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## **The Possibility of EU Lifting Arms Embargo on China**

### **in the Context of the Eurozone Debt Crisis**

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#### **Abstract**

With the deterioration of the Eurozone debt crisis, the problem of EU arms embargo on China has appeared again in the dialogues between the EU and China. It looks like that, China has a will to help the EU financially if the EU could make some concessions in certain sensitive areas including arms embargo on China. Although the EU has not yet shown any sign of major concessions in order to smooth the way for Chinese cash, it is worth doing relevant discussion and research. This paper aims to explore the possibility of EU lifting arms ban against China in the context of the Eurozone debt crisis. The author argues that in the background of the Eurozone debt crisis, it is not clever to bring the sensitive EU arms embargo on China at the table, because it is difficult for the EU to lift the ban when it has tough troubles in its own backyard. It is claimed that EU's attitude toward the arms embargo on China is mainly influenced by the situation of EU-US relations and US' attitude toward the embargo. In order to advance this argument, this paper firstly reviews the endeavor of EU lifting arms embargo on China from 2003 to 2005. This is followed with the discussion about the factors affecting EU's attitude toward the embargo by Heider's Balance Theory. At last, it is to focus on EU-US relations in the backdrop of the Eurozone debt crisis, as well as figure out whether the US is still strongly against EU lifting arms embargo on China.

**Keywords:** Eurozone debt crisis, EU arms embargo on China, Heider's Balance Theory, the US

With the deterioration of the Eurozone debt crisis, whether or not the EU needs a financial support from the rest of the world especially China, has become a hot debate. Although China has 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, the EU so far has not shown any sign of major concessions in order to smooth the way for Chinese cash. This paper aims to analyze the possibility of EU lifting arms ban against China in the context of the Eurozone debt crisis. However, before doing this, we would like to first explore the factors affecting the EU not lifting the embargo between 2003 and 2005, because which are quite important for us to foresee the decision making of EU arms embargo on China during the time of Eurozone Crisis.

## **1. Background of EU Arms Embargo on China**

EU arms embargo on China stems from a political declaration announced in 1989 by the then twelve European Community (EC, the EU's precursor) member states, in response to the Tiananmen Square Incident in China in June of the same year. The embargo is only a brief political declaration without either a clarification of the meaning of the term "military cooperation" or a list of weapons that conforms to "trade in arms".<sup>1</sup> Moreover, it is not legally binding, and each EU member state interprets and implements the arms embargo differently and some of them continue to export certain types of military equipment to China under the embargo. Therefore, to some extent, the embargo is only a symbolic issue for the Chinese government

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<sup>1</sup> Prior to 1992, EU's decisions on arms embargo were made by its member states by an informal political process called European Political Cooperation (EPC). Usually, member states convened together in the form of the European Council, and unanimously adopted declarations to impose arms embargoes. Therefore, EU's arms embargo on China is just a declaration made in the context of the EPC, without a detailed description of the types of material covered and the conditions of implementation by the member states. By contrast, other EU arms embargoes imposed in the context of the Common Foreign and Security Policy (CFSP) are more clarified and specific in their scope and coverage, because decisions to impose embargoes are based on Common Positions sometimes with regulations. In fact, EU arms embargo on China is the only ban which was born in EPC era and has not been transferred to Common Position in the EU.

and also for the EU. However, the Chinese authorities consider the EU arms embargo as a humiliation, because they are treated in the same way as Sudan or Zimbabwe. The removal of EU arms embargo on China needs the unanimous approval of EU member states.

With the well-sound development of relations between the EU and China, China believes that the embargo is outdated and hopes that the EU can lift it at an early date so as to remove barriers to greater bilateral cooperation on defense industry and technologies (China's EU Policy Paper 2003). At the end of 2003, the EU decided to review the EU arms embargo on China. In 2004, many EU leaders announced their support for ending 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 decision (Presidency Conclusions 2004). It seemed that the embargo would be lifted in the first half of 2005. However, the proposed lifting by the EU caused a strong bipartisan negative reaction in Washington. In early 2005, the US Congress passed several resolutions to urge the EU not to end the weapons ban on China; concurrently, the newly-appointed Secretary of State Condoleezza Rice and President Bush successively visited Brussels and addressed their strong opposition to removing the embargo on China, and urged the EU not to do anything to change the stability in East Asia. At the end, the EU did not lift the embargo as planned, and largely attributed it to the "Anti-Secession Law"<sup>2</sup> passed by the Government of China in March 2005, which warns of "the use of force against perceived efforts at establishing Taiwan's independence"(Anti-Secession Law 2005).

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<sup>2</sup> On March 14, 2005, China adopted its "Anti-Secession Law," 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.

## **2. A Theoretical Analysis of EU not Lifting Arms Embargo on China during 2003-2005**

### **2.1 Heider's Balance Theory**

In this section, the author would like to borrow a psychology theory, Heider's balance theory, to analyze the factors affecting EU lifting arms embargo on China. Heider's balance theory is one of cognitive consistency theories, which share an underlying assumption: people seek consistency or equilibrium among their cognitions (for a review of cognitive consistency theories, see Abelson et al. 1968). Specifically, it is mainly about the relations among three things in a given person's life space: the perceiver *p*, another person *o*, and some object *x* (e.g. a person, event, idea or thing). There are two kinds of relations between *p*, *o* and *x*: the sentiment relation and the unit relation. The sentiment refers to the way a person *p* feels about or evaluates something, such as like or dislike, approve or disapprove, accept or reject. The "something" may be another person *o*, or an impersonal entity *x*. According to Heider (1958: 175), the sentiment is the more or less underlying invariance, because the disposition gives a stability within fluctuating circumstances and behavior. As to the unit relation, Heider (1958: 176) briefly says that separate entities comprise a cognitive unit when they are perceived as belonging together. For example, students in the same university are seen as a unit; a person and his behaviors belong together. With respect to the conditions leading to unit formation, Heider (1958: 177) is influenced by the gestalt psychology<sup>3</sup>, which looks the formation of units as an important feature of cognitive organization, and considers similarity, proximity, common fate, good continuation, set, and past experience as factors that lead to unit formation. In addition, he believes that, whether or not two entities are seen as a

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<sup>3</sup> The operational principle of Gestalt psychology is that the brain is holistic, parallel, and analog, with self-organizing tendencies. The phrase "The whole is greater than the sum of the parts" is often used when explaining gestalt theory.

unit depends not only on their relations with each other, but also on the properties of the surrounding (Heider 1958: 178-180). For example, if there are only two Germans in an international conference, they can easily be regarded as a unit; whereas if all the people joining in the conference are Germans, they will certainly not be seen as a unit.

The basic assumption of Heider's balance theory is that sentiment relations and unit relations tend toward a balanced state. The concept of the balanced state designates a harmonious situation in which the sentiment and unit relations among the entities fit together, and there is no stress toward change, either in sentiment relation or in the cognitive organization (Heider 1958: 176). In triadic relations, balance obtains when all three relations are positive or when two of the relations are negative and one is positive. For example, if p loves o and likes running (x), and o also likes running, or if p dislikes o and running, and o likes running, the system is balanced. However, if p loves o and likes running, but o dislikes running, the system is unbalanced. As to the case of three negative relations, Heider considers it somewhat ambiguous and does not say definitely whether or not this kind of system is balanced. He only thinks that the system of three negative relations is unstable and tends toward a system of one positive and two negative relations, therefore, Insko (1967: 164) believes that there is some basis for considering the three-negative system unbalanced, though Heider does not commit himself. If we consider only simple positive-negative feelings, there are eight possible configurations among three entities (see Figure 1).

The assumption that sentiment and unit relations tend toward a balance state implies that when balance does not exist, the unbalanced system will produce pressures toward changes until it is balanced. These changes can be realized by a few methods. Heider describes these methods by an example of a triadic system of one positive sentiment relation, one positive unit relation and one negative sentiment relation, such as the perceiver p likes another person o, who has done something x which is negative for p. This is an unpleasant situation for p. Balance can be restored

either by a change in the sentiment relations or in the unit relations (see Figure 2). By the change in the sentiment relations, p can (a) begin to think that x is really not too bad, thereby producing a balanced triad of three positive relations; (b) begin to dislike o, thereby producing a balanced triad of two negative relations and one positive relation. By the change in the unit relations, p can (c) begin to feel that in fact o has not done x, therefore, the unit relation between o and x is destroyed, and again there are two negative relations and one positive relation. In addition, p can (d) realize balance by differentiation. For example, p may begin to think that o, like everyone, has good and bad points. P begins to dislike o because the bad side of o are responsible for x, though p still likes the good side of o. In this case, a balanced system of two negative relations and one positive relation is obtained. Although the system is balanced because of the bad part of o, there is also good part of o, to this extent unbalance still exist. Generally speaking, Heider believes that unbalanced situation has stress to change to balanced situation, which is only a tendency, and does not mean that in every case the defined balanced situation will actually be obtained.

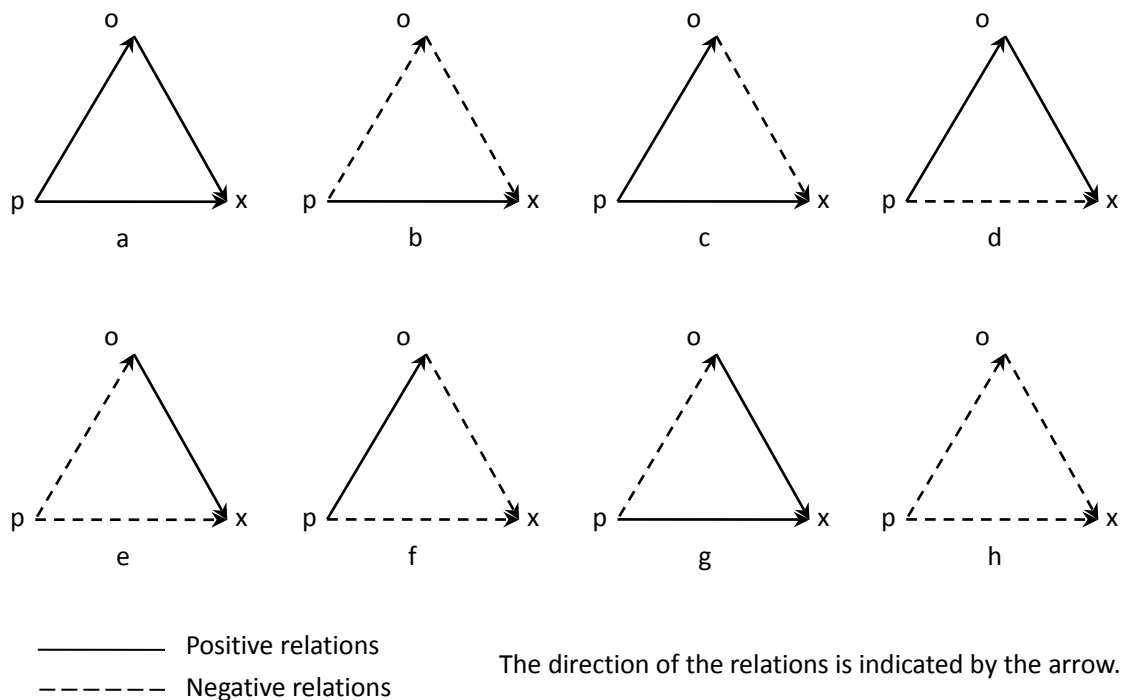


Figure 1: Balanced and unbalanced cognitive triads. Triads a, b, e and f are balanced states; triads c, d, g and h represent unbalanced states.

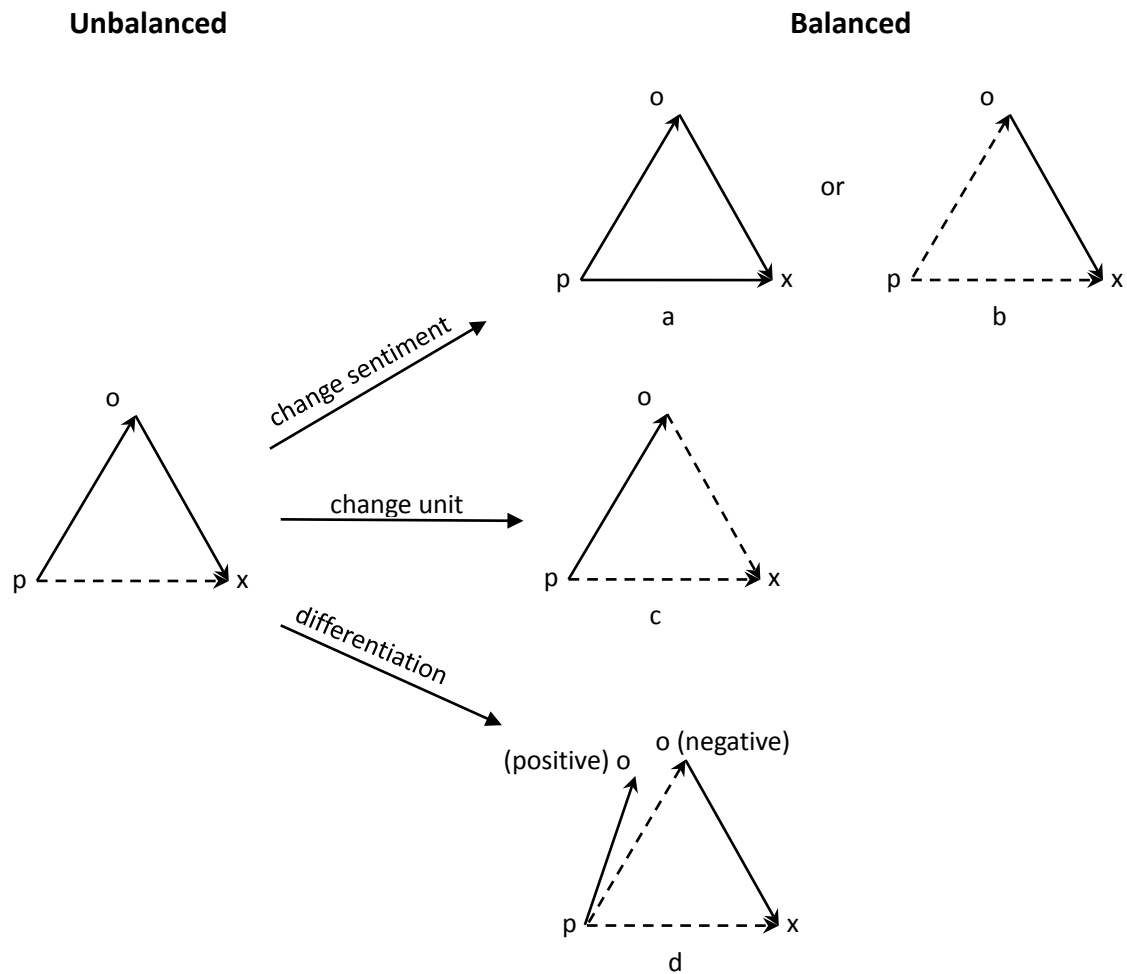


Figure 2: Change toward balance within existing unbalanced sentiment and unit relations.

## 2.2 Theory Application

As we have mentioned, the EU was planning to lift the arms embargo on China during 2003-2005, however, it changed its mind and did not remove it at last. Therefore, why the EU altered its attitude toward lifting arms ban against China? The author would like to answer this question by analyzing a triangular relation between the EU, the US and the matter of EU lifting arms embargo on China (the embargo for short). Therefore, the EU-US relations, EU's attitude toward the embargo, and US' attitude toward the embargo are the most important factors influencing the final decision making of the EU (see figure 3).

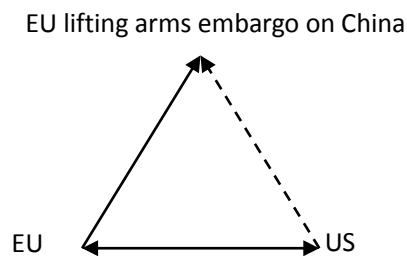


Figure 3: triangular relations of the EU, the US and the matter of EU lifting arms embargo on China

### 2.2.1 The EU-US Relations

In this part, the author would like to take the liberal idea of triangulating peace to explain the dyadic relations between the EU and the US (positive or negative). Triangulating peace is a theory proposed by Russett and Oneal (Oneal, Russett, and Berbaum 2003; Russett and Oneal 2001), and its basic ideas can be traced back to the liberal philosophy of Immanuel Kant, who suggested if all countries become incorporated into a web of republican constitutions, “cosmopolitan law” embodied in free trade and economic interdependence, and international organizational arrangements which are reciprocal reinforcing and rewarding, we can achieve international peace. Therefore, there are three indicators, democracy, economic interdependence and joint membership in international organizations, to judge the EU-US relations.

When the EU decided to reconsider the arms embargo on China, the transatlantic relations had endured the worst time after the Second World War because of their strong divergences on the invasion of Iraq. However, it did not end the transatlantic alliance as we have known over the past several decades. The transatlantic community is still positive and intact according to “a combination of collective identity based on common values, economic interdependence based on common material interests, and common institutions based on norms regulating the relationship”(Risse 2003: 1-2).



Additionally, although transatlantic relations during the Bush administration's first term were hugely damaged, at the very beginning of the second term, Bush and other officials attempted to repair relations with American allies, particularly European states. In early 2005, Secretary of State Condoleezza Rice and President Bush successively visited European capitals explicitly seeking to repair the damages done by the first term of the Bush administration. During the question and answer period in a NATO summit meeting in February 2005, a reporter asked what the US would do to improve transatlantic relations, Bush answered that "we had a major difference with some allies over Iraq and now we need to put that issue behind us" (Sloan 2010: 232). In addition, the US also showed "a change toward more conciliatory and less confrontational approaches" to the European allies, for example, supporting for NATO taking over command of the International Security Assistance force in Afghanistan (Sloan 2010: 232).

In fact, European governments also looked like that they put the issue behind them. Only one year after the Iraq war, the US-German relationship had showed signs of renewal. Chancellor Schroeder was invited to the White House in February 2004 and had a positive meeting with President Bush. And in their joint statement following that meeting, we could find out the "deep friendship" between the two, their common interests, and similar goals.<sup>4</sup>

Although transatlantic relations become worsen because of the US-led invasion of Iraq, they still have common values and interests with each other, and continued to work closely together on a series of security issues, including humanitarian and peacekeeping operations in both Afghanistan and the Balkans, and broader counterterrorism activities. There was no transatlantic divorce. Furthermore, both sides are committed to mend their relations very soon after the end of the Iraq war,

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<sup>4</sup> "The German-American Alliance for the 21st Century Joint Statement by President George W. Bush and Chancellor Gerhard Schroeder," available at <http://georgewbush-whitehouse.archives.gov/news/releases/2004/02/20040227-10.html>, retrieved 3 December 2011.

particularly from the second term of the Bush administration. Therefore, besides 2003, we could say that the year 2005 is another turning point of transatlantic relations, from worsen to better.

### **2.2.2 EU's Attitude toward the Embargo**

The European Council is the central decision making actor in the area of and of course in the matter of the lifting. The European Council, the central decision making actor in the area of Common Foreign and security Policy (CFSP) and of course in the matter of lifting arms embargo on China, is an intergovernmental institution, where EU member states play a great role. Generally speaking, the Council showed its intention to end the embargo. At the European Council meeting in December 2003, it decided to "invite the General Affairs and External Relations Council to reexamine the question of the embargo on the sale of arms to China" (Presidency Conclusions 2003), but no procedures were established. On 26 January 2004, the General Affairs and External Relations Council firstly discussed the lifting of arms embargo on China and "invited the Permanent Representatives Committee (Coreper) and the Political and Security Committee (PSC) to look into the matter"(2559th Council meeting 2004). It was reported that the issue would be on the agenda for a Council meeting in March, but it was finally cancelled. Then, in a working lunch in Luxembourg in late April, EU foreign ministers generally agreed to continue to review the issue. However, it was widely accepted that expansion of the EU in May 2004 would delay the process of the lifting, as the attitudes of the new members should be taken into account. The presidency conclusions of the European Council meeting in December 2004 stated that it "reaffirmed the political will to continue to work towards lifting the arms embargo" and "invited the next Presidency to finalise the well-advanced work in order to allow for a decision" (Presidency Conclusions 2004), which seemingly implied that the embargo would be removed in the first half of 2005.

However, there are divisions among member states. France had been the most active

country in favor 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 (Wolfe 2004). The German Chancellor Gerhard Schröder supported the lifting of the mere symbol 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, and participated in a deal of selling a plutonium plant<sup>5</sup> (Deutsche Welle 2003). 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" (Stumbaum 2009). Despite cautiously, the United Kingdom initially supported the removal of the ban against China. It looks like that in 2004 Britain was planning to side with France and Germany to support for lifting the ban, but addressing that the removal should be "linked to improving human rights in China" and after the 2004 US presidential election (Kirkup 2004; Webster, Watson, and Bremner 2004).

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 (Kreutz 2004). The ten new member states from east Europe joined the debate of lifting the embargo on China in 2004. They seldom addresses their positions on this matter, but their foreign policies were always perceived as being sensitive to 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 (Stumbaum 2009). In addition, their attitudes were

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<sup>5</sup> In early 2004, the plutonium plant deal was postponed indefinitely for many criticism in Germany.

influenced quite a lot by the human rights situation in China and the opposition from the US.

Besides the European Council, the European Commission and the European Parliament are also major actors in the governance of the EU, although they only play limited roles on lifting arms embargo on China. The European Commission had almost no say in the matter of the lifting and did not explicit support or not during 2003 and 2005, although it expressed that the human rights conditions should be concerned and improved before lifting the arms embargo on China after the postponement of the decision making (Stumbaum 2009). As for the European Parliament, it has no role in CFSP decision making, but the Presidency is required to consult the Parliament on major aspects of CFSP and to ensure the Parliament's viewpoints taken into account.

Although there were divisions both among the EU member states and among the European Council, Commission and Parliament in the matter of lifting arms embargo on China during 2003 and 2005, the European Council as the central decision making actor basically supported the lifting and made it on the agenda. Therefore, the EU had the intention to lift the embargo on China at that moment.

### **2.2.3 US' Attitude toward the Embargo**

Unlike their EU counterparts, the US Congress and the US Administration have unified to oppose the EU lifting the arms embargo on China. On October 7, 2004, the US House of Representatives passed a resolution to express its opposition to the EU lifting the arms embargo on China, requesting the President to "seek a commitment from the leaders of the EU that the EU not lift its embargo on arms sales to China" and the Department of Defense to analyze the impact on US interests of a possible lifting of the embargo and review the steps the U.S. will take to address this situation (The US Congressional Resolution 2004). On February 2, 2005, the US House of

Representatives adopted another resolution by a vote of 411-3 to urge the EU to maintain its arms embargo on China, meanwhile reaffirming the US arms embargo on China and deploring the increased arms sales to China by the EU member states and the European Council's decision to finalize work toward lifting the embargo which was inherently inconsistent with the mutual security interests between the US and the EU from the viewpoint of the US (The US Congressional Resolution 2005a). On March 17, 2005, the full US Senate passed a resolution by a unanimous vote to strongly urge the EU to continue its arms ban on China, expressed that the potential adverse affect for the transatlantic defense cooperation might be caused by ending the ban, and urged the US Government and the EU to cooperatively develop a common strategy on China (The US Congressional Resolution 2005b). This series of resolutions have showed the Congress' opposition position on the EU lifting arms embargo on China, which is same as the US administration's position. As early in early 2004, the US had already held "senior-level" discussions with France and other EU countries about the issue of whether to lift the arms embargo on China, and believed that the EU should maintain their embargo (Boucher 2004). Concurrently, the Bush Administration reportedly also lodged diplomatic protests with EU members (Pan 2004). In early February 2005, newly-appointed Secretary of State Condoleezza Rice visited Brussels and expressed opposition to lifting the arms embargo on China. Later that month, President Bush visited Brussels and cautioned that European defense-related transfers "would change the balance of relations between China and Taiwan."

In order to prevent the EU lifting arms embargo on China, the US mainly adopts two kinds of methods. One is a direct method of lobbying by US officials and diplomats. After the European Council had initiated a formal decision to reexamine the arms embargo on China in December 2003, the Bush administration began to "send intelligence officials to explain to European governments the negative impact of the lifting on the strategic balance in the East Asian region"(Stumbaum 2009: 192). With more endeavor for the lifting made by the EU, the US government started to dispatch

high-ranking officials to express the risk of a limited conflict between the United States and China with senior officials like Deputy Assistant Secretary of State Randall G. Schriver touring the Europe (Stumbaum 2009: 192-193). In the above mentioned tour through Europe, Rice not only expressed US opposition to EU lifting the embargo, but also optimistically believed that “the Europeans are listening to” American “concerns” (Rice 2005). After that, the US Administration carried out diplomacy at the highest level with European allies followed by the above mentioned President Bush’s visit to Europe. Through this series of lobbying visits and tours, the US let his European allies know US strong opposition position to the EU ending embargo on China, meanwhile the two sides understand each other better on this matter and try to coordinate their policies towards China.

Another method is to threaten sanctions to EU member states and companies which have sold arms to China. In May 2004, the US House of Representatives passed its version of the National Defense Authorization Act for FY2005 (H.R. 4200), reported out of the House Armed Services Committee, which included a provision to “impose procurement sanctions against any foreign person that transfers certain military items to China” (Archick, Grimmett, and Kan 2005: 3). In the resolution passed on February 2, 2005, US Congress required to explore “the recent increase in arms sales by member states of the EU to China” (The US Congressional Resolution 2005a). The US willingness to impose sanctions and explorations had influenced European defense companies’ attitude towards the embargo. At the beginning, some European defense companies supported lifting the embargo because they “eyed the Chinese two billion-a-year market for defense technology,” and believed the lifting will bring them big commercial interests (Stumbaum 2009: 188). However, fearing American retaliation, British defense companies put pressure on their government. And when the US Congress forced European companies to choose between the US and the Chinese market, European defense companies such as BAE Systems and EADS publicly stressed their loyalty to the transatlantic partnership (Stumbaum 2009: 186). European defense companies played a curial role on preventing the EU from ending

the embargo, especially the British defense companies. May-Britt U. Stumbaum (2009: 191) argues that “the pressure British defense companies exerted on the British government tipped the balance from decision to non-decision.”

#### **2.2.4 Theoretical Analysis**

Through above description, we could find out, during 2003-2005, the EU and the US quarreled with each other over Iraq but still had collective identity based on common values, economic interdependence based on common material interests, and common institutions based on norms regulating the relationship; the EU had intention to lift arms embargo on China while there are different opinions among EU member states and institutions; the US Congress and the US Administration had unified to protest against the EU lifting the arms embargo on China. Therefore, the triangular relations of the EU, the US and the matter of EU lifting arms embargo on China (EU-US-embargo relation for short), is unbalanced with two positive relations and one negative relation. There are three ways to achieve balance: (a) worsen EU-US relations; (b) the EU continues to maintain his embargo on China; (c) the US agrees the EU to lift the embargo on China.<sup>6</sup> In fact, the EU did not lift the embargo as planned, thus the triangular relations restored balanced at last. According to such analysis, we could have four conclusions as following:

(1) As a psychology theory, Heider’s balance theory can be used to explain international relations and foreign policy. From the case of EU arms embargo on China from 2003 to 2005, the author find that, the intention and action of the EU to lift the embargo on China result in the EU-US-embargo relation unbalanced. Furthermore, the EU and US feel uncomfortable under such unbalanced situation, and try to persuade each other. At last, it is the EU that made concession and

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<sup>6</sup> Heider believes that there are four methods to restore balanced, however, the author argues that the forth way is only a semi-balanced situation. Therefore, the author discusses three ways to restore balanced.

restored the triangular relation balanced.

- (2) The EU has an intention to lift arms embargo on China, however, its attitude strength is weak because of the divergences among EU member states and EU institutions. The lifting of the embargo needs a strong EU with one voice.
- (3) Facing threaten sanctions from the US, the EU did not want to worsen EU-US relations. After Second World War, the EU has been reducing military budgets and relying on the US in security and defence area. Generally speaking, they always have common position on security and defence policies. Therefore, the US hopes the EU continue to have the same position on arms embargo on China like itself.<sup>7</sup> In a word, the EU chose and sided with the US between China and the US.
- (4) Whether the EU could lift the embargo is primarily affected by the situation of EU-US relations and US' attitude toward the embargo. The EU decided to reexamine his arms embargo on China when EU-US relations almost went to the bottom in 2003, then chose to keep the embargo while EU-US relations began to turn better in 2005.

### **3. EU Arms Embargo on China in the Context of 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).<sup>8</sup> Although some Eurozone countries had enforced austerity policy by raising taxes or cutting public spending, and more

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<sup>7</sup> Unlike EU arms ban on China, US sanctions on arms sales to China are legally binding. However, like the EU, the US also suspended military-to-military contacts and arms sales in response to the Tiananmen Crackdown. First imposed by President George H.W. Bush on June 5, 1989, the ban on arms sales was later codified among sanctions passed in Section 902 of the Foreign Relations Authorization Act for FYs 1990 and 1991 (P.L. 101-246), approved in February 1990 (for further information please see Archick et al. 2005: 4-5).

<sup>8</sup> "EU ministers offer 750bn-euro plan to support currency". BBC News. 10 May 2010. Available at <http://news.bbc.co.uk/1/hi/business/8671632.stm>. Retrieved 8 June 2012.



measures had been designed to prevent the collapse of member economies,<sup>9</sup> however, Europe continued to face challenges as the crisis continued to deepen. It seems that European governments are unable to deal with the sovereign debt crisis, which may endanger the project of European integration that took off shortly after World War II with the plans to create a European Coal and Steel Community (ECSC). Therefore, how to survive Eurozone debt crisis at present becomes a hot topic within the EU, including whether or not the EU need the assistance of third parties. China has 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, and some scholars also call the EU to make certain concessions to smooth the way for Chinese cash (Small 2012; Steinbock 2012). Although so far the EU has not shown any sign of major concessions being offered to China, it is worth discussing if there is such possibility. This section aims to explore the possibility of EU lifting arms embargo on China in the context of Eurozone debt crisis, based on previous theoretical analysis.

As we have mentioned, EU's attitude toward the embargo is mainly influenced by the situation of EU-US relations and US' attitude toward the embargo. Generally speaking, since Obama took office, EU-US relations have become better. When Obama won the presidential election, Europeans were hoping that he would restore transatlantic diplomacy and make his foreign policies in ways more compatible with European taste and interest (Guérot 2009). Indeed, the Obama administration behaves much more multilaterally than Bush administration in foreign policies, especially US multilateralism shown in the invasion of Libya. The EU has been promoting (effective) multilateralism in global governance in order to diffuse his norms and paradigms. Therefore, the EU and the US have relative more common on multilateral foreign policy. Although recently, the Obama administration is not

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<sup>9</sup> Such measures include an agreement whereby banks would accept a 53.5% write-off of Greek debt owed to private creditors, increasing the EFSF to about €1 trillion, and requiring European banks to achieve 9% capitalization.

satisfied with European behavior dealing with the Eurozone debt crisis, the transatlantic community is still a combination of collective identity based on common values, economic interdependence based on common material interests, and common institutions based on norms regulating the relationship. In a word, in the context of the Eurozone debt crisis, EU-US relations are still positive.

As to US' attitude toward the embargo, although recently the US has seldom explicitly declared their stance on EU lifting arms embargo on China, we still can analyze and evaluate its attitude. About 7 years ago, the US Congress and the US Administration had unified to protest against the EU lifting the arms embargo on China. Through lobbying by US officials and diplomats and threaten sanctions to EU member states and companies which have sold arms to China, the US had influenced EU decision making of the embargo. The primary reason that the US was against EU lifting the embargo, is to contain China. The US worries the lifting will damage his strategic interests in Asian Pacific region. After the Second World War, the US becomes the dominate power in Asian Pacific area, and provides the security guarantee for East Asia though it is not located there. During her above mentioned European tour, Rice underlined the US did not want "its primacy challenged in East Asia." The US "had heavily invested in the region and acted with the US navy's seventh fleet as the sole protector of the immensely important sea-lanes." She warned the EU not to destroy with the balance of power in Asia, because "it is the US, not Europe that has defended the Pacific."<sup>10</sup> For the sensitive Taiwan issue and the historical feuding between China and Japan, the US is afraid that the lifting arms embargo will cause arms race in the area. Meanwhile, after China can buy advanced arms from the EU, the increased Chinese military power will lead to destabilization of the regional situation.

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<sup>10</sup> "Rice says US, not Europe, defends Pacific region". Available at <http://www.hurriyetdailynews.com/default.aspx?pageid=438&n=rice-says-us--not-europe-defen-ds-pacific-region-2005-03-21>. Retrieved 8 June 2012.

After Obama took office, Washington exerts a “return to Asia” policy, and involves in the East Asia community building. In July 2009, US Secretary of State Hillary Clinton visited Southeast Asia, attended the ASEN Regional Forum (ARF) which her predecessor had missed several times previously, and signed the Treaty of Amity and Cooperation in Southeast Asia (TAC) which represented a major change in US policy toward the region. All these activities sent the same message: “The United States is back” (Landler 2009). In a November 2009 speech in Tokyo, President Obama addressed concerns about the US disengagement from regional organizations in East Asia in recent years, and declared that those days had passed and the US is back in Asia to stay. He even called the US a “Pacific nation” and identified himself as “America’s first Pacific president”.<sup>11</sup> In November 2011, President Obama attended the East Asia Summit (EAS) meeting, which was the first time participation by a US president and made the EAS beyond an Asia-only regional mechanism. The active and full US involvement in multilateral architecture of East Asia underscores Washington’s commitment to deepening engagement and maintaining its leadership role in that region.

Moreover, from late 2011 on, Obama administration began to consider the security of Asian Pacific region as the top priority of his foreign policy. In November 2011, Obama announced a plan to deploy up to 2,500 troops within five years to northern Australia and tighten air force co-operation, causing concern in China, whose rapid rise is reorienting Asia's strategic balance.<sup>12</sup> He also insisted US spending cuts would not affect the Asia-Pacific, saying the US is “a Pacific power” and “here to stay”.<sup>13</sup> In April 2012, about 200 US soldiers had arrived in northern Australia, beginning a six-month deployment that marked the beginning of closer cooperation between the

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<sup>11</sup> Remarks by President Obama at Suntory Hall, Tokyo, Japan, November 14, 2009.

<sup>12</sup> “Obama boosts US military links with Australia”. Available at <http://www.aljazeera.com/news/asia-pacific/2011/11/2011111614245282935.html>. Retrieved 8 June 2012.

<sup>13</sup> “Barack Obama says Asia-Pacific is 'top US priority'”. Available at <http://www.bbc.co.uk/news/world-asia-15715446>. Retrieved 8 June 2012.

allies and a deepened US military presence on the shores of the southern Pacific.<sup>14</sup> All those actions indicate a significant shift in US policy vis-a-vis Asia, causing deeply concern in China. In fact, on motivation of US return to Asia is to hedge against China. Facing China's rising, the US policy toward Asia is characterized to keep the regional stability and ensure that the regional balance of power remains in favor of the US. In a word, Asia Pacific region has already become top US security strategy interest, which may result in forming besiegement of the rising China in Asia. In this case, the author believes that the US has no reason to support the EU lifting arms embargo on China, or even oppose it much stronger than before.

Except transatlantic relations and US' attitude toward EU lifting arms embargo on China in the backdrop of Eurozone debt crisis, EU's attitude should be concerned. As early as German Chancellor took power in 2005, 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 (Rettman 2010). 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".<sup>15</sup> 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 to end the EU's ban on the sale of arms to China, because the EU needs to see clear progress of human rights in China before

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<sup>14</sup> "US soldiers arrive in Australia". Available at <http://www.aljazeera.com/news/asia-pacific/2012/04/20124464754430673.html>. Retrieved 8 June 2012.

<sup>15</sup> "EU Presidency Mulls Lifting China Arms Embargo". Available at <http://www.defensenews.com/article/20100126/DEFSECT04/1260308/EU-Presidency-Mulls-Lifting-China-Arms-Embargo>. Retrieved 23 June 2012.

the embargo removed.<sup>16</sup>

With the deterioration of Eurozone debt crisis, how to save Euro and recover economy becomes the priority of the EU, dominating almost every EU summit and meeting. EU member states even quarrel 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 can only further widen the divisions among EU member states, which is detrimental not only to removing the embargo, but also to survive the Eurozone debt crisis.

To summarize, in the context of Eurozone debt crisis, EU-US relations are still positive and it seems impossible that the US may agree EU lifting the embargo. Moreover, resolving the crisis is the top priority in the EU. Therefore, we argue that there is little possibility that the EU might lift arms ban on China in near future.

#### **4. Conclusion**

Through application of Heider's Balance Theory, we could find out that EU's attitude toward the arms embargo on China is mainly influenced by the situation of EU-US relations and US' attitude toward the embargo. Therefore, after analyzing the relations between the EU and the US in the context of the Eurozone debt crisis, as well as whether the US is still strongly against EU lifting the ban, this paper argues that in the background of the Eurozone debt crisis, it is not clever to bring the sensitive EU arms embargo on China at the table, because it is difficult for the EU to lift the ban when it has tough troubles in its own backyard. Although the EU would like to be influential actor in international politics, it is still an incomplete strategic actor especially in terms of security and defence policies, and depends on the US and

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<sup>16</sup> "EU refuses to lift China arms embargo". Available at <http://www.securitydefenceagenda.org/Contentnavigation/Library/Libraryoverview/tabid/1299/articleType/ArticleView/articleId/1409/categoryId/86/EU-refuses-to-lift-China-arms-embargo.aspx>, retrieved 23 June 2012.

NATO to exert his military power. In CFSP area, the EU still primarily needs intergovernmental method to make decision and solve problems, which will limit action capability of the EU. Whether or not EU arms embargo on China could be lifted, mainly replies on if the EU would become a full-fledged international actor and speak with one voice in foreign policy. However, in the context of Eurozone debt crisis the European integration itself is facing a danger to reverse, therefore, in this condition, there is little chance that the EU will lift arms embargo on China in near future.

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