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European and American Approaches toward China as an Emerging Power

Introduction

China's integration into the existing international order constitutes one of the great challenges of the new century for both the United States and Europe,[1] who share basic common goals with regard to China. First, they would like China to gradually integrate into the existing international order without causing any major disruptions. Second, they want China's political system to evolve into a more open, pluralistic system that is based on the rule of law and allows for greater political participation of its people, while guaranteeing their individual rights. Lastly, they expect China to continue its economic development and reforms. Despite their largely similar goals, however, the United States and Europe approach China with different perspectives, methods, and resources. In the aftermath of the Tiananmen Square massacre on 4 June 1989, and especially during the Clinton administration, the relations of the United States and Europe with China have undergone various cyclical crises caused primarily, but not exclusively, by China's human rights policies. Trade, the proliferation of weapons of mass destruction, and a number of other issues have also played significant roles and have often combined to place China high on the political agendas of Washington and the European capitals. These recurring crises suggest that the United States and Europe re-examine how they best deal with China and whether closer coordination of their policies would benefit both.

To be very clear from the outset, the following article does not advocate the coordination of European and American policies in order to better "contain" China. Nothing could be further from its intentions. On the contrary, it examines ways of effectively addressing legitimate Western policy concerns vis-à-vis China, while at the same time treating China as a partner with equally legitimate aspirations to become a great power.

This article deals mainly with China policies on both sides of the Atlantic during the Clinton administration. However, to understand their context one has to go back in time a bit further. Due to the fact that both the United States and Europe regarded China as a counterweight to their main Cold War adversary, the Soviet Union, they generally maintained positive relations with China between 1972 and 1989. They both had occasional disputes with China over Taiwan, especially over American and European arms sales to the island. In Sino-European relations, visits by Taiwanese government officials to Europe constituted an additional irritant. Nevertheless, relations in general were upbeat, with a phase of euphoria on both sides of the Atlantic in the mid-1980s, primarily with respect to the commercial opportunities offered by a seemingly unlimited Chinese market for American and European products. This led to the first wave of American and European investment in pre-1989 China, with countless business delegations visiting China in the mid-1980s.

The American and European outlooks on China fundamentally changed at the turn of the decade because of two seemingly unrelated events. One was the decline and eventual total disintegration of the Soviet Union, effectively removing the main incentive for regarding China as a potential ally against the Soviet threat. The other was the brutal suppression of the democratic protests in Tiananmen Square on 4 June 1989. As Americans and Europeans watched the events live on television, the massacre caused public revulsion with the Chinese government. These images left a deep and lasting impression on the public mind and put the question of human rights in China, which had largely been ignored both in the United States and in Europe during the 1980s, at the top of the agenda. Furthermore, as they no longer needed China as a potential ally against the Soviet Union, the United States and European governments' reaction – which included a number of sanctions against China – was more forceful than might have been the case at the height of the Cold War.

The period after 1989 and up to the present has been characterized by a series of crises in the American and European relationships with China. These crises have recurred with greater frequency and magnitude in the Sino-American relationship, especially during the Clinton administration, than in the Sino-European relationship. While the majority of European governments sought to revive their relations with China soon after Tiananmen, the first Clinton administration seemed unable to develop a coherent China policy.

Two striking examples illustrate this point.[2] Following his anti-Chinese rhetoric during the 1992 presidential campaign, in which Clinton accused President Bush of "coddling dictators from Baghdad to Beijing" and promised he would get tough with China, President Clinton focused his China policy at the beginning of his first term almost exclusively on the promotion of human rights. His main tool to attain this goal was to link the granting of Most Favored Nation (MFN) trading status for China to improvements in its human rights record. He followed this course until 1994, despite repeated warnings from within the administration, especially the State Department and the American embassy in Beijing.

[1] For convenience, "Europe" here will be used to mean the fifteen Western European states that are at present members of the European Union.

[2] James Mann, *About Face, A History of America's Curious Relationship with China, from Nixon to Clinton*, Alfred A. Knopf, New York, 1999, and Patrick Tyler, *A Great Wall, Six Presidents and China*, Public Affairs, New York 1999, describe and analyze in great detail the many "about faces" in American-Chinese relations since the opening of relations in 1972.

By then, however, it had become clear that the Chinese government would not modify its human rights policies under American pressure. This point was driven home by the humiliating treatment accorded to Secretary of State Christopher during his visit to Beijing in March 1994. Instead of releasing political prisoners, as Christopher had come to demand, the Chinese government actually imprisoned some prominent dissidents, among them Wei Jingsheng, on the day before Christopher arrived in Beijing. On the other hand, the American business community increasingly complained that it was losing business opportunities because of the administration's human rights policy. Both factors led President Clinton to abruptly abandon the link between human rights and China's MFN status in May of 1994, without having gained substantial Chinese concessions.

The next sharp turn in policy followed almost exactly one year later, with even more serious repercussions for Sino-American relations. In the beginning of 1995, pressure started to build in the United States Congress to grant Taiwan's president, Lee Teng-hui, a visa to visit his alma mater, Cornell University. As no previous administration had ever granted such a request, the Clinton administration initially stood firm in refusing a visa and gave the Chinese government repeated assurances to that effect.

Unfortunately, the administration had completely underestimated the sentiment of Congress, which in turn was heavily influenced by a strong Taiwan lobby. In May 1995, when the incoming predominantly Republican Congress overwhelmingly passed nonbinding resolutions in favor of granting the visa, President Clinton caved in, apparently without considering the consequences for American China policy.

Matters were only made worse by the fact that senior administration officials had assured their Chinese counterparts only days before that the visa would not be granted. The Chinese government, understandably, thought it had been deliberately misled, and its reaction, the firing of missiles around Taiwan, led to the most serious crisis in American-Chinese relations in decades and to the brink of a military confrontation in the Taiwan Strait in March of 1996.[3]

After eighteen months of frosty relations, President Jiang Zemin's successfully toured the United States in October/November of 1997. In return, President Clinton visited China in June of 1998, and engaged the Chinese leaders in an unprecedentedly open discussion about human rights, Tibet, and democracy, which was broadcast live on Chinese television. Sino-American relations seemed to be on the rise again: the Clinton administration, as with its human rights policy at the beginning of its first term, again seemed to demonstrate to the Europeans and the rest of the world how best to deal with China.

American euphoria was short lived, however. Accusations in Congress about alleged Chinese nuclear espionage, the tabling of a resolution condemning China's human rights record at the 54th Human Rights Commission in Geneva in March of 1999, the snub of Premier Zhu Rongji by President Clinton during WTO discussions in April of 1999, and the mistaken bombing of the Chinese embassy in Belgrade during the Kosovo military campaign led to a sharp downturn in an increasingly strained relationship.

In contrast, the European Union, which at its 1990 Madrid summit had instituted a number of political sanctions against China, gradually began lifting its sanctions in the early 1990s.[4] Led by France and Germany, the European governments realized that if they wanted to influence China's conduct in the area of human rights, they would first have to re-establish a working relationship with its leadership. Therefore, high-level visits, first at the foreign minister level and later at the level of heads of government and heads of state, were resumed in 1992 and became standard features of European China policy.[5]

Nevertheless, relations between China and Europe were not free of crises. The most notable of these was caused by the sale of sixty French Mirage jets to Taiwan in 1993, which led to a virtual freeze in Sino-French relations for eighteen months. Other points of friction were the yearly disputes with China over the European vote at the Human Rights Conference in Geneva, arguments over Tibet,[6] and the issues connected with the return of Hong Kong.

By and large, however, the European governments managed their respective differences with China more rationally and coherently than the United States. Although they were also affected by the bombing of the Chinese embassy in Belgrade, European relations with China at the beginning of the new century do not seem to be in such a critical state as those of the United States.

The Present State of Relations of the United States and Europe with China – Is there a "European" China Policy?

Until now I have referred somewhat loosely to "European" approaches or policies towards China, without clarifying this concept. It is necessary, however, to determine whether there really is one European policy or rather a set of policies towards China to justify this assumption.

The answer to this question is neither a clear yes or no, but a combination of the two. With regard to China policy, there are on the one hand elements of a Common Foreign and Security Policy (CFSP) as envisaged in the Maastricht and Amsterdam treaties. However, there are also elements of national policies that run sometimes par-

[3] Tyler, pp.21-36, contends that a real danger of war existed between the U.S. and China over Taiwan.

[4] High-level visits, which were originally forbidden under the sanctions, were resumed in the early 1990s. With the exception of a ban of arms sales to China, which is still in effect today, all other sanctions have been lifted.

[5] In 1998 nine European heads of government or state visited China. Chinese leaders visited Europe at regular intervals, while exchanges of visits between American and Chinese leaders were few and far between. At the time of the U.S.-Chinese summits of October 1997 and June 1998, twelve years had elapsed since a Chinese leader had visited the United States, and it had been nine years since an American president had visited China.

[6] In 1996, for example, there was a German-Chinese crisis over a Tibet resolution passed by the German parliament.

allel to, sometimes divergent from, each other. This state of affairs reflects the nascent character of the CFSP.

As a general rule, policies toward China – with the exception of trade policies, which are under the exclusive jurisdiction of the European Commission – are still the prerogative of the respective national governments. In the last decade, however, two mechanisms have evolved within the EU that have somewhat modified the exclusive foreign policy making power of the national governments, at least as a matter of practice. The first is the coordination of policies in the CFSP working groups, which meet on a monthly basis in Brussels. Issues regarding China are discussed in the Asia Working Group (or COASI by its French acronym), in which officials dealing with Asia from the European capitals participate. Not only are general questions of policy coordination raised and settled at these meetings, but operative questions are considered as well.

If an agreement cannot be reached at the working group level, the matter in question is referred to the Political Committee (POCO), consisting of the Political Directors of the national foreign ministries. If necessary, it is eventually referred to the Council of Ministers. This process can be time consuming and cumbersome, as illustrated by the European vote on a human rights resolution on China between 1997 and 1999, when lengthy consultations at every level were necessary. Nevertheless, despite its procedural imperfection, the process does produce results.

The second coordination mechanism results from initiatives taken by the European Commission that launched two policy papers regarding China. The first of these was the Commission Communication "A Long-Term Policy for China-Europe Relations," published in 1995.[7] The second is an update and an extension of the first initiative, "Building a Comprehensive Partnership with China," which was published in 1998.[8] Both documents were endorsed by the Council of Ministers and therefore constitute official guidelines for European policy towards China. Both grew out of the recognition that Europe had been neglecting Asia, due to the exclusive concentration of its political and economic energies on the aftermath of the dissolution of the Soviet Union.

The Communication of 1995 placed its main emphasis on economic matters, while also addressing political questions such as China's future role in the international system, its internal development and human rights situation, and the return of Hong Kong and Macau. It dealt extensively with China's internal economic developments, EU trade relations with China, its accession to the WTO, and economic cooperation.[9]

The Communication of 1998 strikes a better balance in equally treating political and economic questions. It covers in considerable detail China's further integration into the international community and the world economy,[10] its transition to an open society, and stronger enforcement of human rights.[11] The aims of this new, comprehensive EU-China partnership are stated as follows:

> To further engage China, through an upgraded political dialogue, in the international community, to support China's transition to an open society based upon the rule of law and respect for human rights, to further integrate China in the world economy by bringing it more fully into the world trading system and by supporting the process of economic and social reform underway in the country, to make Europe's funding go further, and to raise the EU's profile in China.[12]

It is important to note that the Commission Communications are not binding policy documents. Nevertheless, they constitute a coherent, agreed-upon framework for the European Union's policies toward China. They also act as a considerable force in uniting European governments' views. There are, however, minor nuances in the implementation of specific policy goals among various member states, as will be discussed below.

Issues and Differences in American and European China Policies

Political Issues

Human Rights

In the American and European public perception, human rights are the single most important political issue in relations with China. The human rights problem has not only dominated public discussion since 1989 but, to varying degrees, government policy-making on both sides of the Atlantic. On the whole, it has proven to be extremely difficult for the United States and European governments to develop and maintain a consistent policy towards China in this area. Under the general heading of human rights, a number of different questions are being raised, such as the treatment of political dissidents, the lack of due process in many cases, the curbs on press and religious freedom, etc.

Both the American and European publics have in the past accused European governments of being soft on the issue of dissidents and human rights in general, because they allegedly did not want to jeopardize their economic interests in China.

As a general proposition, this is not supported by the facts, though the U.S. government has generally exerted more public pressure and threatened China with retaliation, such as the withholding of MFN status. However, with the de-linking of human rights and trade policy in 1994,[13] the United States actually adopted an approach similar to the European one. The Europeans, who have generally preferred behind-the-scenes interventions on behalf of dissidents, on the whole are reluctant to use economic sanctions to reach political goals, and may therefore

[7] European Commission, Communication, "A Long Term Policy for China-Europe Relations", Brussels, Office for Official Publications of the European Communities, 1995 (COM 1995) 279 final.

[8] European Commission, Communication, "Building a Comprehensive Partnership with China", Brussels 1998 COM (1998) 181 final. In the following text the two papers will be referred to as the Communications of 1995 and of 1998, respectively.

[9] The economic focus of the Communication of 1995 is illustrated in its annexes 1-4, all of which deal with economic matters.

[10] Communication of 1998, sections A1-A4.

[11] Ibid., sections B1-B2 and C1.

[12] Ibid., Summary.

[13] See above.

be seen to apply less pressure than the Americans. At the same time, however, it is a fact that the United States has so far sponsored only two resolutions aimed at China at the Human Rights Commission (HRC) in Geneva,[14] while all other China resolutions in the past were sponsored by the EU and only co-sponsored by the United States.

The difficulty of developing and maintaining a consistent human rights policy towards China is underlined by the fact that the European governments, too, have not always been in accord as to how to deal with the issue of human rights in China. The most publicly visible example of European disunity was the vote on a China resolution at the 1997 meeting of the HRC in Geneva.

Until that time, the EU had regularly sponsored a resolution on human rights in China that was regularly defeated by a Chinese "no action" motion. As a result, France and Germany became convinced that this course of action would not lead to any concrete improvements of the human rights situation in China and should therefore be abandoned. This led to a split of the European vote at the HRC of 1997. While France and Germany, followed by Italy, Greece and Spain, advocated the suspension of a resolution in return for a Chinese commitment to begin a substantive dialogue on the issue of human rights, the other EU members favored the tabling of a resolution.

Unity in this matter was restored in 1998, and all European governments now agree that the tabling of a resolution does not by itself guarantee progress in China's human rights situation. Instead of the yearly confrontation over the question of a resolution, they now favor the dialogue approach, provided it results in tangible progress. But the decision not to table a resolution still needs to be reviewed yearly, with considerable behind-the-scenes wrangling among the Europeans.

Since 1997 not only various member states hold detailed, substantive human rights dialogues with China on a national basis, but the EU as an institution has started its own dialogue. These Sino-European human rights dialogues, whether in their bilateral or EU format, touch on all critical aspects of human rights in China. Among them are the excessive use of the death penalty, administrative detention,[15] forced abortion, torture, denial of due process and, more generally, the lack of a rule of law. The Europeans, convinced that only by gradually strengthening the rule of law in China will there be progress in the area of human rights, invest considerable effort and resources in training programs for Chinese administrators, judges, prosecutors, prison officers and other related officials.[16]

While the United States and Europe share concerns over many of the same areas of human rights, there are some issues on which they differ. The Europeans categorically oppose the death penalty and regularly voice their concerns on this issue, while the Americans limit their concerns in this respect to questions of due process. On the other hand, the Americans regularly raise two issues strongly lobbied in the United States. One is family planning, which is strongly opposed in the U.S. Congress but generally supported by the Europeans. The second issue is religious freedom. While the Europeans condemn religious persecution as the Americans do, there is no pressure on European governments to support active proselytizing in China, as some religious groups in the United States advocate.

When assessing whether the American or the European approach to human rights in China has been more effective, one should bear two things in mind: First, the argument over whether the more public and confrontational American approach towards the human rights issue has been more successful than the more discreet and conciliatory European one cannot be resolved conclusively. What counts is that the combined American and European efforts have induced China to sign the two most important international human rights instruments: the UN Covenants on Economic, Social and Cultural Rights,[17] and the Covenant on Civil and Political Rights.[18] China has recently ratified the first of these two covenants.[19] Their signing has far reaching consequences for the improvement of China's human rights situation, as they will eventually provide a basis for Chinese citizens to hold their government to internationally recognized standards. It is hoped that it will become increasingly difficult for the Chinese government to willfully ignore or misconstrue constitutional guarantees of its citizens' individual liberties and political rights, as it has often done in the past.

Second, the Chinese government has tried to exploit the differences among the Europeans as well as those between Europeans and Americans. The techniques employed in both cases have been similar. In some instances, China has tried to influence the vote on HRC resolutions by insinuating or stating outright that it had received assurances by one or several governments that they would not support a resolution on China. In other instances it has hinted at economic rewards or punishments in the case of positive or negative behavior regarding the support of a resolution. Despite public speculation in Europe and the United States to the contrary, the Chinese efforts at influencing the votes in Geneva have not determined the outcomes in any significant way. The various domestic policy considerations on both sides of the Atlantic – mainly the pressure which human rights lobbies bring to bear on their respective governments in a given situation – have usually played a much greater and often decisive role in the votes in Geneva.

Both observations, however, argue for much closer cooperation in the future between Europe and the United States, to ensure maximum effect towards reaching the common goal of improving human rights in China.

[14] At the 54th HRC in 1999 and the 55th HRC in 2000.

[15] "Administrative detention" is a euphemism for what can be up to three years' detention in labor camps by police or other administrative organs without judicial review.

[16] The U.S. has followed the European lead by starting its own human rights dialogue with China in 1998. As a result of the U.S. sponsorship of a draft resolution on China at the 54th HRC in 1999 and the bombing of the Chinese embassy in Belgrade, the dialogue was suspended by the Chinese side. At the APEC summit in Brunei in November 2000 both sides agreed "in principle" to restart their dialogue.

[17] Signed by China in 1997.

[18] Signed in 1999.

[19] Ratification on 28 February 2001, see *International Herald Tribune*, 1 March 2001.

Taiwan and Tibet

The issues of Taiwan and Tibet are among the most sensitive in Sino-European and Sino-American relations. This is due to the fact that both involve the highest political priority for China's leadership, i.e. the demonstration of undisputed exercise of sovereignty over all of China. Therefore, any Western criticism of or action influencing Chinese policies concerning Taiwan or Tibet in Chinese eyes is an attack on China's sovereignty and must be vigorously opposed.

While the EU and the United States have few means of influencing developments inside Tibet and are often hindered by the Chinese government in observing them closely, they maintain a broad range of economic, cultural, and other relations with Taiwan and support the process of democratization on the island.

Taiwan

Apart from human rights, Taiwan has been and will remain one of the most difficult and potentially disruptive issues in Sino-American and, to a lesser degree, Sino-European relations. At the heart of the matter is China's wish to unite Taiwan with the mainland and to thereby exercise its sovereignty over the island. As both the United States and Europe follow the so-called "One-China policy," they do not recognize Taiwan as a separate political entity. However, they both strongly express their desire for a peaceful settlement of the issue among the Chinese on both sides of the Taiwan Strait. The Taiwan issue is further complicated by the ongoing democratization of Taiwan and the growing assertiveness of the present Taiwanese leadership to change the status quo in the direction of greater independence and international recognition of Taiwan.

There is, however, a fundamental difference in the scope of the Taiwan problem for the United States as compared with Europe. For the United States, the future of Taiwan is of fundamental military-strategic importance, because it bears on the American strategic presence in the Western Pacific. Continued massive arms sales by the United States[20] and the current discussion about the possible development of an East Asian Theater Missile Defense (TMD) system incorporating Taiwan underscore the strategic dimension of this issue for the United States. In fact, this strategic dimension has been at the root of all the difficulties between the United States and China over Taiwan since 1972. The attempts to negotiate workable compromises on the issue through the three Sino-American communiqués (which basically led to an "agreement to disagree"), the Taiwan Relations Act of 1979[21] and the arms sales during the first Bush administration and up to the present day, are the most salient expressions of this fundamental fact.

Europe, on the other hand, has no direct military-strategic interests in East Asia, apart from its general interest in peace and stability in the region and open and secure sea lanes for its trade. This absence of military-strategic interests renders Sino-European differences over Taiwan relatively easier to resolve; nevertheless, there have been several areas of disagreement.

The issue of European arms sales to Taiwan has been mentioned before. Apart from French arms deliveries in accordance with contracts signed in 1992, there are no major European sales pending, despite many Taiwanese offers of contracts and European arms producers' lobbying of their governments for export permits. Most European governments refrain from major arms sales to Taiwan so as not to jeopardize their relations with China.

Another area of occasional disputes with China over Taiwan concerns high-ranking Taiwanese visitors to Europe. While the Chinese government insists that the "One-China policy" precludes high-level visits by Taiwanese officials, the European governments routinely carry out exchanges at the ministerial level, especially in the fields of trade and transportation. They maintain that such visits are in accordance with the "One-China policy" as "working visits" to further economic and other relations between Europe and Taiwan to which China agrees. However, the European governments have generally not allowed visits by Taiwan's president, vice-president, foreign or defense ministers.[22]

The future development of the Taiwan issue will depend on several factors. First, internal developments in China and Taiwan could play a significant role. If China develops rapidly economically and politically, the question of unification might pose itself in a completely different light – for instance, in the form of a convergence of the two political systems. On the other hand, much will depend on the political sagacity of the future leadership in Taiwan. If it should press for outright independence, it is likely to invite Chinese military action in retaliation, with unforeseeable consequences.

Second, external factors could also play an important role. Will the United States continue its commitment to Taiwan's security under any and all circumstances? Will Taiwan be able to muster more international support as a result of its development towards full democracy? Third, the time factor will matter. Will the leadership on both sides have the patience to wait and leave the solution to the next generation, as Deng Xiaoping once recommended?

None of these questions can be answered conclusively now. Assuming a best-case scenario, the two sides could find a *modus vivendi*, perhaps in the form of a loose confederation, leaving the question of sovereignty aside. However, in a worst-case scenario the United States and Europe could be confronted with military action in the Taiwan Strait, posing difficult questions as to their own involvement.

Tibet

Support for Tibet stems from strong lobbies in the United States and Europe. Encouraged by the media presence of the charismatic Dalai Lama, they bring public pressure to bear on their governments to support the Tibetan cause. Their demands range from the preservation of the unique religious and cultural heritage of Tibet to calls for the outright recognition of Tibet as a separate sovereign state.

[20] Arguably in contravention of the Shanghai communiqué of 1982.
[21] Public Law 96-8, 96th Congress.

[22] There have been occasional "private" visits by some of these persons to some European countries, notably Austria and Italy.

The governments of the United States and Europe, while under public pressure to be sympathetic to the Tibetan cause, nevertheless share the Chinese view that Tibet is an integral part of China. Thus far they have resisted public calls to recognize Tibet as a separate political entity; they do, however, support greater cultural and religious autonomy for Tibet.

The EU has formulated internal guidelines for a Tibet policy and has communicated their contents to the Chinese government. One important EU goal is to encourage dialogue between the Chinese government and the Dalai Lama and the creation of a more genuinely autonomous Tibet. The guidelines further state the EU's intention to monitor developments in Tibet by regularly sending diplomatic representatives to the region, and the willingness of the EU to assist China in the economic and social development of Tibet by funding appropriate programs.

The American government, under pressure from Congress, has created the post of a "Tibet Coordinator" in the State Department, a largely symbolic act to appease Congress, since the Chinese government does not recognize the coordinator as a legitimate interlocutor. The European Parliament has advocated the creation of similar positions in Europe, so far without success.

There is no quick solution to the Tibet issue in sight. The Chinese government and the Dalai Lama deeply mistrust each other, each suspecting the other's motives. It is hard to imagine a change of attitude on either side any time soon that would allow the commencement of a meaningful dialogue between them. It is therefore rather likely that the Tibet issue will remain a sore point in Sino-European and Sino-American relations for a considerable time to come.

Economic Issues

China's accession to the WTO has been a subject of discussion between China and both the United States and Europe for a long time. Luckily at the time of this writing, all major issues have been resolved and China's and Taiwan's simultaneous accession seem to be a matter of course in the near future. China's accession will further open its markets and make the economic reform process even less likely to be reversed. It remains to be seen, however, how well the United States and Europe will be able to hold China to strict compliance with its obligations resulting from accession, since accession will require often painful changes for the Chinese economy.

Trade and Commercial Competition

Trade issues have played a larger role in Sino-American relations than in Sino-European relations, mainly due to the size of the trade deficit between the United States and China. While U.S. and Chinese calculations of the deficit differ,[23] there is no question that the deficit on the U.S. side is remarkably large – in fact, larger than the deficit with Japan.[24]

During the recent economic boom in the United States, the issue of the trade deficit with China has not presented a political problem; in the case of an economic downturn, however, this could change very quickly, as previous American reactions to trade deficits with Japan and China have shown.

In Europe, by contrast, the trade deficit with China has never led to political problems, due to the fact that trade with China makes up only a relatively small part of overall EU trade. China ranks fourth among the EU's largest trading partners, with a 4.5% share, behind the U.S., Switzerland, and Japan. China holds a 6.4% share of total EU imports and a 2.5% share of total EU exports. In both cases, it figures behind Switzerland.[25]

From the Chinese perspective, both the United States and Europe are very important economic partners. The United States and the EU rank second and third among China's largest trading partners, with 17.0% and 15.1% shares of China's foreign trade, respectively.[26] The economic importance of the United States and Europe for China is heightened by the fact that for economic and political reasons China does not want to become too dependent on its largest trading partner, Japan.

As a result, one can conclude that the United States and Europe are more important economic partners for China than China is for them. This becomes even more evident when one takes investments and the transfer of modern technology into consideration. While the United States and Europe are important sources of foreign direct investment (FDI) and advanced technology for China, Chinese investments in the United States and Europe are negligible and there is virtually no transfer of technology.

China, with its still largely state-dominated economy, has been able to exploit trade competition both among Europeans and between European and American companies. This in itself is not to be criticized, as it is a logical consequence of the free market principles that Western countries have been advocating all along. China has, however, at times not only used economic arguments, such as lower prices, better quality and service, and the transfer of technology offered by one competitor over the other, but also political arguments, to gain economic advantages.

Security Issues

Arms Control and Proliferation of Sensitive Technology

While China has signed the major arms control treaties, such as the Nuclear Nonproliferation Treaty (NPT), the Comprehensive Test Ban Treaty (CTBT), the Chemical Weapons Convention (CWC), and the Biological Weapons Convention (BWC), two areas have been of concern for the United States and Europe in the fields of arms control and sensitive technology: the transfer of missile technology and civilian nuclear technology.

China is not a member of the Missile Technology Control Regime (MTCR), but declared that it would respect its key provisions after repeated disputes with the United States over its sales of Silkworm missiles to Iran in 1987,

[23] This depends on whether one uses U.S. or Chinese statistics. The latter exclude any transshipments of goods to or from China via Hong Kong.

[24] In 2000 the deficit with China stood at 83,8 bn US$, that with Japan at 81,3 bn US$. Source: FTD WebMaster, Foreign Trade Division, U.S. Census, Washington 21 Feb. 2001.

[25] Source: EUROSTAT (figures for 1999).

[26] Source: IMF (figures for 1998).

intermediate range CSS-2 missiles to Saudi Arabia, and the alleged sale of M-11 missiles to Pakistan in the early 1990's.[27] Nevertheless, China still sold certain types of missiles to Pakistan and Iran, claiming that they did not fall under the MTCR restrictions. In November 2000 China committed herself to no longer aiding any country in the development of ballistic missiles capable of carrying nuclear weapons. The United States reciprocated by lifting certain export restrictions concerning space and satellite technologies.[28]

As members of MTCR, the United States and European states share the same interests in preventing the spread of missile technology, especially to such sensitive countries as Pakistan and Iran. The Europeans, however, who are currently lacking independent means of satellite reconnaissance and verification, have been far less vocal than the United States in criticizing China in this respect.

The other area of concern is the sale of Chinese civilian nuclear technology to Pakistan and Iran. Here again, the European countries, some of which are themselves exporters of civilian nuclear technology, have been less critical of China than the United States. They generally do not object to the sale of civilian nuclear technology, as long as the nuclear safeguards of the IAEA are applied. The United States, however, has objected to Chinese sales to Pakistan and Iran, irrespective of the application of safeguards, as it suspects the diversion of civilian technology for military purposes.[29]

Arms Exports to China and Taiwan

The history of American military relations with and arms sales to China reflects its inconsistent relationship with China since 1972. During the Cold War period, the United States was eager to strengthen China's military capabilities against the Soviet Union,[30] which is why there has been an American willingness to share certain military intelligence and technology with China since the re-opening of relations in 1972.[31] This willingness led to considerable sales of military equipment to China in the mid-to-late 1980s, amounting to about $5 billion in 1985[32] for such items as torpedoes, radar systems, and twenty-four Sikorsky S-70 Blackhawk helicopters.[33] In fact, the military relationship between the two countries in the 1980s became an arms sales relationship,[34] though American military sales to China ended with Tiananmen and the demise of the Soviet Union.

By contrast, European arms sales to China between 1972 and 1989 were not nearly as substantial as American, although the Chinese government held out the possibility of lucrative contracts. In reality, however, China was mainly interested in acquiring modern military technology without major expenditures of foreign currency. Sales were limited to occasional contracts, the biggest of them being an avionics upgrade by the British GEC of the Chinese J-7 fighter with an estimated value between 1980 and 1989 of $168 million.[35]

After 1989 there seem to have been only minor arms sales from European countries to China.[36] Although there are occasional rumors that one or another European country is willing to break the European arms embargo instituted at the 1990 Madrid summit, there is no concrete evidence to that effect. Given the generally critical attitude towards China in the European public, major arms sales to China in the near future seem rather unlikely.

As has been mentioned earlier, arms sales to Taiwan have been a major issue in Sino-American as well as Sino-European relations both before and after 1989. American and European policies have differed significantly on this issue, and even the European arms-producing countries have approached the issue differently from one another. Due to its historical links to the Nationalist government on Taiwan, the United States has traditionally been the largest supplier of arms to Taiwan, and remains so today.[37] In fact, up to the early 1990s, Taiwan was almost entirely dependent on the United States for its supply of major weapons systems.

Until the opening of relations with China in 1972, there was no question as to the legitimacy of massive American arms transfers to Taiwan. From then on and to the present day, however, the issue has become one of the most vexing in Sino-American relations. With the establishment of formal diplomatic ties in 1979, the differences between Washington and Beijing over continued American arms sales to Taiwan became more acute, especially after Congress mandated the U.S. government "to make available to Taiwan such defensive articles and defense services in such quantity as may be necessary to enable Taiwan to maintain a sufficient self-defense capability."[38] The quarrel over arms sales to Taiwan eventually led to the signing of a joint communiqué in 1982, in which the United States committed itself to gradually scale down its arms sales to Taiwan.[39]

Despite this commitment, however, in 1992 President Bush authorized one of the single most important

[27] Mann, p.167-172. China never admitted to selling the missiles to Pakistan, nor did the U.S. government ever produce conclusive proof of the alleged sales.

[28] *South China Morning Post*, 23 November 2000. The Chinese government also promised the U.S. to develop ist own detailed control regime for missile exports.

[29] At the 1998 summit in Washington, the Chinese government gave a written promise not to continue nuclear cooperation with Iran. The U.S. in turn opened the way for the sale of nuclear technology to China. See Mann, p. 356.

[30] Michael Brzoska and Thomas Ohlson, *Arms Transfers to the Third World 1971-1985*, SIPRI, Oxford University Press 1987, p.59.

[31] Mann, pp.57-65, 86-87.

[32] Ibid., p.140.

[33] Worth $140 million. For details see Bates Gill and Taeho Kim, *China's Arms Acquisitions from Abroad*, SIPRI Research Report No.11, Oxford, New York, Oxford University Press 1995, pp.41-42 and pp.38-40, table 2.2.

[34] Mann., p.141.

[35] Gill and Kim, pp.43-45.

[36] Ibid., p.79. The authors mention only two concrete sales: 2 Crotale ship-to-air missile systems by Thomson-CSF (French), worth $70 million, and Italian torpedo launchers for a Chinese missile frigate. However, a SIPRI statistic, *Transfers and licensed production of major conventional weapons: Imports by China and Taiwan*, covering deliveries or orders made 1972-1998, also lists the sale of 264 Crotale missiles between 1990-1999, ordered in 1986; of 55 Italian Aspide air-to-air missiles in 1990-1991, ordered in 1989; and, in 1996, 6 British Searchwater AEW radar systems worth $62 million.

[37] Brzoska and Ohlson, Appendix 1, pp.255-257, Appendix 7, p.349.

[38] Taiwan Relations Act of 1979, Sec.3(a).

[39] Communiqué of 17 August 1982. For the negotiations that led to the communiqué, and its various interpretations, see Mann, pp.123-128.

weapons sales to Taiwan: 150 F-16s valued at approximately $6 billion, which Taiwan had been trying to obtain for many years. The decision was based partly on electoral politics, as Bush was campaigning for re-election and the planes were to be produced in his home state of Texas, and partly on the new assessment of China's importance following the end of the Soviet Union and Tiananmen.[40]

This sale demonstrated two things. First, it made clear that the United States would not relinquish its strategic involvement with Taiwan, and that China was unable to decisively influence this policy, which it considered detrimental to its interests. As a consequence, the United States continues to sell arms that it considers necessary for Taiwan's defense, despite Chinese objections. The present debate about the possible deployment of a theater missile defense system (TMD) that would include Taiwan underscores this point. Second, the sale reassured Taiwan of continued American support and emboldened its leadership to push Taiwan's interests even more aggressively in Washington, especially in times of presidential elections.

The European arms-producing countries have been considerably more restrained in their arms sales to Taiwan, with two major exceptions. In 1981, the Dutch government allowed the sale of two submarines to Taiwan. This led to swift retaliation by the Chinese government, which recalled its ambassador and downgraded relations to the level of chargé d'affaires. A subsequent Taiwanese request for the sale of two additional submarines was turned down.

Very large French arms sales in the early 1990s constituted the second exception. In 1991, France permitted the sale of six Lafayette frigates worth about $4 billion. In 1992, shortly after the American sale of F-16s, France also sold sixty Mirage 2000-5 jet fighters plus air-to-air missiles worth $5 billion to Taiwan. There was again a strong Chinese reaction to these sales: the French consulate in Guangzhou was closed down, French diplomats were given only minimal access to the Chinese bureaucracy, and France was effectively excluded from all business contracts awarded by China for about two years.

Other European arms-producing countries, while not completely abstaining from the sales of military equipment to Taiwan, have been much more restrained. Germany, for example, has consistently refused to sell submarines or other major weapons systems to Taiwan, despite pressure from German industry. This more cautious German approach reflects a general reluctance to allow the export of major weapons systems to areas of potential military conflict. In addition, most European countries regard their future relations with China as crucial and, in view of the strong Chinese reaction to major arms deals with Taiwan, do not want to jeopardize their long-term relations for short-term economic gains.

National Security Issues

One further set of issues, which can be broadly described as issues of national security, has so far largely been absent from Sino-European relations, but is playing an increasing role in Sino-American relations. These matters mainly concern the legal or illegal transfer of sensitive technology in the fields of computers and satellites, alleged nuclear espionage, and theater missile defense (TMD). While the issues of transfers of sensitive technologies and of nuclear espionage have played a role in the past, TMD is of actual concern. It could have a disruptive effect on Sino-American relations in the near future.

There are various reasons why these issues have not played any significant role in Sino-European relations: the Europeans do not have the level of technology that the Chinese are trying to acquire (as in the case of supercomputer technology); they seem to protect their secrets better (as in the case of nuclear espionage); they do not cooperate with the Chinese in certain areas (as in the case of satellite launches) and are therefore less susceptible to legal or illegal technology transfers; and finally, they have no military-strategic involvement with China (as in the case of TMD).

While there is a commonality of interest between Europeans and Americans as far as the transfer of sensitive technologies and military nuclear secrets are concerned, TMD involving Taiwan could become a divisive issue not only between the U.S. and China, but also between the U.S. and Europe. The Europeans fear that if the United States alone defended its territory from long-range missile attacks, a two-tier system of security would be created within NATO, and their own security interests would be decoupled from American security interests. Therefore they generally oppose the American projects of a National Missile Defense (NMD) system and, by extension, any sort of TMD.[41]

A Course for the Future: Policy Recommendations

At the present time there is virtually no cooperation or coordination in the China policies of the United States and Europe. Whatever similarities or parallels there may be are the accidental result of similar solutions to problems both face in their dealings with China, rather than the result of any conscious planning. This should not come as a surprise, as there is little exchange of information, ideas, or policy discussion between Washington and European capitals at the working level and none at the highest political level. This state of affairs is all the more regrettable, as any policy decision by one side is bound to influence the other.

At the working level, there are institutionalized Asia consultations in the Troika format during each European presidency. In theory, semi-annual meetings of Asia specialists from both sides should take place, alternating between Brussels and Washington. In practice, however, if they have taken place at all, these meetings have produced little coordination of China policies for a number of reasons.

The first is their broad agenda. A discussion ranging from Afghanistan to East Timor within a few hours is poorly suited to in-depth exchanges on policy options vis-à-vis China, or any other country, for that matter.

[40] Mann, pp.264-269.

[41] On the European concerns about NMD, see "Europe Wants Reassurance As U.S. Seeks Missile Shield," *New York Times*, 13 February 2000, p.11.

Second, on the European side, the interlocutors alternate with each new presidency. Third, on the American side there is a certain reluctance to travel to Brussels, which means that some meetings do not materialize. In summary, the meetings in their present format are ill suited to producing any meaningful coordination of China policies.

By way of improvisation occasional bilateral consultations take place, usually in the form of a China desk officer of a European foreign ministry or the EU Commission traveling to Washington on his or her own initiative. Unfortunately, these bilateral meetings happen much too infrequently to have any measurable impact on policy coordination.

For much the same reasons, meaningful dialogue on China has been altogether lacking at the highest political levels. The yearly EU-U.S. summit meetings usually cover wide-ranging agendas, and China has never figured prominently in them during the last few years, as other more urgent crisis areas have taken center stage. On somewhat lower levels, several attempts were made between 1996 and 1999 to organize meetings at the level of Assistant Secretaries of State for Asian Affairs. They failed to materialize, however, because the American side cancelled them each time. The result of all this has been benign neglect to the detriment of any coordinated approach between Europe and the United States towards China.

Areas for Cooperation

As we have seen, there are several areas where the United States and Europe have similar or identical policy goals with regard to China, the most important of which are human rights, arms proliferation, trade and policy toward Taiwan. When examining these areas in detail, it is essential to focus on three questions: What are the costs and benefits of closer cooperation? What are the internal political factors on each side working for or against closer cooperation? And, what methods should be used to achieve better coordination?

Human Rights

China does its best to exploit the differences in the human rights policies of Europe and the United States.[42] As a benefit to both the United States and Europe, therefore, a coordinated human rights policy towards China would carry greater weight with China and would render ineffective Chinese attempts to try and divide Europeans and Americans. As a cost to both, coordination would require a much greater effort on both sides to understand each other's positions, to spend considerable time and energy on the consultation process, and to continuously involve the political leadership as well as the parliamentary bodies and the public in the consultation process.

The internal political factors influencing the decision-making and implementation processes in the human rights area on all sides are hard to predict and even harder to control. In the United States, policies are being influenced by an ever-more assertive Congress, by pressure from various human rights lobbies, and by the media, especially during election years.

In Europe, government decisions on human rights questions are further complicated by the fact that, as a rule, they have to be made by coalition governments in which different coalition partners often have different views. Last but not least, on the Chinese side, totally unforeseen events, such as the suppression of the Falun Gong movement or the arrest of dissidents, can influence policy decisions in the United States and Europe.

Since both pursue similar goals with respect to human rights in China, it is necessary to set up a high-level working group composed of senior China and human rights experts from governments and the EU Commission to try to coordinate their respective human rights policies. The members of this group should not rotate too often but should remain involved over a longer period of time to establish a working relationship with each other. Ideally, consultations should be held at regular intervals of no greater than six months, and their results should be reviewed by the foreign ministers.

The group should perform the following tasks. First, it should define the common goals of human rights policies towards China. Second, it should establish agreement on the methods as to how to reach these goals. If this should prove impossible, it should, at a minimum, achieve an understanding of the methods each side deems appropriate to reach these goals. Lastly, it should coordinate operative decisions, like the vote in the HRC, or interventions in particular cases of human rights violations.

To perform this last task, regular consultations should be supplemented by special consultations, for example during the run-up to the yearly meetings of the Human Rights Commission in Geneva. Such consultations should be held much earlier and be much more intensive than they have been in the past. It is simply insufficient to start the consultation process only in the final stages of the decision-making process, as has been the case in the past. The political leadership on both sides need to be involved much earlier in the process, with a clear statement of their political intentions.

Arms Exports and Proliferation

As long as the United States and Europe follow the present restrictive policy of arms exports to China, there is little immediate need for coordination in this field. This could change, however, if one side decided to lift the present restrictions. In this case consultation and coordination should help to avoid the dangers of a race for arms exports to China with possibly incalculable strategic consequences.

In the area of proliferation of weapons of mass destruction and missile technology, a form of tacit cooperation already exists, as both the United States and the European countries are members of the relevant arms control treaties and the Missile Technology Control Regime (MTCR). However, both sides should coordinate their activities within the various arms control regimes as much as possible on an ad-hoc basis.

The benefits of close cooperation clearly lie in holding China to strict compliance with its treaty obligations, and in convincing it of the benefits of compliance with

[42] See above.

the standards of international agreements it has not yet signed, as in the case of MTCR. There are no significant costs involved in close cooperation, as it can be carried out in the framework of the existing agreements and does not therefore require new mechanisms to be created. As to the internal factors influencing cooperation, the recent refusal of Congress to ratify the Comprehensive Test Ban Treaty (CTBT) comes to mind. This could undermine the effectiveness of both European and American efforts to urge China to ratify the treaty.

Trade

While there is agreement on the broad lines of trade policy towards China among the United States and Europe, trade is probably the area where effective policy coordination is the most difficult to achieve in detail. Both sides agree that China should open up and liberalize its market more fully, adhere to fair trade practices, and guarantee better legal protection for foreign investors and traders. However, cooperation will be much harder, if not impossible, when it comes to individual business projects, as both sides are and will remain commercial competitors.

Nevertheless, at a minimum it is desirable for both sides to compete on an equal footing (the "level playing field") for business in China. Once China has acceded to the WTO, this should be assured under the rules of the organization. It can only be hoped that this will end the mutual recriminations of the past of unfair trade practices allegedly condoned or even supported by European or American governments.

While the benefits of trading with China on a level playing field are obvious, there could be considerable political costs: the American and European governments would have to resist the pressures of lobbies to gain special advantages. As the WTO provides the legal and institutional framework, no new mechanisms or institutions to coordinate trade policy are needed, once China has acceded to the WTO.

Taiwan

One further area of closer cooperation should be Taiwan. Although the United States continues to play a dominant role in influencing both China's and Taiwan's respective policies towards each other, the Europeans could play a role in several areas, albeit as a junior partners of the United States. In some instances they have already done so, for example as suppliers of major weapons systems to Taiwan.[43] At the time, these transactions were uncoordinated, if not in outright competition with American arms sales. Although it is at present unlikely that European governments would contemplate major new arms deals with Taiwan, this could change in the future. In such a case, it would be indispensable to proceed in close consultation with the United States, regarding the effects of such sales on the balance of military forces in the area, as well as the effects on the relationship between China and Taiwan.

Another aspect of closer cooperation concerns Taiwan's future international status. Both the United States and Europe face the question of how to deal with an increasingly democratic Taiwan trying to assert itself on the international stage. Keeping in mind the crucial effect the handling of this question could have on their relationship with China, it is necessary to jointly deliberate this issue.

Conclusion

Despite the differences in the approaches that the United States and Europe take toward China as an emerging power, there are important areas in which their interests and goals coincide. To render their respective China policies in these areas more effective, it is necessary to reach a better understanding of each other's policies and to coordinate them more closely.

Should such coordination take place, it is essential to convey to the Chinese leadership that it should not be misunderstood as an attempt to form a united front against China, or to devise a better way of suppressing its rise as a major power. Failing to do so would only add to Chinese leaders' latent fears that the West is trying to encircle and contain China.

It would therefore have to be made clear to China that, on the contrary, well-coordinated China policies would serve the common goal of Europeans and Americans of more fully integrating China with the rest of the world, thus making China a factor of stability in the international order, instead of instability and disruption. Coordinated policies towards China would, however, require a high degree of engagement, consistency and political leadership in this matter by the governments of the United States and Europe.

A coordinated policy should view China's development in a long-term perspective, with two thoughts in mind. First, while criticism of Chinese policies should be voiced whenever necessary, the governments of the United States and Europe should make it clear that they view China as a partner, not as a potential enemy. It might be permissible and even prudent for military planners to think about all kinds of scenarios behind their closed office doors, but public discussions of possible future conflicts with China, which seem quite popular in American think-tanks and universities, do not further the aim of making China a partner. They are all the more dangerous as there are important segments in the Chinese military just waiting for such clues to start their own contingency planning towards a conflict with the United States. Public discussions of this sort in the West could therefore become self-fulfilling prophecies.

Second, a long-term perspective on China requires Western governments, parliaments, and publics to resist the temptation of making China policy an object of internal partisan conflict. The foreign policy aspects of China's smooth integration into the existing world order are already difficult enough to handle properly. They should not be additionally saddled with partisan politics at home.

Josef Joffe has put the task before us as follows: "The rise of China has re-created the dynamics of the late nineteenth century as then driven by the upstarts America, Germany and Japan... The cards will have to be reshuffled, and a new balance of power and prestige will have

[43] See above.

to be enshrined."[44]

China's integration into the existing international order is one of the great challenges of the new century. It is to be hoped that political leaders on both sides of the Atlantic will muster the foresight and wisdom necessary to solve this difficult task, matched by similar qualities of leadership in China.

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This article is an abridged version of a paper the author submitted as a Fellow of the Weatherhead Center for International Affairs of Harvard University in May of 2000. It is the expression of the author's personal views and does not represent the views or policies of the German Government or the Weatherhead Center for International Affairs.

[44] *The Great Powers*, Phoenix Paperback, London 1998, p.51.