEU) that the EU formulated its Common Foreign and Security Policy (CFSP) and within TEU's framework, the legal basis for imposing restrictive measures was set. The sanctions must be consistent with CFSP objectives, as set out in Article 21 of the TEU: Democracy, the rule of law, the universality and indivisibility of human rights and fundamental freedoms, respect for human dignity, the principles of equality and solidarity, and respect for the principles of the United Nations Charter and international law.¹⁹ The CFSP is an agreed foreign policy of the EU to coordinate the 28 member states in their defence and security diplomacy and actions. It strengthens the EU's external ability to act in conflict prevention and crisis management.²⁰ The EU High Representative for Foreign Affairs and Security Policy position was established within the CFSP to jointly proposed the introduction of the restrictive measures together with the European Commission. The Council then make a final decision in order to implement such a measure. All legal acts related to EU sanctions are published in the Official Journal of the EU.

¹⁷ DRULÁKOVÁ, R., TRÁVNÍČKOVÁ, Z. and ZEMANOVÁ, Š. Sankční politika Evropské Unie [online]. Praha, 2008. P. 2 – 3. Available at:

https://www.law.muni.cz/sborniky/cofola2008/files/pdf/mps/travnickova_zuzana.pdf

¹⁸ Single European Act, Doc. L:1987:169:TOC. Official Journal of the European Communities [online]. 1986, (Volume 30), pp. 1 - 29. ISSN 0378-6978. P. 10. Available at: http://www.consilium.europa.eu/uedocs/cmsUpload/SingleEuropeanAct_Crest.pdf

¹⁹ Consolidated version of the Treaty on European Union, doc. C2012/326/01 [online]. Pp. 1 - 34. DOI: 10.3000/1977091X.C_2012.326.eng. Official Journal of the European Union. 2012. P. 16. Available at: http://eur-lex.europa.eu/resource.html?uri=cellar:c382f65d-618a-4c72-9135-1e68087499fa.0006.02/DOC_2&format=PDF

²⁰ The Common Foreign and Security Policy (CFSP). European Union – EEAS (European External Action Service) [online]. Available at: https://eeas.europa.eu/headquarters/headquarters-homepage/420/common-foreign-and-security-policy-cfsp_en

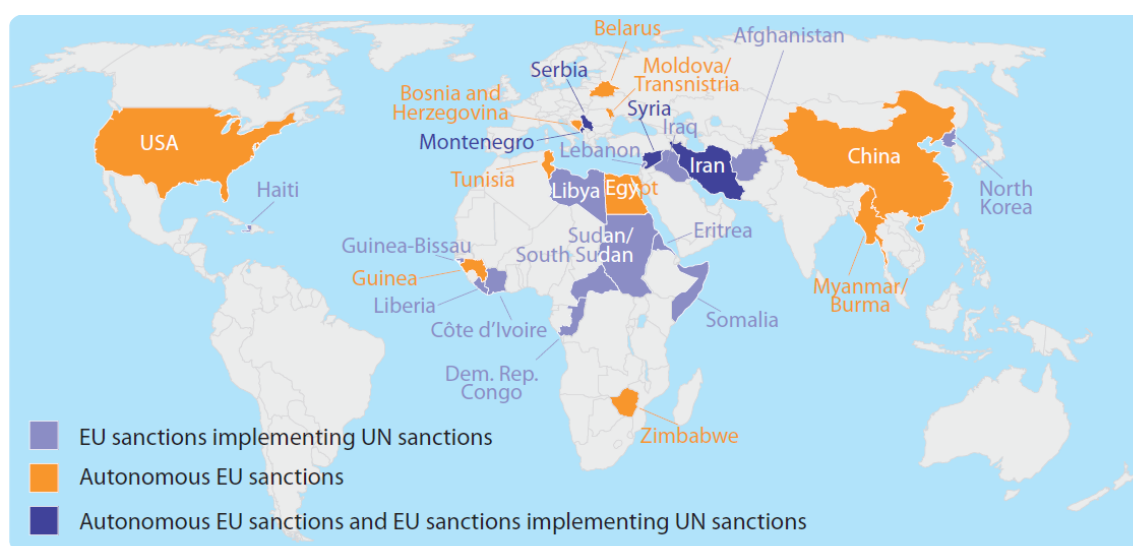
To further support and develop the process and adoption of EU sanctions, there are internal documents. The first one is from 2004: Basic Principles on the Use of Restrictive Measures (Sanctions). It was approved by the Political and Security Commission²¹ (PSC) in order to develop policy framework for a more effective use of sanctions. This document states that all sanctions imposed by the United Nations must be implemented. The responsibility for the sanction impositions and removals lies within the power of the UN Security Council. *“The Security Council may decide what measures not involving the use of armed force are to be employed to give effect to its decisions, and it may call upon the Members of the United Nations to apply such measures. These may include complete or partial interruption of economic relations and of rail, sea, air, postal, telegraphic, radio, and other means of communication, and the severance of diplomatic relations.”*²² The EU may reinforce the UN sanctions by applying stricter and additional measures and the Council may also impose an autonomous sanction if it deems it necessary.²³ The figure 1 shows the geographical allocations of these three types of sanctions. It is obvious that in this paper, we will examine more deeply the autonomous EU sanction as China is only under autonomous sanction.

²¹ The PSC is a committee of the Council of the European Union dealing with the CFSP mentioned in Article 38 of the Treaty on European Union. It comprises 28 ambassadors from the EU countries and it monitors the international situation in the areas covered by the CFSP and plays a key role in contributions to the definition of policies. The committee also exercises political control and strategic direction of crisis management operations.

²² Charter of the United Nations, Chapter VII, Article 41. United Nations. Available at: <http://www.un.org/en/sections/un-charter/chapter-vii/index.html>

²³ Basic Principles on the Use of Restrictive Measures (Sanctions) 2004. Council doc. 10198/1/04. [online]. Council of the European Union. Available at: <http://register.consilium.europa.eu/doc/srv?l=EN&f=ST%2010198%202004%20REV%201>

Figure 1. Countries targeted by EU sanctions in 2013



Source: Based on the EEAS list of CFSP sanctions in force. Available at: http://eeas.europa.eu/archives/docs/cfsp/sanctions/docs/measures_en.pdf and the legal study *Comment choisir ses mesures restrictives? Guide pratique des sanctions de l'UE* by Charlotte Beaucillon. Available at: <http://www.iss.europa.eu/publications/detail/article/comment-choisir-ses-mesures-restrictives-guide-pratique-des-sanctions-de-lue/>

The second document is Guidelines on Implementation and Evaluation of Restrictive Measures (Sanctions) in the framework of the EU Common Foreign and Security Policy²⁴ with first approval in 2003 and the latest update from 2012. It is called guidelines because the document contains the definitions and directives on how to impose and implement the various type of sanctions and how to measure its effectiveness. It also specifies that a sanction does not have an economic motivation. Though, “*in more specific terms and looking at the experience of the EU, restrictive measures have been adopted to support democracy and human rights, to manage conflicts, to consolidate and assist democratic transitions, to counter the proliferation of weapons of mass destruction and to fight terrorism.*”²⁵ And thirdly, one could consider The EU Best Practices for the Effective Implementation of Restrictive Measures from 2008²⁶, reviewed periodically, as a vital document for explaining how to identify the designated target and how to set an exception.

²⁴ Guidelines on implementation and evaluation of restrictive measures (sanctions) in the framework of the EU Common Foreign and Security Policy. Council doc. 15114/05. [online]. Council of the European Union. Available at: <http://register.consilium.europa.eu/doc/srv?l=EN&f=ST%2015114%202005%20INIT>

²⁵ GIUMELLI, Francesco. *How EU sanctions work: a new narrative*. Paris: Inst. for Security Studies, 2013. ISBN 9789291982257. p. 9 - 10

²⁶ Restrictive Measures: EU Best Practices for the effective implementation

The sanctions are undoubtedly a very significant tool of the EU foreign policy that can be seen as a comparative advantage in the international relations. With 500 million people from 28 member states, the EU represents the biggest economy and trading power in the world which gives the EU a great position to exert collective leverage around the globe. This leverage is comparable with the sanction power of the United States of America and this is probably a strong incentive to favour a collective approach within the EU framework over individual sanctions. There is a disadvantage for a member state in imposing some sanctions alone, the state's business lost by the sanctioning country's economic operators is usually taken over by another country. The EU rarely used sanctions in 1980s but more frequent and systematic use of this instrument was triggered by the Balkans wars in 1990s. Then, the frequency of use fluctuated but with the beginning of 2010, the number of sanctions started to rapidly grow, especially because of the crisis in the Middle East.

For the purpose of this thesis, only one specific part of restrictive measure will be the focus – arms embargo. As the legal framework for the EU sanctions was described above, the Table 1 should support the ground of an exceptional and specific arms embargo against China, which is based only on the European Council declaration. On the other hand, every other EU arms embargo is based on legally binding documents of the CFSP and could be further submit to the revisions. Fundamental element of EU restrictive measures is either an expiry or a review clause, in order to ensure that restrictive measures are repealed or adapted in response to developments. All EU autonomous measures are kept under continual review.²⁷

Table 1. The complete list of the EU arms embargoes as of 12 April 2017

TARGET	ENTRY INTO FORCE	LIFTED	POLICY DOCUMENTS ²⁸
AFGHANISTAN	17 December 1996	26 February 2001	96/746/CFSP
AFGHANISTAN (TALIBAN)	26 February 2001	27 May 2002	2001/154/CFSP

of restrictive measures. 2008. Council doc. 8666/08. Council of the European Union. Available at: <http://register.consilium.europa.eu/doc/srv?l=EN&f=ST%208666%202008%20REV%201>

²⁷ Sanctions or restrictive measures. European Union – EEAS (European External Action Service) [online]. 2008, p. 6

²⁸ The arms embargo issued before the establishment of the EU would be announced by the Declaration first. After the creation of CFSP, all arms embargo except the one against China are integrated into the CFSP by the Council Common Position.

AL-QAEDA, TALIBAN, OSAMA BIN LADEN	27 May 2002		2002/402/CFSP
BELARUS	20 June 2011		2011/357/CFSP
BOSNIA AND HERZEGOVINA	5 July 1991	23 January 2006	96/184/CFSP
CENTRAL AFRICAN REPUBLIC	23 December 2013		2013/798/CFSP
CHINA	27 June 1989		EC declaration
COTE D'IVOIRE	15 November 2004	9 June 2016	2004/852/CFSP
CROATIA	5 July 1991	20 November 2000	96/184/CFSP
DRC (NGF SINCE 2003)	7 April 1993		2002/829/CFSP, 2003/680/CFSP, 2005/440/CFSP
EGYPT	21 August 2013		2011/172/CFSP
ERITREA	15 March 1999	31 May 2001	1999/206/CFSP
ERITREA	1 March 2010		2010/127/CFSP
ETHIOPIA	15 March 1999	31 May 2001	1999/206/CFSP
GUINEA	27 October 2009	14 April 2014	2009/788/CFSP
INDONESIA	17 September 1999	17 January 2000	1999/624/CFSP
IRAN	23 April 2007		2007/246/CFSP
IRAQ (NGF SINCE 2004)	4 August 1990		2003/495/CFSP, 2003/735/CFSP, 2004/553/CFSP
LEBANON (NGF)	15 September 2006		2006/625/CFSP
LIBERIA	7 May 2001	20 June 2016	2001/357/CFSP
LIBYA	27 January 1986	11 October 2004	1999/261/CFSP, 1999/611/CFSP
LIBYA	28 February 2011		2011/137/CFSP
MYANMAR (BURMA)	29 July 1991		1996/635/CFSP, 2001/757/CFSP
NIGERIA	20 November 1995	1 June 1999	95/515/CFSP
NORTH KOREA (DPRK)	22 November 2006		2006/795/CFSP
RUSSIA	31 July 2014		2014/512/CFSP
SIERRA LEONE (NGF)	5 June 1998	29 October 2010	98/409/CFSP
SLOVENIA	5 July 1991	10 August 1998	96/184/CFSP
SOMALIA	10 December 2002		2002/960/CFSP
SOUTH SUDAN	18 July 2011		2011/423/CFSP
SUDAN	15 March 1994		94/165/CFSP
SYRIA	9 May 2011		2011/273/CFSP
UKRAINE	20 February 2014	16 July 2014	2014/386/CFSP
UZBEKISTAN	14 November 2005	31 October 2009	2005/792/CFSP
YEMEN	8 June 2015		EU 2015/878
YUGOSLAVIA (FRY)	5 July 1991	8 October 2001	96/184/CFSP
ZIMBABWE	18 February 2002		2002/145/CFSP

Source: EU Arms embargo archive. Stockholm International Peace Research Institute. 2017. Available at: <https://www.sipri.org/databases/embargoes> ; EU restrictive measures (sanctions) in force, European Commission, 2016. Available at: http://eeas.europa.eu/archives/docs/cfsp/sanctions/docs/measures_en.pdf)

Arms embargoes have some specifics that make them different from other types of sanctions. These specifics are based on two features that are unique to arms embargoes and highly relevant in the EU context. Firstly, in contrast to most other types of

sanctions, arms embargoes are not imposed to inflict economic pain on the targeted actor, but to deny them access to certain products. Secondly, arms industry structures and development have usually been considered important for national security, which suggests that there has always been a political component in regulating or promoting arms trade.²⁹ The arms embargo in place against China is rather a set of EU-wide national arms embargoes because the individual member states developed different interpretations of the embargo (e.g. Sweden prohibited any arms exports to China, on the contrary, France allowed the export of some military equipment or arms). In practice, however, the member states have officially concluded that the removal of the embargo must be done as a common EU-wide action.

²⁹ KREUTZ, Joakim. Reviewing the EU Arms Embargo on China: the Clash between Value and Rationale in the European Security Strategy, p. 46

1.2. International relations theories

In order to understand the incentives in the politics and approach of member states towards EU arms embargo against China, it is possible to use the international relations theories in the context of foreign policy. Realism as well as Neorealism, Marxism and Constructivism. These theories in international relations represent the best way to analyse the foreign policy of the European Union towards China in author's opinion.

Realism

Realism represents a complex theory in the international relations field of study. It has developed during the 20th century because Idealism³⁰ failed in preventing the world wars. Realism tries to describe the world as it is and not as how it should be. The key words are *states, power and anarchy in international political system*. However, it lacks the ideas about integration in common goal or international organisation. That is why it led to the birth of Neorealism after the Second Great Debate – it occurred in 1960s and 1970s. It was a dispute between traditionalism (realism + idealism) and behaviouralism. Behaviouralism insisted on the scientific approach to IR (hard empirical data) and criticized the core assumptions of traditionalism such as “human nature“. The critic was based on a simple question: How can these assumptions be proved? Thus, this debate is not about the ideology or the ideal world but rather about methods. In the end, the traditional theories were strengthened by behaviouralism as more scientific data has been used. Behaviouralism is inspired by natural sciences and calls for the generally valid conclusions.³¹ Neorealists were thus able to see power in a different way. For the classical Realists power was both a means and an end, and rational state behaviour was simply to accumulate a maximum of power. Neorealists found a better guide to IR was provided by assuming that the ultimate state interest was in security, and while gathering power often ensured that, in some cases it merely provoked an arms race. Yet while power was no longer the prime motivator, its

³⁰ Idealism stands for improving the course of international relations by eliminating war, hunger, inequality, tyranny, force, suppression and violence from international relations. To remove these evils is the objective before humankind. Idealism accepts the possibility of creating a world free from these evils by depending upon reason, science and education. The Idealist approach advocates morality as the means for securing the desired objective of making the world an ideal world. It believes that by following morality and moral values in their relations, nations can not only secure their own development, but also can help the world to eliminate war, inequality, despotism, tyranny, violence and force.

³¹ DRULÁK, Petr. Teorie mezinárodních vztahů. P. 54-55, 60-63

distribution was the major factor determining the nature of the structure. According to Realists, every state is entitled to impose economic sanctions on other states in this world because the system is anarchic and states may display the power this way. Even though the realism theories do not concede the EU as an actor because the states would give up their own sovereignty, there is great evidence of realism in Sino-European relations. Both sides show some rational and pragmatism in the relations for the strategic purposes as economics or security. The realistic approach of the EU towards China may be seen in the terms that the former is presenting itself as a guardian of human rights and humanity in the world and the latter is usually criticized of the violation of human rights.³² Nevertheless, the EU's higher importance of trading relations suppress the denunciations of the human rights violation in China. On the other hand, Chinese foreign policy is also not actively fighting against the human rights talks. China prefers good relations with the EU in order to fulfil its goals towards a well-functioning open economy.

Marxism

The second IR theory is Marxism, usually not deemed as a classic theory but rather as different approach to international relations. It draws from thoughts of *Karl Marx* which are based on materialism.³³ Marx viewed the state as a tool of the power to further exploit other actors in the international environment and make itself and its inhabitants economically wealthier. With the social class as a main actor in the international system and its materialistic desires in their reasoning, the foreign policy of a state is driven by economic interest of the owners of labour and production factors and not the politics of state authorities. For them, any place or instance where the economic elites (or the bourgeoisie) are able to either manipulate the working class, use domestic or international political institutions, economic institutions, or laws for their own benefit at the expense of those making the product, is an example of Marxism.³⁴ Thus, the foreign policy of a state or the whole EU is influenced by the companies or even multinational corporations which exploit the social class (workforce) driven by their

³² LAMPE, Kirsten. Human rights in the context of EU foreign policy and enlargement. Baden-Baden: Nomos, 2007. Pp. 263. ISBN - 978-3-8329-2163-7. P. 22

³³ BUECKER, R. Karl Marx's Conception of International Relations. Glendon Papers, 2003, p. 49-58.

³⁴ DAVENPORT, A. Marxism in IR: Condemned to a Realist fate? European Journal of International Relations, Vol. 19, No. 1, 2011, p. 27-48. Available Online: <http://ejt.sagepub.com/content/19/1/27.full.pdf>

economic interests in increasing revenues in spite of the well-being of the social class. As Marxism is against the free market capitalism theory advanced by *Adam Smith*, the restrictive measures against another country that are consistent with the needs of domestic social class are desirable.

There are two factors that may be discussed in the Sino-European relations: human rights and security. As China is commonly considered to violate human rights, the labourers are not so well protected by the worker's security law as, for example the labourers are in the EU. This may explain the lower labour costs in China. The European companies see the opportunity to have cheaper production of their goods, increasing their profit margins, and thus the European working class is forced to lower its wages in order to compete with the cheaper labour cost in China. This results in enormous manipulation and exploitation of working class in European country as well as in China. This may be represented by the lobby of European companies to conclude better economic and trade deals with the Chinese counterparts. According to the principles of Marxism theory, the arms embargo is a justifiable measure towards China in terms of security. There is great lobby by the European producers of weapons or technologies to the state authorities, thus to the foreign policy itself. But the actor, working class, may be threatened by China's possible rise in power if the free arms trade is feasible.

Constructivism

The last theory, Constructivism, belongs in the critical theories of IR. However, it is often criticised for being an uncomplete theory. For the purpose of this paper, Constructivism might correspond to opposite ideas excluding only materialistic reason in actor's behaviour. The key words are *identity, social construct, norms, ideas and change*. In the foreign policy, Constructivism, might be noticed in the identity and ideas of the European Union as human rights, law enforcement and democracy. As the norms are vital term for Constructivists, the role of individual may interfere in this field. It may be assumed that if the state has a very strong leader who is able to form or change some norm, it can influence a whole country. The President *Mikhail Gorbachev* can serve as an example of individual role in changing former Soviet Union's policy and

thus making a new norm.³⁵ Assuming the Chinese leader with the same normative power and will as President Gorbachev was, it can lead to the changes in the discussions of the restrictive measures imposed on China. Or on the contrary, if there is a change in the norms at the EU level, the whole arms embargo might be reconsidered. The possibility of change is essential for Constructivism and the evidence of it in the EU can already be traced to qualitative change from society with primarily economic interests towards other factor – the EU identity.³⁶ This showcases the process of social learning in the EU and thus, the norms are not just some external restrictions of state behaviour but are also projecting into state's identity. However, the identity of the EU is not unanimous. Nearly every member state has its own identity that is not necessarily identical with the EU one, so it might explain the different approaches and arguments of states towards the arms embargo. But at the level of the Sino-European dialogue, the EU identity is widely represented by the effort on enforcing human rights, democracy and law in all EU foreign policy strategies³⁷: EU resolutions and declarations towards China, regular human rights dialogue, support of the Chinese NGOs concerning human rights topic.

From everything mentioned above it can be assumed that the present relations between EU and China show a mixture of elements from all three theories and undoubtedly some other IR theories as well. Even though there are numerous aspects in this relationship that might be explained by mentioned theories, this thesis should examine more deeply the arms embargo as a part of the EU foreign policy so the main focus will lay in this field.

³⁵ WALT, S. International Relations: One World, Many Theories. Foreign Policy, No. 110, 1998, p. 29-46.

³⁶ LAMPE, Kirsten. Human rights in the context of EU foreign policy and enlargement. P. 22

³⁷ JACOBS, D., MAIER, R. European identity: construct, fact and fiction. In: GASTELAAS, M, RUIJTER, A. (eds.) A United Europe. The Quest for a Multifaceted Identity. Pp. 13 – 34. Available at: <http://homepages.ulb.ac.be/~dijacobs/belgacom/europa.pdf>

1.3. The event of 1989

The Tiananmen Square protests of 1989 are commonly known as a forcible government crackdown on the student-led demonstration in Beijing in the night of June 3-4. Although the demonstrations already started in April at the same year and occurred throughout the whole country, the event in Beijing became symbolic and the culmination for the entire movement.

There is a historical development in the country that should be reminded in order to understand the situation at that time and, as well as the subsequent consequences. The Cultural Revolution³⁸ can be considered as a trigger point for major changes in China's society, politics and especially in economy. At that time, the country was deep in poverty and hunger as economic production sank. The Cultural Revolution began to decline in the early 1970s, but the official end was with chairman Mao Zedong's death in 1976. A complete turnover in China came two years later, in 1978, when Deng Xiaoping was asked to become chairman of the National Committee. This position gave him great political power. He initiated several truly needed reforms in order to rebuild the national economy. The aim of the reforms was to decrease the state's role in the agriculture and industries followed by gradual introduction of private forms of companies with support of entrepreneurship. The country opened up to foreign investment and within few decades, China was dramatically transformed. The reforms were meant to bring wealth and prosperity to the population; however, the changes

³⁸ Cultural Revolution, upheaval launched by Chinese Communist Party Chairman Mao Zedong during his last decade in power (1966–76) to renew the spirit of the Chinese Revolution. Fearing that China would develop along the lines of the Soviet model and concerned about his own place in history, Mao threw China's cities into turmoil in a monumental effort to reverse the historic processes underway. He shut down the nation's schools, calling for a massive youth mobilization to take current party leaders to task for their embrace of bourgeois values and lack of revolutionary spirit. In the months that followed, the movement escalated quickly as the students formed paramilitary groups called the Red Guards and attacked and harassed members of China's elderly and intellectual population. A personality cult quickly sprang up around Mao, similar to that which existed for Josef Stalin, with different factions of the movement claiming the true interpretation of Maoist thought. Some 1.5 million people were killed during the Cultural Revolution, and millions of others suffered imprisonment, seizure of property, torture or general humiliation. The Cultural Revolution's short-term effects may have been felt mainly in China's cities, but its long-term effects would impact the entire country for decades to come. Mao's large-scale attack on the party and system he had created would eventually produce a result opposite to what he intended, leading many Chinese to lose faith in their government altogether.

brought some issues as well. The inequality in urban and rural areas, corruption and inflation become a threat to normal life.³⁹

During Mao's era, the intellectuals were suppressed and education was not supported. On the contrary, with Deng in charge, educating China's population became a vital need in order to support the economic reforms. Although the enrolment and new universities' opening increased, the number of graduates was not sufficient to meet the needs of the renewed market demand, especially in the industrial field of study. The job market was still a mixture of newly introduced capitalist principles and the former socialist practices which resulted in nepotism, favouritism, dense bureaucracy and corruption. Even though the Chinese cultural concept *guanxi*⁴⁰ may have played a part in the favouritism, the reasons mentioned above represented the turmoil in Chinese society. Students of social science or humanities started to criticize the politics – socialist ideology. They wanted to reform existing politics model, which in general supported uneven wealth distribution among the Chinese population. The reformists, led by *Hu Yaobang*⁴¹, spoke for political liberalization and plurality that would lead to further positive social and economic development in the country. On the other hand, the conservatives were against reforms as, according to them, it can only prompt more social instability and strengthening the role of state in the economy is desirable.

The students' discontent with the situation in China culminated in 1986 when professor *Fang Lizhi*⁴² returned from a stay in the US and began to speak publically about liberty

³⁹ Zhao, Dingxin. *The Power of Tiananmen*, edited by Dingxin Zhao, University of Chicago Press, 2008. P. 47 – 51

⁴⁰ Fundamentally *guanxi* is about building a network of mutually beneficial relationships which can be used for personal and business purposes. In this sense, *guanxi* is not so much different than the importance of having a strong network when doing business in any country. However, in China, *guanxi* plays a far more important role than it does in the West. While in the other parts of the world, you may be able broker a deal just through formal business meetings; in China it is necessary to spend time getting to know your Chinese counterparts outside the boardroom during tea sessions and dinner banquets. In addition to the time commitment, the depth of relationships developed through *guanxi* can be much deeper than business relationships in the west. For example, it is not uncommon for people who have strong *guanxi* to lend money to one another or to form a group to pursue business opportunities together.

⁴¹ Hu Yaobang (1915 – 1989) was the leader of the Communist Party of China from 1981 to 1987. Hu was responsible for ensuring that the party apparatus carried out the policy directives of China's new leadership. He set about downgrading the party's discredited Maoist ideology and replacing it with a more flexible and pragmatic policy.

⁴² Fang Lizhi (1936 – 2012) was a Chinese astrophysicist and dissident who was held by the Chinese leadership to be partially responsible for the 1989 student rebellion in Tiananmen Square. Fang subsequently conducted research at universities in Great Britain and the United States. His last posting

and human rights. In fact, he indicated the authoritarian political system as the origin of China's poverty and underdevelopment. This idea resonated well in the students' minds, motivating them into organizing protests against the insufficient pace of governmental reforms. On April 15, 1989, Hu Yaobang died of heart attack. His sudden death was the trigger point for the student movement that had been preparing long before Hu's death. The first demonstration started in Beijing at Tiananmen Square, when a few hundreds of teachers and students went there to lay a wreath for Hu. In the span of next few days, more demonstrations followed with demand for more freedom and rights. At that time, the government had already tried to restore order with the help of police.⁴³ The deterioration of the situation began at the date of Hu's funeral, April 22, when three kneeling students from the enormous crowd demanded to have a dialogue with Premier. The governmental officials refused, thus the three students announced the hunger strike. From this point, many students started to organized prodemocracy groups at their universities but their activities were chaotic.

The most radical students were disappointed from the movement in crisis and thought that the government did not have any desire for a genuine dialogue and was only stalling. They decided to go on hunger strike on May 13 in Tiananmen Square. The timing was very convenient because Gorbachev planned a state visit and Chinese government would not want to have striking students at Tiananmen Square.⁴⁴

The government was already losing patience so they admitted the rights for the movement and proclaimed they will truly discuss the issues with students in order to end the hunger strike. Yet, due to impossibility of compromise, the hunger strike went on and even grew into a mass phenomenon – over a million Beijing residents marched in the city centre to express their concern and support to the hunger strikers. Consequently, Premier Li Peng declared martial law on May 19 but the residents and movement supporters blocked the martial law troops. The number of occupants at Tiananmen Square gradually decreased because of the lack of money or due to the facts

before his death was in the physics department at the University of Arizona, Tucson. A collection of his writings and speeches, *Bringing Down the Great Wall: Writings on Science, Culture, and Democracy in China*, was published in 1991.

⁴³ Zhao, Dingxin. *The Power of Tiananmen*, edited by Dingxin Zhao, University of Chicago Press, 2008. P. 150 – 155

⁴⁴ *Ibid*, p. 169 – 172

that the moderate students just became tired and went back home. At that point, the government was already preparing for a military operation. Troops were infiltrating into Beijing disguised as civilians and as their number grew, the skirmishes with residents became frequent.

The fatal night for the whole movement and protests was June 3 – 4. The government officials declared the order for the enforcement of the martial law. The main battlefield was at Tiananmen Square, where students refused to leave their positions till the early morning. There was quite a lot of gunfire and lot of demonstrators were killed. Eventually, the square was seized by army and the rest of the protestant fled. The extremely turbulent events ended on July 5⁴⁵, when the worldwide known picture was taken. The unknown man stood up alone against a column of tanks advancing into the city to try to stop them. He was pulled away eventually, but the picture of him standing alone against tanks got around the world almost immediately. While the China's government were remaining the control over the city, the casualties started to be counted. On June 9, Deng Xiaoping declared that the whole movement was to overthrow the Party and the state and that it was supported by the Western capitalist to destroy the socialist path of the Chinese state. In brief, government stated the official figures of casualties to 200 – 300 (including soldiers) and that no one was killed in Tiananmen Square. Western world was shocked by this statement because the other estimates were about 1.000 fatal casualties.⁴⁶

The aftermath resulted in mass arrests, trials and even executions. Changes in government followed the arrests and trials with replacing the reformist politicians with the conservative ones. Moreover, the relative press freedom in Chinese media struggled right after the June 4. All the reporters who were sympathetic to the students were forced to leave their post and maintaining a tight control with censure became omnipresent. With the imposition of martial law, the foreign media had difficulties with broadcasting due to cut offs on transmission satellites. As consequences, the secret footage and articles were smuggled outside the country. The fragmented reports of armed operations against the peaceful democracy movement received much attention

⁴⁵ Zhao, Dingxin. *The Power of Tiananmen*, edited by Dingxin Zhao, University of Chicago Press, 2008. P. 327 – 329

⁴⁶ Timeline: Tiananmen protests. BBC [online]. 2014

in the global media, and the actions of the Chinese government were widely condemned. Not only the political field was affected by the turbulent times but the economy, in the long run, as well. The budding capitalistic development of 1980s has changed towards a more constrained one with limitation.

As a result, some of the countries in the world took action and imposed restrictive measures against China. For example, on June 5, President Bush had announced the imposition of a package of sanctions on China⁴⁷, to include "suspension of all government-to-government sales and commercial exports of weapons,"⁴⁸ and the "suspension of visits between U.S. and Chinese military leaders." Australia imposed an arms embargo as well, even though it was lifted three years later.⁴⁹ And last but not least, the EU or back then, the twelve member states of EEC issued the Declaration on China⁵⁰.

⁴⁷ Department of State, Suspension of munition exports to PRC. Available at: <https://www.pmddtc.state.gov/FR/1989/54FR24539.pdf> and Amendments to the International Traffic in Arms Regulation, available at: <https://www.pmddtc.state.gov/FR/1993/58FR39280.pdf>

⁴⁸ Action reportedly affects \$600 million in government-to-government contracts, perhaps another \$100 million in commercial sales, including more than 300 items on munitions control list, three communications satellites, navigational equipment on Boeing 757-200 jets. In addition, Bush offers to extend visas of Chinese students in US, orders review of existing bilateral arrangements.

⁴⁹ ATKINSON, Joel. Australia and Taiwan: bilateral relations, China, the United States, and the South Pacific [online]. Leiden: Brill, 2013, p. 86

⁵⁰ Annex 1

1.4. Timeline of the Arms embargo evolution

In response to the violent events of June 1989 at Tiananmen Square, the EU Council imposed a political and economic sanctions package on China. The matter of fact was discussed on June 26 – 27 in Madrid. The *Declaration on China*⁵¹ condemned the use of brutal force and expressed dismay at the ongoing executions. Moreover, The EU Council requested China to respect its inhabitants' democratic rights and especially to stop violating human rights. It was recommended by the Council to adopt 6 measures against China:

1. Protect the human rights and allow international observers at the trials
2. Interruption of military cooperation and arms trade between Member states of Community and China
3. Suspension of bilateral ministerial and high level contacts
4. Postponement of new cooperation projects
5. Reduction of current cooperation projects in science, education etc.
6. Prolongation of visas for Chinese studying abroad⁵²

But there was neither clarification of the meaning of the term “military cooperation” nor a list of weapons that conforms to the “trade in arms”. Therefore, there is no wonder that especially the arms embargo was, and still is, interpreted differently by the Member states.⁵³ Taking into consideration that the EU did not exist yet then, the Member states of the Community were not obliged to adopt and implement the very same measures due to the vague formulation of the Declaration on China. Moreover, at that time, there was no law framework neither the jurisdiction to force Member states into jointly implementation of the embargo. It lacked any superior organ responsible for the control of the Member states over their embargo introduction into force. Up till now, the declaration is the sole base for the arms embargo against China and it is an exception after the creation of CFSP because it has no binding power. It was an autonomous decision along with some other nations, e.g. the US, not a sanction imposed by the UN first.

⁵¹ Appendix 1

⁵² Ibid

⁵³ TANG, Shao Cheng. The EU's policy towards China and the arms embargo. *Asia Europe Journal* [online]. 2005, p. 317 - 320

To highlight the ambiguity of the China's embargo, the case of Burma/Myanmar from 1996⁵⁴ can be set as an example. From the same reasons – violation of human rights and democracy, the EU imposed an embargo. The policy document, the Common Position 96/635/CFSP, states that “the aforementioned embargo covers weapons designed to kill and their ammunition, weapon platforms, non-weapon platforms and ancillary equipment. The embargo also covers spare parts, repairs, maintenance and transfer of military technology.” Later, the Council Regulation No 1081/2000 provided the detailed list of all the mentioned weapons and material banned. In response to the political developments in Burma in April 2013 the EU lifted all sanctions against Burma, except for the arms embargo, which was extended until 30 April 2014. The arms embargo has been extended annually. It is currently in force until 30 April 2017. This represents the usual case of arms embargo that EU imposes. There are no further exceptions or review clauses neither the expiry date in the declaration on China.

Nearly ten years after the Declaration on China was issued, the EU adopted the Code of Conduct on Arms Exports in 1989 (Code of Conduct hereafter). It covers the common criteria on arms export in general but it also affected the Sino-European arms trade. The Code of Conduct laid down eight criteria against which Member States assess applications - these include respect for human rights in the applicant country and threats to peace by it - to export military equipment.

Criteria 1: respect for the international commitments of EU member states, in particular the sanctions decreed by the UN Security Council and those decreed by the Community, agreements on non-proliferation and other subjects, as well as other international obligations

Criteria 2: respect of human rights in the country of final destination

⁵⁴ The Common Position explains the reasons for the imposed embargo as follow: The European Union is concerned at the absence of progress towards democratisation and at the continuing violation of human rights in Burma/Myanmar. It deplores, in particular, the practice of torture, summary and arbitrary executions, forced labour, abuse of women, political arrests, forced displacement of the population and restrictions on the fundamental rights of freedom of speech, movement and assembly. It condemns the detentions in May and September 1996 of members and supporters of the National League for Democracy (NLD). It calls for the immediate and unconditional release of all detained political prisoners. The NLD and other legitimate political parties, including those from ethnic minorities, should be allowed to pursue freely their normal activities. It calls on the Slorc to enter into meaningful dialogue with pro-democracy groups with a view to bringing about national reconciliation.

- Criteria 3:* internal situation in the country of final destination, as a function of the existence of tensions or armed conflicts
- Criteria 4:* preservation of regional peace, security and stability
- Criteria 5:* national security of the member states and of territories whose external relations are the responsibility of a Member State, as well as that of friendly and allied countries
- Criteria 6:* behaviour of the buyer country with regard to the international community, in particular its attitude to terrorism, the nature of its alliances and respect for international law
- Criteria 7:* existence of a risk that the equipment will be diverted within the buyer country or re-exported under undesirable conditions
- Criteria 8:* compatibility of the arms exports with the technical and economic capacity of the recipient country, taking into account the desirability that states should achieve their legitimate needs of security and defence with the least diversion for armaments of human and economic resources.⁵⁵

The performance of the Member states against the Code of Conduct's criteria is reviewed by the EU on annual basis. The Code of Conduct itself is regularly revised and there are also annual reports issued on the granting of export licenses to any country for military related technologies.⁵⁶ Especially the criteria number 2 was supposedly applicable to the Chinese case, however despite the ambitious language of the Code of Conduct, it is mainly concerned with the administration and reporting of export licences and it only suggests possible trade restrictions in very vague terms.

Very soon after the EC Declaration in 1989, five out of six imposed measures were lifted. Clearly, the only one remaining is the arms trade. Apart from stopping the flow of weapons, the only other purpose for applying an arms embargo is to impress upon the target state the seriousness with which the enforcing state or states view the actions that provoked the embargo. This aim involves the vilification of the target state in the

⁵⁵ EU Code of Conduct on Arms Exports; doc. 8675/2/98 [online]. Pp. 1 - 11. Official Journal of the European Union. 2008. Available at: <http://www.consilium.europa.eu/uedocs/cmsUpload/08675r2en8.pdf>

⁵⁶ see for example, Seventeenth annual report according to Article 8(2) of Council Common Position 2008/944/CFSP defining common rules governing control of exports of military technology and equipment (2016/C 163/01); available at: https://eeas.europa.eu/sites/eeas/files/17th_annual_report_on_arms_exports.pdf

eyes of the international community and is meant to be both punitive and deterrent in effect.⁵⁷ The most important element of an effective arms embargo should be clarity on the link between the embargo and a desired outcome within an identified period of time. The aforementioned point represents the discrepancy in arms embargo against China even with the Code of Conduct and CFSP in place.

Meanwhile the relationship between the EU and China had been strengthening due to the necessity of the economic ties the EU member states had. In 1995, the European Commission clearly stated in its *Long-term policy for China-Europe Relations*⁵⁸ that close relations should be further pursued especially for economic reasons but the EU commitment to promote universality of human rights and to improve the human rights in China in an active way is still dominant. Later that year, as a response, China agreed to have EU-China Dialogue on Human Rights⁵⁹ that is held twice a year and is still active and vital part of the bilateral relations till today. Since the end of the 1990s, China have repeatedly made attempts to get the arms embargo lifted. High representatives of Chinese government often spoke about it in the bilateral meetings or mentioned it at the international forums. Lifting the embargo should help improve the relations and economic cooperation.

However, it was not until 2003, when it came first for the EU to reconsider the lifting of the embargo. As in that year, an EU-China comprehensive strategic partnership was launched, the Chinese, as an important and strategic partner to the EU, expressed that they should not be subjected to the embarrassment of being officially classified as similar to the group of countries subjected to EU embargoes (e.g. meaning the countries where a civil war was). The following year, the EU was debating whether to lift or not the embargo. China argued that the business relations should not be linked with the politics and even amended its Constitutional Law so that the respect and the protection of human rights became the official pledge. Nevertheless, the EU did not recognize that

⁵⁷ AUSTIN, Greg. The 1989 China arms ban: putting Europe's position to Congress. p. 3 – 4

⁵⁸ Long-term policy for China-Europe Relations, Commission of the European Union. EEAS (European External Action Service) [online]. 1995. Pp. 1 – 31. Available at: http://www.eeas.europa.eu/archives/docs/china/docs/com95_279_en.pdf

⁵⁹ EU-China Dialogue on Human Rights. European Union - EEAS (European External Action Service) [online]. Available at: http://eeas.europa.eu/archives/delegations/china/eu_china/political_relations/humain_rights_dialogue/index_en.htm

effort but in 2004, some of the EU leaders announced their support for lifting the embargo. Most vocally German Chancellor Gerhard Schroeder and French President Jacques Chirac. At the December 2004 meeting of EU heads of state and government in Brussels, EU leaders reaffirmed the political will to continue to work towards lifting arms embargo and invited the next Presidency to finalise the well-advanced work in order to allow for a decision⁶⁰. It seemed that the embargo would be lifted in the first half of 2005.

One vocal opponent to the proposition of lifting the embargo, however, was the US. The US Congress urged the EU not to lift the embargo, which would increase the flow in weapons to China.⁶¹ The reasoning behind the US concern of increase in EU-China arms trade was the evolution of previous years. Between 2002 and 2003, the EU almost doubled the approvals for arms sales to China. The EU's annual report on arms exports show the value of licences to sell arms to China totalled €416m in 2003⁶² against €210m for 2002⁶³. These figures raised questions about the 25-nation bloc's insistence that it has no intention of increasing sales once it lifts the embargo on Beijing. The pressure from US worked quite well in the end and the EU finally decided not to lift the arms embargo. The officially stated reason was the new Anti-secession law that China had introduced. On March 14, 2005, China adopted its Anti-Secession Law⁶⁴, declaring in Article 8 that: *“If the separatist forces of “Taiwan independence” use any name or any means to cause the fact of Taiwan’s separation from China, or a major incident occurs that would lead to Taiwan’s separation from China, or the possibilities of peaceful unification are completely exhausted, the country may adopt non-peaceful means and other necessary measures to safeguard national sovereignty and territorial integrity.”* This development resulted in decrease in the number of embargo removal supporters.

⁶⁰ Presidency Conclusions 2004, doc. 16238/1/04. Council of the European Union. 2004. Pp. 1 – 28. Available at:

<http://data.consilium.europa.eu/doc/document/ST-16238-2004-REV-1/en/pdf>

⁶¹ SIPRI yearbook 2005: armaments, disarmament and international security, p.441

⁶² Fifth Annual Report According To Operative Provision 8 Of The European Code Of Conduct On Arms Exports. Doc. 2003/C 320/01. European Union - EEAS (European External Action Service) [online]. 2003. Pp. 1 – 41. Available at: https://eeas.europa.eu/sites/eeas/files/5_annual_report_en.pdf

⁶³ Fourth Annual Report According To Operative Provision 8 Of The European Code Of Conduct On Arms Exports. Doc. 2002/C 319/01. European Union - EEAS (European External Action Service) [online]. 2002. Pp. 1 – 45. Available at: https://eeas.europa.eu/sites/eeas/files/4_annual_report_en.pdf

⁶⁴ Anti-secession Law. Available at: <http://www.china-embassy.org/eng/zt/999999999/t187406.htm>

In April 2005, the European Parliament, by 431 votes in favour to 85 votes against, decided not to support a lifting. Moreover, the Parliament called for the Council of the European Union to adopt a binding Code of Conduct on Arms Exports.⁶⁵

The issue of the arms embargo was brought up to the light again in 2008. The Council of the EU start debating on transforming the EU Code of Conduct on Arms Exports into a legally binding Common Position. In the end of the year, the Council reached an agreement and adopted the Common Position on arms export.⁶⁶ The content of the Position is somewhat the same as the Code of Conduct with the eight criteria but it is now legally binding thus it should be introduced into the national legislation of each member state. Since then, there has not been any official debates on the issue of lifting embargo. The arms embargo on China does not cover a large proportion of sensitive items which are, on the contrary, covered by the Dual Use Regulation. This is a legally binding instrument directly applicable in EU Member States. It sets out all the requirements which need to be met and the procedures to be followed for the granting of an export license.

⁶⁵ HELLSTROM, Jerker. The EU Arms Embargo on China: a Swedish Perspective, p. 18

⁶⁶ Council Common Position 2008/944/CFSP of 8 December 2008, Available at: <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2008:335:0099:0103:en:PDF>

2. Sino-European relations

EU-China relations apparently overcame the obstacle of Tiananmen relatively quickly. The rise of China – which the EU has sought to influence in a positive direction – coincided with the EU's enlargement and the need of the Chinese market. From the policy documentation, it is apparent that, within the EU, there was a desire for the EU to be more proactive in its engagement with China, which would serve to underpin the EU's new international role. It would seem that the case for lifting the embargo was a consequence of not only developments in EU-China relations – arguably at their best since the Tiananmen crackdown– but also China's growing influence in international affairs, the perceived importance of China by the EU collectively, and the importance ascribed to recognition as a credible international actor by the EU. The embargo stood as an obstacle to fostering closer relations through new strategic partnership.⁶⁷

On the military side, China's defence-related ties with individual European countries have likewise increased, and largely involve “sifter” interactions, including military-to-military diplomacy and educational exchanges, peacekeeping training, port visits, some joint military exercises, and expanded military attaché offices to manage this growing aspect of diplomacy between China and Europe. Most of the EU member states have one military representative in Beijing; France has three, Germany, Italy, Poland, and the United Kingdom have two (by comparison, the United States has 12). China and individual member states such as France, Germany, and the UK have established regularized strategic consultations and security dialogues, including counterterrorism discussions.⁶⁸

⁶⁷ Brown, S. A. W. Anything But Arms? Perceptions, the European Union and the Arms Embargo on China, *Journal of Contemporary European Research*. 2011. p. 30 - 32

⁶⁸ Testimony before the Committee on Foreign Relations, United States Senate ‘Lifting of the EU Arms Embargo on China’, 16 March 2005, A Statement by Bates Gill, Freeman Chair in China Studies, p. 2

2.1. Military and arms trade with China

As it was described above, the arms embargo on China is widely seen as a political punishment rather than a clear coercive measure due to its vague and unspecific narrative nature. The question however, is whether the embargo has any implications or consequences to the actual arms and military trade between the EU member states and China. As of the first half of 2017, the EU is the most important trading partner to China and China occupies the second place, right after the US, for the EU.⁶⁹ Thus, the examination of how much of the volume traded consist of military technique and arms related technologies should follow.

In the 1980s, China enormously benefited from military trade and transfers with the Western states because the upgrade of its technological capabilities was needed. After the incident of the Tiananmen Square, China was cut off from the transfer due to the embargos and thus turned to Russia, Ukraine and Israel for importing the advanced technologies. Moreover, in the mid 1990s, China considerably increased the defence budget and this trend continue till today (see the Figure 3). At the same time, the arms import from Russia, Ukraine and Israel have been reduced because China progressed in research and development to become self-reliant, but the import have not stopped completely.

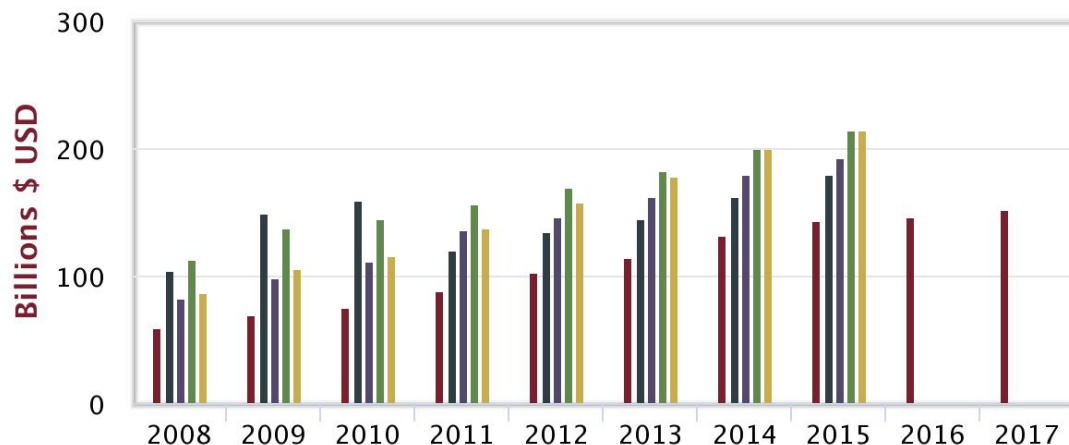
Due to the lack of transparency in the Chinese budgeting and several sources, giving different estimations, it is clearly impossible to state the precise amount spend by China on the various part of the military equipment and technologies imported, manufactured or exported. While Chinese military spending has grown, the spending as a percentage of GDP remained approximately 2 % during the period from 2001 to 2015⁷⁰. Compared to the biggest defence spender, the US, China would have to increase the nominal expenditure more than two and half times to equal the US. The official Chinese statement about the military spending budget gives three main reasons for the great increase in the budget volume in the last decade. First, increasing the salaries and

⁶⁹ Trade section. Delegation of the European Union to China. European Union – EEAS (European External Action Service) [online]. Available at: https://eeas.europa.eu/delegations/china/15394/china-and-eu_en#Trade

⁷⁰ What does China really spend on its military? CSIS: Centre for Strategic & International Studies [online]. 2017 Available at: <http://chinapower.csis.org/military-spending/#chartMoreInfo>

benefits of servicemen, second, the rise of the prices of food, building materials, fuel, etc., as well as servicemen education and trainings. And thirdly, China has augmented the input into military informationization and moderately increased the funds for equipment and supporting facilities, so as to raise the defence capabilities in conditions of informationization.⁷¹

Figure 2. China's Defence Budget from 2008 to 2017 in Billions USD



Source

(Click to hide)

● Official Chinese defense budget
 ● Department of Defense
 ● IISS
 ● SIPRI constant 2014 dollars
 ● SIPRI current year dollars

Source: CSIS China Power Project, Official figures released by the Chinese government, IISS, SIPRI.
<http://chinapower.csis.org/military-spending/#chartMoreInfo>

Also, China became one of the major exporter of arms itself. According to SIPRI Arms Transfer Database, China was ranked in the fifth position in the years 2009 – 2015.⁷² However, in the same period, China occupied the third rank of recipients in arms transfers. It suggests that China is still not self-reliant in spite of its effort in increasing military budget. Also, some of the Chinese companies exporting arms are already large enough to rank in the top 100 arms-producing and military serving companies however, it is impossible to put them on the list because of the lack of comparable and sufficiently accurate data.⁷³

⁷¹ Defence expenditure, Ministry of National Defence of the PRC, available at: <http://eng.mod.gov.cn/Database/Expenditure/index.htm#>

⁷² For more information, see <http://www.sipri.org/databases/armstransfers/background>

⁷³ FLEURANT, Aude, Sam PERLO-FREEMAN, Pieter D. WEZEMAN, Siemon T. WEZEMAN a Noel KELLY. *THE SIPRI TOP 100 ARMS-PRODUCING AND MILITARY SERVICES COMPANIES, 2015* [online]. 2016.

As may be seen from the Table 2, the selected EU countries provide transparent data from their arms export licences. However, not every country provides the necessary data to the EU bodies thus the statistic is incomplete. The data below are available thanks to the Common Position 2008/944/CFSP, which replaced the Code of Conduct on Arms Export, discussed in the previous section. The author selected only the data of the arms export to mainland China for the purpose of this thesis. It is visible that the key exporters are France, Germany and United Kingdom. Nevertheless, other member states such as Czech Republic, Slovakia, Netherlands, Italy, etc. also export arms to China as well. The Table 2 should show the value of the arms trade for the nations and few trends could be visible even from this five years' period. In the case of Czech Republic, the number of issued licences is quite steady meanwhile the value of it is growing significantly. On the other hand, number of French issued licences is dropping without the clear correlation with its value – there is no clear trend either of decrease in value nor of increase. Due to the arms embargo, most of these figures are from the most modern technologies as:

- jet aircraft propulsion, avionics, and fire control systems;
- naval weapons systems, including air defence, weapons guidance and fire control, and radars, as well as submarine technologies;
- naval propulsion systems and stealth technologies;
- information technology and communications infrastructure improvements, especially those applicable to more sophisticated, hardened, and secure command and control infrastructure for military purposes;
- aerospace technologies to include satellite imagery, reconnaissance, remote sensing, and communications.⁷⁴

Moreover, the Common Position defines the scope of the goods controlled. The list covers 22 categories of arms⁷⁵, munition, military equipment and technologies, which is in line with the *Wassenaar Arrangement*⁷⁶ and is regularly updated.

⁷⁴ Testimony before the Committee on Foreign Relations, United States Senate 'Lifting of the EU Arms Embargo on China', 16 March 2005, A Statement by Bates Gill, Freeman Chair in China Studies, p. 6

⁷⁵ Common military list of the European Union, doc. 2012/C 85/0. Official Journal of the European Union. Pp. 1 – 36. Available at: <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:C:2012:085:0001:0036:EN:PDF>

⁷⁶ The Wassenaar Arrangement is a voluntary export controls regime for conventional arms and dual-use items. It has been established in order to contribute to regional and international security and

Table 2. Statistic of approved arms export from selected EU countries to China in 2009 till 2014

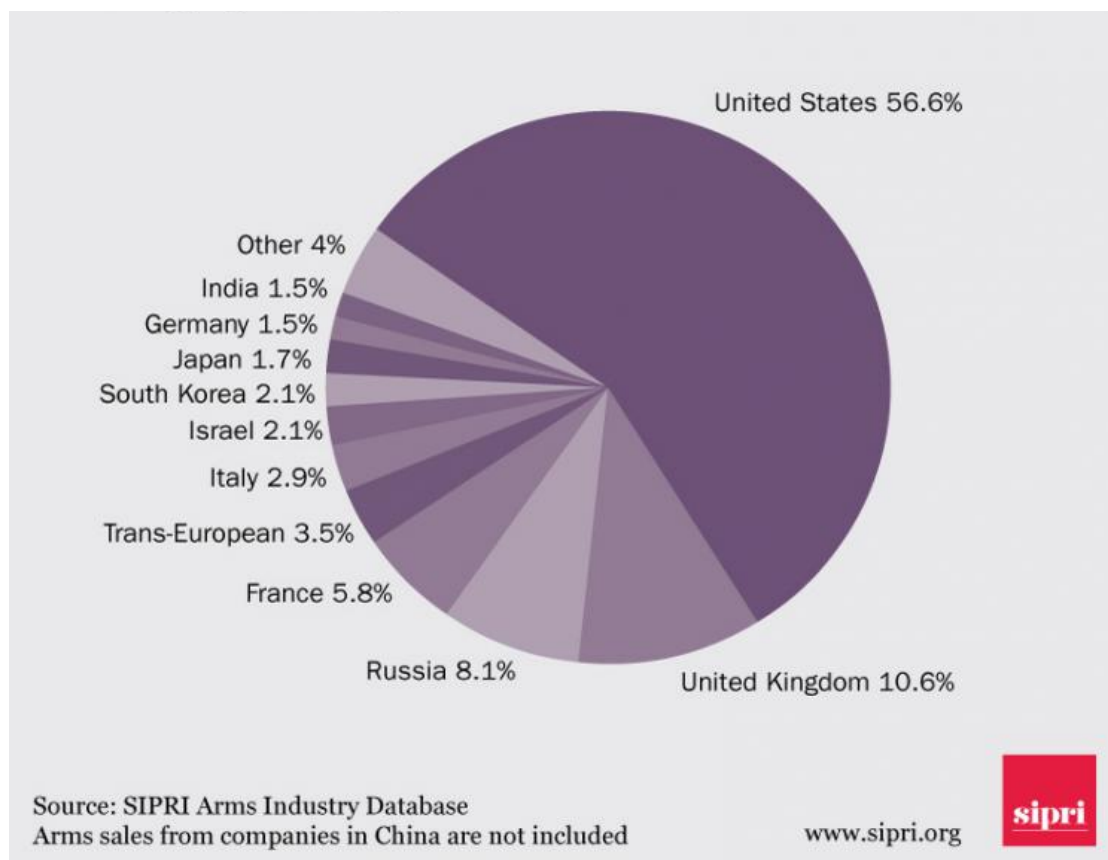
CZECH REPUBLIC	NUMBER OF LICENCES ISSUED	LICENCES VALUE IN €	ARMS TRADE VALUE IN €
2009	5	819 402	44 018
2010	6	835 497	921 336
2011	5	204 331	383 135
2012	4	925 544	781 751
2013	6	2 337 587	792 644
2014	5	7 729 942	1 953 012
FRANCE	Number of licences issued	Licences value in €	Arms trade value in €
2009	169	198 706 376	43 219 751
2010	163	196 329 666	68 403 408
2011	180	283 674 464	65 535 164
2012	172	147 184 451	104 800 942
2013	151	164 430 085	118 088 722
2014	110	260 732 857	114 830 000
GERMANY	Number of licences issued	Licences value in €	Arms trade value in €
2009	16	113 563	n.a.
2010	21	1 645 071	n.a.
2011	23	20 297 625	n.a.
2012	33	5 757 715	n.a.
2013	38	16 977 662	n.a.
2014	24	2 337 709	n.a.
UNITED KINGDOM	Number of licences issued	Licences value in €	Arms trade value in €
2009	215	6 978 535	n.a.
2010	349	18 026 759	n.a.
2011	130	20 331 758	n.a.
2012	101	19 553 801	n.a.
2013	87	74 777 645	n.a.
2014	124	10 582 253	n.a.

Source: Statistical data on licensed arms export of the EU member states according to the Common Position 2008/944/CFSP (annual reports according to article 8(2) of council common position 2008/944/CFSP defining common rules governing control of exports of military technology and equipment; see e.g. Twelve annual report: https://eeas.europa.eu/sites/eeas/files/12_annual_report_en.pdf)

stability, by promoting transparency and greater responsibility in transfers of conventional arms and dual-use goods and technologies, thus preventing destabilising accumulations. Participating States seek, through their national policies, to ensure that transfers of these items do not contribute to the development or enhancement of military capabilities which undermine these goals, and are not diverted to support such capabilities. The aim is also to prevent the acquisition of these items by terrorists. The Participating States of the Wassenaar Arrangement are: Argentina, Australia, Austria, Belgium, Bulgaria, Canada, Croatia, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Japan, Latvia, Lithuania, Luxembourg, Malta, Mexico, Netherlands, New Zealand, Norway, Poland, Portugal, Republic of Korea, Romania, Russian Federation, Slovakia, Slovenia, South Africa, Spain, Sweden, Switzerland, Turkey, Ukraine, United Kingdom and United States.

It is assumedly clear that the essential actors in the arms trade are the producer companies. SIPRI is issuing the list of top worldwide 100 companies producing arms, which may be helpful to showcase how important are the European companies in this sector. The data are collected based on the companies' headquarters so their figures are part of the states' arms sales. However, as mentioned previously, the companies from China are not included in this list due to the lack of data. The chart in the Figure 5 shows that United Kingdom, France, Italy and Germany have the largest shares of arms sales among the European countries in total. This may explain their interests in the topic of lifting the arms embargo on China. Based on the Figure 2 showing the share of worldwide sales, China might be a great market for the European companies as it is in other sectors.

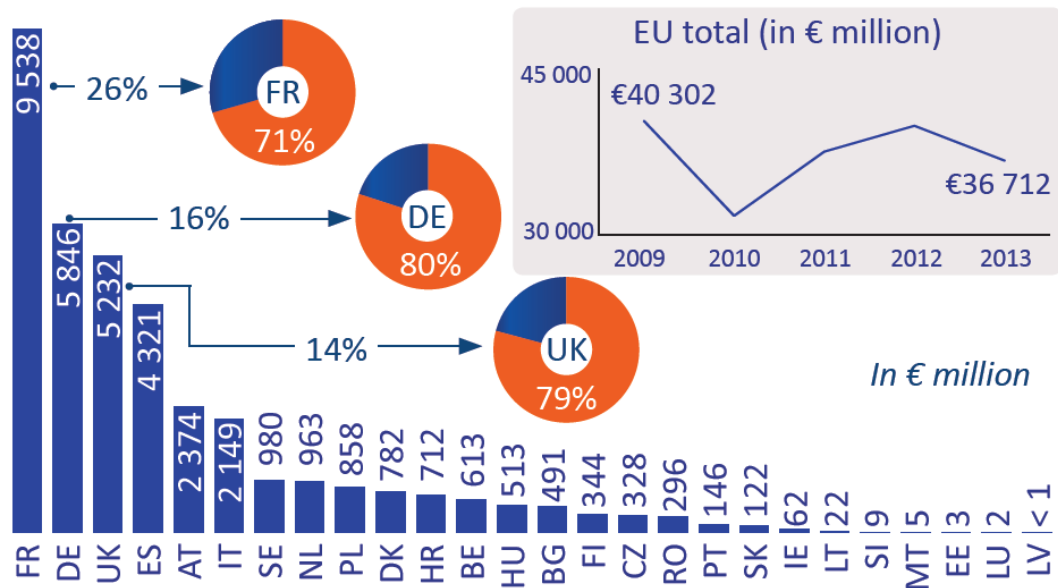
Figure 3. Share of arms' sales from companies in the SIPRI Top 100, 2015, by country



Source: SIPRI Arms Industry Database, the SIPRI Top 100 for 2015
<https://www.sipri.org/research/armament-and-disarmament/arms-transfers-and-military-spending/arms-production>

Considering Figure 2 and 3 with Table 2 presented in this chapter, it is more than evident that the official arms trade from European countries to China under the conditions of the Common Position is quite minimal. The United Kingdom has the biggest shares of arms export in total among the European countries however, considering the figures, it is crystal clear that the value of licenced export to China represented 0,02 % in 2013 of the arms exported outside Europe. This means that China is definitely not one of the top arms export destination for the UK. France is the second EU country of largest arms' sales share in general. From the data of 2013, it sums roughly up to 2,5 % of licenced export to Chine from UK total non-Europe trade. Finally, German estimate is only around 0,4 % of its outside Europe arms export to China with the licenced deals. Naturally, all the figures mentioned here are in line with the conditions of the Arms embargo on China. The figures do not include other technologies or arms, which might be considered by other methodology than the SIPRI one and, of course, they do not include the dual-use technology.

Figure 4. EU Member States' arms exports in 2013⁷⁷



Source: Carmen-Cristina Cîrlig - EU Rules On Control Of Arms Exports, European Parliament Research Blog; <https://epthinktank.eu/2015/12/14/eu-rules-on-control-of-arms-exports/>

⁷⁷ The orange and blue pie charts in the Figure 3 represent the percentage of state arms export outside of the EU market from their total arms export

There is not only the EU arms export control but countries have their own national control system. Germany's export control system is rooted in Article 26(2) of the German Constitution, which states that "*weapons designed for warfare may be manufactured, transported, or marketed only with the permission of the Federal Government*"⁷⁸ This requirement is implemented through federal laws namely the 1990 War Weapons Control Act and the 2013 Foreign Trade and Payments Act, in combination with the 2013 Foreign Trade and Payments Ordinance. The War Weapons Control Act requires a German Government licence for all aspects of weapons of war, including production, acquisition, licencing, trafficking and brokering. It includes a Weapons of War List containing 62 items. This list is also included in the Export List⁷⁹, which is drafted according to the munitions list of the Wassenaar Arrangement. Part I of the Export List details weapons, ammunition and other defence materials, and nationally registered dual-use goods. These nationally registered dual-use goods are controlled in addition to those listed on the EU control list. While weapons of war require an export licence in line with both the War Weapons Control Act and the Foreign Trade and Payments Act, other defence materials and dual-use goods only require an export licence according to the Foreign Trade and Payments Act.⁸⁰

The central piece of legislation for the UK's controls on exports of military goods and dual-use items is the Export Control Order 2008, which came into force on 6 April 2009. It sets out licensing policy for military goods and dual-use items, while the UK's Military List and Dual-Use List define controlled items. Both lists incorporate all items in the Wassenaar Arrangement and EU control lists.⁸¹ The Export Control Organisation (ECO) within the British Department for Business Innovation and Skills (BIS) is responsible for issuing and refusing licenses for the export of military goods and dual

⁷⁸ Basic Law for the Federal Republic of Germany. Last amended in 2014. P. 30. Available at: <https://www.btg-bestellservice.de/pdf/80201000.pdf>

⁷⁹ German Export List - Liste für Waffen, Munition und Rüstungsmaterial. Bundesministerium für Wirtschaft und Energie. Pp. 1 – 31. Available at: http://www.bafa.de/SharedDocs/Downloads/DE/Aussenwirtschaft/afk_gueterlisten_ausfuhrliste_abschnitt_a.pdf?__blob=publicationFile&v=3

⁸⁰ BRAÜNER, Oliver, Mark BROMLEY and Matchieu DUCHÂTEL. Western Arms Exports to China [online]. Sweden: SIPRI Policy Paper No. 43, 2015. ISBN 978–91–85114–87–0. P. 25

⁸¹ British Government, United Kingdom Strategic Export Controls Annual Report 2012. The Stationary Office: London. 2013. P. 39. Available at: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/212251/Strategic_Exports_AR_2012_NO_SIG.pdf

use items. All licences are assessed against the Consolidated EU Criteria.⁸² Licenses for exports to China are assessed against Criteria 1 (international commitments) in order to determine whether the goods should be subject to the EU arms embargo. In addition, all licences are assessed on a case-by-case basis against the remaining seven criteria. Concerns about the risk of diversion (Criteria 7) appear to be particularly important for the British Government when assessing licences for exports to China. In 2011, the UK rejected 16 of 24 requests for export licences for China, partly because of concerns about the risk of diversion.⁸³ These concerns relate either to the risk that the items will be re-transferred within China or that they will be re-exported to another state. Nonetheless, according to one British Government official, China is not seen as a ‘special case’ with regards to the risks of diversion and no specific controls are in place for assessing export licence applications to China.⁸⁴

The legislation for France’s controls on exports of military goods and dual-use items consolidated in the Defence Code is complemented by numerous administrative regulations. The French Prime Minister’s office is responsible for issuing and denying licenses for the export of military goods. The French Ministry of Foreign Affairs (MFA), the French MOD and the Ministry of Economy, Finances and Industry hold ‘deliberative powers’ within the commission—that is, they can provide advice to the Prime Minister after consulting with other government agencies including the Cabinet, the Ministry of the Interior and the Ministry of Education, intelligence agencies and representatives from the Presidential Office’s Military Staff. In cases where a consensus is not reached, the Prime Minister’s office has the ultimate decision-making power.⁸⁵ France’s view on exports of defence products to China is shaped by regional security dynamics in East Asia. Instead of advocating greater defence cooperation with China, the French Government seems to have prioritized support for domestic arms companies seeking market access in Asian countries other than China.

⁸² Ibid, p. 42

⁸³ British Parliament, House of Commons, Committees on Arms Export Controls (CAEC), First Joint Report. 2011. Annex 2. Available at: <https://www.publications.parliament.uk/pa/cm201011/cmselect/cmquad/686/68602.htm>

⁸⁴ BRAÜNER, Oliver, Mark BROMLEY and Matchieu DUCHÂTEL. Western Arms Exports to China [online]. P. 33

⁸⁵ Ibid, p. 20

2.2. Political Implications

Right after the imposition of the arms embargo, the European one remained a highly controversial issue within Europe. While other countries like Japan and Australia had been willing to lift their ban on arms sales to China in early 1990s, the problem in Europe was that the embargo was enacted before the 1992 Maastricht Treaty came into force. At that time, the EU had not yet been established and its CFSP mechanism did not yet exist. Therefore, the embargo formally presented a “political declaration” without any direct legally binding effect. Consequently, EU member states have developed different interpretations of the scope of the arms embargo: Some member states, for example, Sweden, maintain a very strict interpretation that prohibits any arms exports to China (and, as a result of the one-China policy, also to Taiwan)⁸⁶. Other member states allow the export of certain categories of military and dual-use technologies to China, for example, France (“non-lethal systems,” e.g., naval and aircraft electronics and radar systems), Germany (only diesel engines for naval platforms), and the UK (embargo only includes “lethal weapons that are likely to be used for internal repression”).

The German Government follows a strict interpretation of the EU arms embargo on China that covers all items contained in Part I of the Export List—that is, weapons, ammunition and other defence materials (e.g. telescopes and military trucks). German officials therefore see Germany as being at the restrictive end of the spectrum compared to other EU member states. Germany does not interpret the EU arms embargo on China as being covered by the catch-all provision of the EU Dual-use Regulation. This includes the individual intervention clause, whereby the transfer of an unlisted item can in principle be refused if there is an agreement between the Economic, Foreign Affairs and Finance Ministries.⁸⁷

Prior to the visit of French Defence Minister Charles Millon to China in April 1997, the Chinese Foreign Ministry spokesman Shen Guofang stated that the EU arms

⁸⁶ BRÄUNER, Oliver. Beyond the Arms Embargo: EU Transfers of Defense and Dual-Use Technologies to China. *Journal of East Asian Studies* [online]. 2013, vol. 13, no. 3, p. 457-482,543. ISSN 15982408. P. 460

⁸⁷ BRAÜNER, Oliver, Mark BROMLEY and Matchieu DUCHÂTEL. Western Arms Exports to China [online]. P. 25

embargo reflected an "incorrect attitude" among EU states and said, "we hope the European Union will lift all its unreasonable criticisms of the Chinese government." Shen continued with regard to France: *"I believe relations between the two militaries are an important part of our bilateral relations. In the future, there will be increased cooperation between the two countries in all fields."* In response, the French Defence Minister stated that in respect of the EU embargo, 'there is no question of going back on the decision about the arms trade'. However, this did not mean that no forms of military cooperation between France and China were possible.⁸⁸

While the UK interpretation in 1995 of the arms embargo against China were the following: "Since 7 June 1995, the United Kingdom has enforced an embargo on the sale to China of 'weapons, and equipment which could be used for internal repression'. The EU introduced a ban on arms sales to China on 26 June 1989 but the scope of that ban has, in the absence of agreement on a common interpretation, been left for national interpretation. In the interests of clarity, we have decided that hence forward the embargo will include:

- lethal weapons such as machine guns, large calibre weapons, bombs, torpedoes, rockets and missiles;
- specially designed components of the above, and ammunition;
- military aircraft and helicopters, vessels of war, armoured fighting vehicles and other such weapons platforms;
- any equipment which is likely to be used for internal repression.

All applications will be considered on a case-by-case basis in the light of these criteria as well as our usual criteria governing all defence exports."⁸⁹

The debate in early 2000s

The first and official request to lift the EU embargo came from the Chinese officials in 2000. This demand was reiterated in China's first policy paper on the country's relations with the EU in 2003. The Chinese EU Policy was published by China's Foreign Ministry shortly before the sixth annual bilateral summit in Beijing in October 2003, when the EU and China signed a strategic partnership. Beijing regarded a lifting

⁸⁸ EU arms embargo on China. In: *SIPRI: STOCKHOLM INTERNATIONAL PEACE RESEARCH INSTITUTE* [online]

⁸⁹ Ibid

of the embargo as a way to eliminate obstacles to bilateral defence industrial and technological cooperation. Imposing an embargo on a strategic partner was seen by many in China and within the EU as an anomaly.⁹⁰ Furthermore, many people considered that the embargo would impair opportunities to increase exports to China.

However, there are divisions among member states. France had been the most active country in favour of lifting arms embargo on China, and considered the embargo outdated and discriminating China. In January 2004, during a state visit by the Chinese President Hu Jintao to France, the French President Jacques Chirac addressed French support of the lifting of the outdated embargo. The German Chancellor Gerhard Schröder supported the lifting of the mere symbolic embargo against China. When he visited China in December 2003, Chancellor Schröder claimed that China should be considered as a responsible partner in international affairs. However, Chancellor Schröder's stance received much criticism from, not only the political oppositions, but also his coalition party, the Green Party, which emphasized China's problematic human rights record. The conservative opposition worried that the lifting of the embargo may *"impact on the already strained relations with the US"*.⁹¹ Despite being cautious, the United Kingdom initially supported the removal of the ban against China. It looked like Britain was planning to side with France and Germany to support lifting the ban in 2004, but stated that the removal should be *"linked to improving human rights in China"* and after the 2004 US presidential election.⁹²

This political development represents the best the Realism theory. Some of the EU member states are trying to push ahead their own interest – better relations with China in order to pursue better trading deals which might be endangered by the continuing embargo. Although, the EU countries should act as one actor and prove their unanimity but especially France, the UK and Germany were trying to use their position as the larger countries to economically gain.

⁹⁰ HELLSTROM, Jerker. The EU Arms Embargo on China: a Swedish Perspective. Swedish Ministry of Defence. [online]. 2010, p. 60. ISSN 1650-1942

⁹¹ KREUTZ, Joakim. Reviewing the EU Arms Embargo on China: the Clash between Value and Rationale in the European Security Strategy. *Perspectives: the Central European Review of International Affairs* [online]. 2004

⁹² Ibid

On the other hand, the Scandinavian countries and the Netherlands were the ones mostly against lifting the arms embargo on China, because it is observed that there is a tradition in these countries of strong anti-China and pro-human rights attitudes. The ten new member states from east Europe joined the debate of lifting the embargo on China in 2004. They seldom addressed their positions on this matter, but their foreign policies were always perceived as being sensitive to the US policy interests. Therefore, although the European Council had the political will to get rid of the arms embargo on China and began to review it from the end of 2003, EU member states only had a fragile consensus on the issue. In addition, their attitudes were influenced quite a lot by the human rights situation in China and the opposition from the US. As it was already discussed in one of the previous chapters, the embargo remained intact at this period even after the debates among the European politicians. In fact, this was the most turbulent time when the debate on lifting the arms embargo was on the table.

Many European policymakers perceived the arms embargo on China as a hindrance to developing closer EU-China ties. They conceded that ending the embargo is the price demanded by China in order to deepen EU-China relations. But many agree with the Chinese position that the arms embargo lumps China in with other nations such as Myanmar and Zimbabwe, which are also subject to EU arms embargoes, and thus sends a negative signal about the state of EU-China relations. EU leaders argue that lifting the embargo on China would be a politically symbolic act, and that it would remove a psychological barrier to improved relations with China. They stress repeatedly that their intention in lifting the embargo is not to sell more arms to China. In January 2005, Javier Solana, the EU's High Representative for CFSP, stated that lifting the arms embargo on China will be *“more a political decision than a military one...it simply involves putting a stop to a political decision made at a specific time in the history of China, rather than a modification of military relations between the EU and China. It does not mean increasing arms exports.”*⁹³

⁹³ MAHONY, Honor. Solana suggests 'early warning' system for EU-US relations. EU Observer. 2005. Available at: <https://euobserver.com/foreign/18224>

The development after the debate

After the intensive debate in 2005, the arms embargo issue was seldom mentioned in EU; none of the EU members would like to discuss it or state their view on it. One crucial reason is that discussing this issue might cause negative reactions, both from China and US. The discussion related to embargo only happened when China raised it and another call to lift the embargo came in 2006 ahead of an EU-Asia meeting taking place in Helsinki. "We hope the European Union will honour its commitment and make the political decision to lift the ban at an early date, because that will be conducive to the further growth of Chinese-EU relations," Chinese Foreign ministry official Li Ruiyu said at a news conference on Wednesday (6 September) according to the Associated Press.⁹⁴ But this call did not meet the proper time to be thoroughly discussed. As German Chancellor Angela Merkel took power, she explicitly addressed not supporting the removal of EU arms embargo on China. In fact, the present position of German government is close to the British line: the removal of the arms embargo should not be at the expense of damaging relations with the US.⁹⁵

Then, in January 2010, Spanish foreign minister, Miguel Ángel Moratinos said Spain, as a rotating Presidency, was "weighing the pros and cons" of the arms embargo. He added, France has been one of the main supporters of lifting the ban and "Spain is following that line". EU high representative Catherine Ashton presented EU leaders with a strategy paper at EU summit in Brussels in December 2010, in which she described the EU arms embargo with China as a "major impediment for developing stronger co-operation on foreign policy and security matters". She recommended to EU leaders to drop the embargo in order to boost relations with Beijing. However, EU members subsequently rejected the proposal because the EU needs to see clear progress of human rights in China before the removing embargo.⁹⁶

⁹⁴ China Daily. China urges EU to lift arms embargo. 2006. Available at: http://www.chinadaily.com.cn/china/2006-09/07/content_683196.htm

⁹⁵ EU China arms embargo: The EU and arms for China. In: The Economist [online]. 2010. Available at: http://www.economist.com/blogs/charlemagne/2010/02/eu_china_arms_embargo

⁹⁶ Ibid

2.3. Economic Implications

Greater resources allocated to defence have allowed China to increase foreign arms purchases. However, because of the arms embargo imposed by the EU and the US, China was forced in 1990s to turn to Russia for importing the military technologies and equipment. The EU countries do not feel endangered by the Russian import to China because the former's level of cutting-edge technology is very limited. However, some doubts are around the second importer to China – Israel. Just how advanced the weaponry exported by Israel is, is a matter of contention because Israel has access to some of the latest US technology. Whether Israel would sell US-based high-level arms technology to China and run the risk of outrage and possibly reprisals from Washington is one of the intriguing questions in the US–Israel relationship. When Israel tried to sell advanced airborne early warning radars to China, in the face of American pressure to desist, they eventually withdrew from the deal and incurred a penalty of some \$350 million. An Israeli official implicated in some sales was forced to resign.⁹⁷

The very fact that Israel sells weaponry to China is one of the points made most frequently by those who would like to see an end to the European embargo. From the point of view of European arms manufacturers, the embargo generally means that they cannot sell all they would like to a country that has plenty of money to spend and which is rapidly arming. In addition, certain past and ongoing transfers and Chinese indigenous production of militarily- relevant systems and technologies from Europe are likely to continue and may expand. These include the licensed-production of various helicopters, turboshaft helicopter engines, fire-control and surveillance radars, and air defence systems from France, fighter jet avionics upgrades from the United Kingdom and Italy, the British “Searchwater” airborne early warning radar system, Italian naval fire control radar systems, and the British Rolls Royce Spey Mk 202 engine, first transferred to China in the late-1970s, and now produced in China as the WS-9, which powers the made-for-export Chinese fighter-bomber known as the FBC-1, and its domestic version, the JH-7. To sum this up, till 2013 China was reported to use this arms equipment originating from Europe:

⁹⁷ McMILLAN, Stuart. Europe's arms trade with China. The Strategist. [online] 2014. Available at: <https://www.aspistrategist.org.au/europes-arms-trade-with-china/>

- French sonar, anti-submarine warfare helicopters on Chinese destroyers.
- French and German diesel engines on surface warships.
- British jet engines on PLA fighter bombers
- British airborne early warning radar on Chinese surveillance aircraft
- Eurocopter designs for attack and transport helicopters.
- German-engineered diesel engines from MTU Friedrichschafe on large numbers of the Chinese submarine fleet.⁹⁸

China now has the world's second-largest defence budget after the United States and the fastest growing military market. Many of Europe's biggest defence contractors have been unable to resist its allure. Within the SIPRI database of the 100 largest arms producers are French companies Thales, Safran, DCNS, CEA, Dassault Aviation Groupe and Nexter. German companies are Rheinmetall, ThyssenKrupp and Kraus-Maffei Wegmann. The UK has the biggest number of companies in this group of weaponry exporters, BAE Systems, Rolls-Royce, Babcock International Group, Serco, GKN, QinetiQ, Meggit, AirTanker and Ultra Electronics. Naturally, there were more companies trading the technologies and equipment with China but they report smaller volume of sales. Meanwhile, the majority of the equipment China needs are imported from Russia, the European hardware and know-how fill the critical technology gap.⁹⁹

From China's perspective, France and the UK interpret the arms embargo most generously, mostly blocking only lethal items or complete weapons systems. France was by far the biggest EU supplier, accounting for almost 2 billion euros of these licenses. The United Kingdom ranked second with almost 600 million euros, followed by Italy with 161 million euros. The value of weapons actually shipped is difficult to extract from the data because some countries, including the UK and Germany, do not report all figures. The value of German export licenses for weapons was a relatively modest 32 million euros in the decade to 2011. However, EU arms trade figures do not include dual-use technology that in many cases can be sold without licenses. Examples of such technology include many kinds of diesel engines. The same applies to transfers

⁹⁸ Ibid

⁹⁹ Chinese military's secret to success: European engineering. Reuters. [online] 2013. Available at: <http://in.reuters.com/article/breakout-submarines-special-report-pix-g-idINL4N0JJ0FM20131219>

of commercial aerospace design software that can be used for fighters, bombers and unmanned aerial vehicles.¹⁰⁰

European export controls only seem to have a very limited impact on transfers of dual-use technologies to China. There are two main reasons for this: First, China is not considered a principal target of these controls. EU export controls are primarily focused on preventing the proliferation of biological, chemical, and nuclear WMD¹⁰¹ and fighting global terrorism. In both areas, the EU clearly regards China as a partner, and not as a problem. This is especially true in the area of non-proliferation, where the EU actively tries to spread its norms by cooperating with China (and other third countries) in EU-OUTREACH Pilot Projects.¹⁰² Second, the multilevel structure of EU dual-use export controls poses a number of challenges (and not just with regard to China). Three different levels of the regime (international, supranational, and national) provide for a unique system of export controls that integrates all internationally agreed dual-use controls. However, the member-state level remains key in export controls and sensitive exports are therefore ultimately guided by the national interests of individual member states.¹⁰³

There are substantial interests among the business community in repealing the embargo being lifted¹⁰⁴ as the Marxists scholars may argue that it might lead to lobbying of the companies in favour of lifting it. Instead of focusing on the internal market within the EU, the companies are seeking the collaboration with China in order to gain the possibility of accessing its market later. Since 2003, China has been participating in the EU's Galileo satellite navigation programme, and it was the first non-European country to join the programme. When the Council of the European Union had approved the cooperation with Beijing in October 2003, China committed itself to invest over 200 million euros in Galileo, which had an estimated total cost of 3 – 4 billion euros.¹⁰⁵ As

¹⁰⁰ Ibid

¹⁰¹ WBD stands for a weapon of mass destruction

¹⁰² EU-Outreach Project—Pilot project 2005 enhancing EU cooperation with third countries in the field of export control of dual-use items

¹⁰³ BRÄUNER, Oliver. Beyond the Arms Embargo: EU Transfers of Defense and Dual-Use Technologies to China. *Journal of East Asian Studies* [online]. 2013. p. 465 - 467

¹⁰⁴ HELLSTROM, Jerker. The EU Arms Embargo on China: a Swedish Perspective. Swedish Ministry of Defence. [online]. 2010, p. 28

¹⁰⁵ EU China Strategy Paper 2007-2013. European Union - External Relations, Available at: http://eeas.europa.eu/archives/docs/china/csp/07_13_en.pdf

of August 2008 China had invested 65 million euros. China's role within Galileo has been questioned by Washington, which is concerned that Beijing's participation may give the Chinese military access to technology.¹⁰⁶

The Eurozone debt crisis

Eurozone debt crisis is an ongoing financial crisis in the context of global financial crisis. From late 2009, some investors began to worry about the rising government debt levels in some European states. Concerns was intensified in early 2010, which led European finance ministers on 9 May 2010 to approve a rescue package worth €750 billion aimed at ensuring financial stability across Europe by creating the European Financial Stability Facility (EFSF).¹⁰⁷ Although some Eurozone countries had enforced austerity policy by raising taxes or cutting public spending and more measures had been designed to prevent the collapse of member economies, Europe kept facing challenges as the crisis continued to deepen. Therefore, how to survive the Eurozone debt crisis became a hot topic within the EU, including whether the EU needed the assistance of third parties. China had a potential will to provide the EU with financial support if the EU could make some concessions in certain sensitive areas including full market status before 2016 and the lifting of the arms embargo. Some scholars also called the EU to make certain concessions to smooth the way for Chinese cash but with the deterioration of the Eurozone debt crisis, how to save the Euro and speed up the economic recovery became the priority of the EU, dominating almost every EU summit and meeting. EU member states even quarrelled with each other as regarding what kind of financial and political reforms should be taken to end the crisis. Under such background, the proposal to end the embargo on China was only to further widen the divisions among EU member states, which was detrimental not only to removing the embargo, but also to survive the Eurozone debt crisis.

In times of economic crisis, Chinese investors have invested in struggling European companies (e.g., the acquisition of the German Mittelstand company Putzmeister by China's Sany Heavy Industry), saving numerous jobs in European economies in the

¹⁰⁶ European Commission, An overview of the sectoral dialogues between China and the EU.

Available at:

http://www.europarl.europa.eu/meetdocs/2004_2009/documents/fd/200/200602/20060222201en.pdf

¹⁰⁷ EU ministers offer 750bn-euro plan to support currency. BBC News. 10 May 2010. Available at: <http://news.bbc.co.uk/2/hi/business/8671632.stm>

process. At the same time, Chinese companies have also invested in greenfield projects that have led to the creation of new jobs. However, there have also been some critical voices. Some European analysts have even warned of a Chinese “scramble for Europe,” implying that China was exploiting the EU’s current economic troubles to increase its economic and political influence in Europe.¹⁰⁸ But overall, Chinese FDI into the EU remains on a rather low level: by 2011, China accounted for a mere 1.4 percent of the EU’s total inward investment. By comparison, the EU accounted for approximately 20 percent of FDI into China¹⁰⁹

¹⁰⁸ BRÄUNER, Oliver. Beyond the Arms Embargo: EU Transfers of Defense and Dual-Use Technologies to China. *Journal of East Asian Studies* [online]. 2013. p. 472 -473

¹⁰⁹ Foreign Direct Investment Statistics, Eurostat. Available at: http://ec.europa.eu/eurostat/statistics-explained/index.php/Foreign_direct_investment_statistics

2.4. To lift or not to lift the embargo

Lifting the embargo itself will have little impact on technology flows that China should be concerned about. Instead, our concern should be focused on what will replace the embargo. This is true for two principal reasons. First, under the terms of the now-nearly-30-year-old embargo, European firms have already been able to provide Chinese counterparts with militarily-relevant technologies. This is no less true for U.S., Japan, and even Taiwan exports of advanced technologies to China. The fact is that the nature of advanced technologies today and their broadening applications to militarily-relevant purposes have far-outstripped the ability of a simple declaration of intent pronounced nearly 30 years ago to truly stem the flow of sensitive technologies to China.

Second, the degree to which European firms have been restrained from providing weapons and sensitive technologies to China has far more to do with the individual EU member states' national export control laws and policies than with the EU embargo itself. In this regard, it is important to note that a number of the EU member states are still against the lifting of the embargo. In short, the arms embargo itself has only limited influence on preventing China from owning weapons and to some extent, it failed to stop arms trade between China and European countries. As it was noted in the previous chapter, the trade with the dual use technology is not covered by the EU arms embargo nor the Common Position. This means that it depends solely on the EU member states' national decision whether their companies trade should be submitted under the licensing process or it is possible to proceed without any restrictions.

So in this sense, it is not the lifting of the embargo but rather what comes to replace the embargo which will affect how European military-technical relations with China will or will not contribute to Chinese military modernization. This important point should lead us in the direction of determining more specifically what the EU will put in place of the embargo, and what certain individual EU member states intend to do in their military-technical relations with China.

As it was stated previously, the lack of the unanimous approach towards the embargo by the EU member states is the vital issue. The ambiguity of the embargo's content is the subject of diverse states' interpretations thus, the steps in the arms controls differs country to country. Generally speaking, the countries with the largest arms exporting

companies were, during the discussions on lifting the embargo, in favour (the UK, France and Germany) and the ones with the fundamental respect to human rights in their own national identities were against (Scandinavian countries for example). The external actors as the US and Japan were also truly important participants in the debates. Especially the influence of the US could not have been seen as marginal during the biggest debating in early 2000s. Without the political restraint of the arms embargo, a U.S. official has argued that the scale and sophistication of systems sold to China could significantly increase, and even non-lethal items, such as communication and command technologies, could raise the China's army fighting power.¹¹⁰ In any case, real or potential competition from European companies could provide China with stronger leverage to negotiate favourable deals for platforms and technology-transfers among Russian, Israeli, European, or other bidders for China's rising defence spending, especially absent strict European export controls.

The reasoning mentioned above is mainly based on the economic implications and the trading possibilities between the EU member states and China. However, the original reason for imposing the arms embargo was the human right abuse. Although China has made great progress in addressing the human right violation issues, it did not meet the conditions necessary for the European countries for officially considering lifting the embargo. In 2007, the EU Commissioner for External Relations and European Neighbourhood Policy, Ms Benita Ferrero-Waldner, said to the Chinese Prime Minister that there are three conditions China must meet before the arms embargo imposed in 1989 can be lifted:

- to ratify the UN International Covenant on Civil and Political Rights;
- to free those jailed for their involvement in the Tiananmen Square events;
- to abolish the "re-education through labour" system of imprisonment without trial.

Two more conditions could certainly be added: to remove all the missiles deployed along China's southeast coast targeting at Taiwan and to formally renounce the use of

¹¹⁰ LAWRENCE, Susan. New Cracks in the Transatlantic Alliance, Far Eastern Economic Review, August 12, 2004. Available at: <http://www.taiwandc.org/feer-2004-05.htm>

force against Taiwan.¹¹¹ Unfortunately, China is acting rather slowly in making changes in improving the domestic civil rights and democracy. The still ongoing human rights dialogues tend to be only a formal platform without tangible results. It is therefore, very contra productive for the EU to spend money on negotiation on the human rights and democracy issue with China and at the same time, have the only leverage on China in term of the possible embargo lift in exchange.

Since the early 2000s, the topic of having the embargo removed showed up only when the Chinese side mentioned it. As China did not progress in fulfilling the human rights conditions, the embargo removal did not occur at any official EU discussion. However, when the time of the Eurozone debt crises appeared, this was the first time when the discussion began to pop up. China offered a financial help if the EU could make some concessions in certain sensitive areas including arms embargo. But the distorted Europe by the different ideas how to approach the crisis remove the possibility of concessions in arms embargo from the table. It might have been partially because of the improving relations with the US under the Obama administration and European countries did not want to deteriorate the budding EU-US cooperation as the US was strictly against removing the embargo.

To sum it up, the reasons for not lifting the embargo are in line with the Realists scholars – it is the great political leverage on China, which might be used during the negotiation on human rights, democracy but even the financial topic. Letting the embargo intact still allow the European companies to export their goods although under some restrictions and licences. However, this paper discussed in previous chapter the options to export under the terms of dual use technologies or equipment or there is a possibility to use a mediator, some third country not concerned by the EU arms embargo. Also, the relations with the US is a deep concern for the EU as the US might feel threatened by the removing of the EU embargo because their own arms embargo against China would lose strength and importance. It is argued, that the embargo removal might disturb the security balance in the Asia region and thus, the major powers would lose their control over that region.

¹¹¹ FAUTRE, Willy. EU arms embargo against China and human rights, euobserver.com, 17 June 2009. [online] Available at: <https://euobserver.com/opinion/28313>

The reasons for the arms embargo removal seems to be marginal from the EU perspective. However, for China, the symbolic value of lifting the embargo is more than the military value. For Chinese officials, the lifting of the embargo would mean that China's transformation had reached the point to receive equal treatment as a full member of the international society, and not be marginalized and discriminated again as if it was a rogue state. China usually compare its situation to the one in Myanmar or Zimbabwe, stating that it is a discrimination against China to suffer from the same arms embargo as these mentioned countries were the civil wars fume. As China being a strategic partner to the EU, it does not send a good message in the political discourse to use this coercive measure on the EU strategic partner. China also noted that it is becoming the arms exporter and not only the importer, meaning that it is aiming for self-reliance in the military industry. To some extent, China has succeeded in developing and manufacturing some army technologies and it use it as an argument that the arms embargo is useless today. In fact, China is now at the point that the lifting of the arms embargo would be only a symbolic gesture because China is aware of the EU economic dependence on its markets, not only the military markets.

In conclusion, from the EU perspective, it would be best to keep the arms embargo intact as it gives more leveraging power in dialogues with China as it would mean the economic gains from the embargo removal. However, the dialogue between EU and China might develop in different direction while for example the US would be more susceptible to embargo removal possibility. This all only underlines the realistic and pragmatic approach of the EU towards China.

Conclusion

The turbulent development from the EU arms embargo imposition in 1989 till today is the witness of how much the situation changed in the past nearly 30 years. Beginning with the Tiananmen crackdown that was widely condemned by the Western countries for the ultimate violation of the human rights, ending with military cooperation and technology exchange between these two actors. In the immediate aftermath of the Tiananmen events, the US imposed an embargo on arms sales incorporating it into the law. The Australia and Japan followed and the EU (at that time still the twelve countries of EEC) issued an EC declaration on China. This thesis examines the EU arms embargo that actually never became a legally binding document. In the early 1990s, Australia and Japan removed their embargo on arms sales. However with the Maastricht Treaty coming in force in 1992, the EU kept the same content of the EC declaration and started to develop different approach towards the embargo under the newly constituted CFSP. In order to be able to imply some restriction on the arms export outside the EU member states territory, the EU adopted the Code of Conduct on Arms Export which was later updated with the Common Position. Despite these changes, the arms embargo on China is still till today the only exception in the EU sanction policy because the states themselves have the responsibility of controlling the arms export of national companies.

Over the years, China has undergone many economic changes and it became the second largest trading partner for the EU in general. The relations between these actors developed deeply so that in 2003 they became strategic partner, which is the most important politic agreement for the bilateral cooperation. With the 2004 enlargement of the EU, it has become the very first trading partner for China and so China tends to maintain the relationship in great condition. The ups of this relationship are, for example, that China participated in the development of the Galileo system and is a significant partner in exchange of FDIs. In terms of military market, China represent the recipient of roughly 2,5 % of the licensed arms export from France. The United Kingdom, Germany, Italy and some other European countries follow with much more marginal share on the export, however the Chinese military market still represent great potential where to sell the goods even for the future. Since the 1990s, China is on the way of modernizing its army and whole military industry. However, despite the Chinese effort of being self-reliant, China is still an enormous importer of arms and technology

equipment from Russia and Israel. The cutting-edge technologies and know-how from European companies would be truly desirable to acquire for China. This might be the one reason for Chinese desire of arms embargo removal.

It comes to the thesis primary objective – assess whether the EU should lift the embargo or not. Regarding all the information presented in the previous chapter, the answer is that EU should keep the arms embargo as there is not truly relevant necessity of stand back to Chinese demands. The development around the embargo was traced from 1989 to latest year. However with the upcoming 30th anniversary of the embargo introduction, it might be great opportunity to open new discussion about the case. The minor goal of this paper was to find out if there are some other actors influencing the dialogue on the embargo removal. As it became evident, there are various actors influencing the debate and they are more or less significant, however every influence might count and can change the final decision of each discussion.

In short, the reason from the EU perspective to not lift the embargo are following. The human rights and democracy situation in China has not yet meet the conditions of progress demanded by the EU. Although, the EU-China human rights dialogues take place biannually since 1995, any real results have not been made. The EU identity is truly based on the respect of human rights and democracy and even though the realistic and pragmatic approach in the relations with China, the EU is obliged to represent the role model in unanimous respect of the human rights and democracy. In this respect, the embargo might also represent some bargaining power over the Chinese authorities during the politic discussion. As it was discussed earlier, the lobbying of some European companies for embargo removal does not have to concern the EU bodies too much because there are some loopholes for the firms how to manage to export and sale arms, for example the issue of dual use technology or the third country mediator.

So the embargo itself has quite a symbolic nature because it is more connected to political reasons than economic ones. The Chinese argument for the embargo removal is that they are discriminated because the very same coercive measure is used by the EU against Myanmar and Zimbabwe with the civil wars, whereas China is officially a peaceful country in development towards the democracy. Speaking of some other countries, the one country that is highly important in the embargo removal dialogue are

the US. As the US maintain their own arms embargo against China, they do not wish the EU to lift his one. It might endanger the US position in international security and some US officials stated that the distortion of the stability in Asian region is possible. In fact, Japan agrees with this possibility because there are still some regional tension between China and Japan and the embargo removal might worsen the tensions resulting into conflict.

The author is aware that the topic is very broad and she acknowledges that the topic was analyzed only to some extent and it would be interesting to conduct more research from the Chinese perspective. However, the author is concerned that deeper knowledge of China and especially of Chinese language would be required for that research.

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Appendices

Appendix 1: EU Sanctions Decision 1989

The European Council, recalling the declaration of the Twelve of 6 June, strongly condemns the brutal repression taking place in China. It expresses its dismay at the pursuit of executions in spite of all the appeals of the international community. It solemnly requests the Chinese authorities to stop the executions and to put an end to the repressive actions against those who legitimately claim their democratic rights.

The European Council requests the Chinese authorities to respect human rights and to take into account the hopes for freedom and democracy deeply felt by the population. It underlines that this is an essential element for the pursuit of the policy of reforms and openness that has been supported by the European Community and its Member States. (...) In the present circumstances, the European Council thinks it necessary to adopt the following measures:

- raising the issue of human rights in China in the appropriate international fora; asking for the admittance of independent observers to attend the trials and to visit the prisons;
- interruption by the Member States of the Community of military cooperation and an embargo on trade in arms with China;
- suspension of bilateral ministerial and high-level contacts;
- postponement by the Community and its Member States of new cooperation projects;
- reduction of programmes of cultural, scientific and technical cooperation to only those activities that might maintain a meaning in the present circumstances;
- prolongation by the Member States of visas to the Chinese students who wish it.

Taking into account the climate of uncertainty created in the economic field by the present policy of the Chinese authorities, the European Council advocates the postponement of the examination of new requests for credit insurance and the postponement of the examination of new credits of the World Bank.¹¹²

¹¹² Declaration of European Council, Madrid, 27.6.1989