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The Transatlantic Relationship Vis-a-Vis China: A Comparative Analysis of the Foreign Policy Approaches Towards China By the EU and the U.S.

Andrea Schierbaum

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THE TRANSATLANTIC RELATIONSHIP VIS-À-VIS
CHINA: A COMPARATIVE ANALYSIS OF THE
FOREIGN POLICY APPROACHES TOWARDS CHINA
BY THE EU AND THE U.S.

by

Andrea Schierbaum

John C. Whitehead School of Diplomacy and International Relations
Seton Hall University

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Advisor: Professor Margarita Balmaceda

Reader: Professor Colette M. Mazzucelli

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ABSTRACT

In recent years, China has not only become one of the largest economies in the world, but it also utilized the economic growth to become a political heavyweight on the global stage. In light of the authoritarian nature of the Chinese regime, its growing influence makes it necessary to engage with China and lead it towards democracy and the acknowledgement of human rights. Given their shared values and the common interest in a peaceful development of China, a coordinated approach towards China by the transatlantic partners is vital for the achievement of this goal. However, an analysis shows that the foreign policy approaches of the EU and the U.S. towards China diverge significantly. The following thesis will compare the foreign policy approaches taken by the EU and U.S. in important policy issues, examine the underlying reasons for those different approaches and give recommendations for future policy directions vis-à-vis China.

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Chapter One: Introduction

“China’s rise in world affairs is one of the four principal trends that define the new global order.”¹ This statement by David Shambaugh summarizes, which consequence the development and rise of China² has for world politics. Not only has China become one of the largest economies in the world facing the biggest economies like the United States and the European Union with large trade imbalances, but it has utilized the economic growth to upgrade its military and thus its strategic position in Asia. As China’s recent involvement in the six-party-talks³ and the announcement of its commitment to the fight against terrorism has shown, China has furthermore become a diplomatic heavyweight in the world that presents itself as responsible and unavoidable player on the global stage.

Despite of these positive developments China’s status as an authoritarian, non-democratic country makes it vital for the world to engage with China. The emerging world power has to be lead towards democracy and the acknowledgement of human rights to prevent China from becoming a revisionist power that might jeopardize the stability in Asia and the world. As the EU and U.S. share many values and both have an interest in the peaceful development of China with a transition to a democratic system, a coordinated approach of these two powerful world players is of vital importance to achieve this goal. In order to avoid being played out against each other, the EU and the USA need to evaluate their respective foreign policy approaches towards China in the past and adjust them accordingly to achieve a coordinated and more effective approach.

The following thesis will provide a comparative analysis of the foreign policy approaches towards China by the United States and the EU depicting recent differences through the analysis of different case studies. In order to evaluate the appropriateness or effectiveness of the EU and U.S. foreign policy towards China, each case study will conclude by presenting China’s position and policy on the issue at hand and by giving recommendations for an adjustment of the foreign policies as well as a potential coordinated approach by the transatlantic partners. The thesis will then elaborate the underlying reasons for the different approaches towards China with regard to these issues by analyzing, how

¹ Shaumbaugh, “The New Strategic Triangle”, p. 7.

² The correct name “People’s Republic of China” will be reduced to China in the thesis for the sake of conciseness.

³ China has played an essential role in the negotiations with North Korea about its Nuclear Weapons Program.

different world views (defined as the currently perceived and desired world order) of the transatlantic partners affect their foreign policies.

1.1. Theoretical Framework:

The thesis will try to answer two major questions. The larger question will analyze how different world views of the transatlantic partners affect their foreign policy choices and how the implications of the rise of China as emerging world power for the existing and desired world order are perceived by the EU and the U.S. The smaller question will evaluate the foreign policies of the EU and the U.S. and analyze how appropriate (and thereby effective) they are in light of China's actual behavior and policy using four case studies. My hypothesis is that the outdated or partly obsolete world views of the transatlantic partners have led to wrong foreign policy approaches towards China that do not reflect the reality of China's behavior and policies in the past and jeopardize the necessary common approach to China by the transatlantic partners.

The significance of the larger question became obvious after the Iraq War. Experts around the world were puzzled by the fact that the transatlantic partners that share so many goals, history and values can have so many differences on issues of international importance. Most of the explanations by experts for the increasing difficulties in the transatlantic relationship have dealt with the significance of the change in world order⁴ over the last decades. While in the bipolar world order during the Cold War, Europe depended on the security function embodied by the United States and had no choice but to cooperate and agree with the Western superpower, the period after the end of the Cold War developed a unilateral world order with the United States as the hegemonic power. Having accepted and economically benefited from this hegemonic system, many experts in Europe claim that the growing importance of the European Union as international actor changed the mindset of the European populations and governments. The growing military strength of the world's single superpower caused resentment among European governments. At the same time the increased self-confidence of the European Union due to its fast-progressing integration and growing significance on the international stage led to European resistance in some policy issues. On the side of the United States, on the other hand, the growing hegemonic power position led to the belief that the US government could follow their interests unilaterally without consulting its European partners.

⁴ Multipolar versus bipolar versus unilateral (hegemonic).

While the existing literature explains to a certain degree why the U.S. and EU often take different policy approaches, it has neglected the fact that the peaceful rise of China as economic, political and military world power has marked yet another change in world order provoking responses on both sides of the Atlantic. The rise of the EU as economic and political power and the most recent rise of China as new world power has led to the development towards a multipolar or tripolar world order facing American and European policy makers with new realities and challenges in the formulation of their foreign policy. The United States claims that it is confronted with the end of its hegemonic power position and express concern over the strategic competition with a non-democratic world power fearing that this might eventually lead to a military conflict. Therefore, the United States “views China through strategic lenses and increasingly sees the country as a potential competitor.”⁵ The European Union, on the other hand, “is animated by the belief that predominant power should be counterbalanced and that a multipolar world is more stable than a hegemonic order.”⁶ The question is, whether the perceptions of the implications of China’s rise as world power indeed reflect reality.⁷

In order to answer this question, the thesis tries to analyze the smaller question of how the transatlantic partners approach China in the foreign policy issues at hand. As the foreign policies of the transatlantic partners can be considered a direct result of their world views, an analysis of the appropriateness and thereby effectiveness of their foreign policy approaches in light of China’s behavior and policy can help to either confirm or reject my hypothesis. I will try to answer the smaller question by analyzing four foreign policy issues that are of significance for the triangular relationship. The case studies deal with the different foreign policy approaches of the transatlantic partners to the Taiwan-Strait conflict, the planned lifting of the arms embargo against China by the EU, the competition for energy resources and human rights debate. An after-word following these discussions will help to better understand the problem at hand, avoid simplifications and give us the opportunity to reveal mistakes in foreign policy choices. When comparing these choices to China’s actual position and policy on the issue. For example, analyzing Western human rights policies without

⁵ Zaborowski, p. 7.

⁶ Shambaugh, “The New Strategic Triangle”, p. 9.

⁷ The extent to which the European member states are indeed favoring a multipolar and not a multilateral world order is certainly a matter of debate within the EU. While France, according to experts, has always been seeking to establish a counterbalance to the U.S. through the strengthening of the CSFP, countries like Great Britain and, in particular, the new Eastern European member states favor a more integrative approach emphasizing close cooperation and consultation with the U.S.

explaining the differing idea of international law in a communist and culturally diverse country would otherwise lead to misunderstandings.

While the analysis of the smaller question manages to evaluate the foreign policy approaches of the EU and the U.S. in the past and gives an overview over Chinese policy on the issues at hand, it can only help us predict China's future ambitions and the implications for the foreign policies of the transatlantic partners to a limited degree. In order to achieve such a summarizing future outlook, I will therefore include the evaluation of China's perception of its own role in future international politics in form of a short annex and analyze the implications for the transatlantic partners.

1.2. Literature Review

As for the larger question regarding the influence of different world views on foreign policy considerations, most literature deals with specific cases of foreign policy disputes between the United States and European Union trying to provide information about different value systems and perceptions of world views that can explain those differences. In the chapter *The End of Atlanticism* in the book *Beyond Paradise and Power*,⁸ Ivo H. Daalder depicts the different ways in which Americans and Europeans perceive the current international environment and define relevant issues of international importance. He claims that while the US believes in its supremacy and the idea that it can shape the globalized world, i.e. that they are in control over globalization, the governments of the European Union believe that globalization places constraints on the power of all nations and that globalization can only be dealt with on a multilateral level. The essay *Pax Americana and Pax Europea*⁹ by Wolfgang Ischinger touches upon the world view by analyzing the different concepts of power of the transatlantic partners, emphasizing the hard versus the soft power approach. He argues that, while hard power in terms of military capabilities of the U.S. can be of use as means of last resort in conflict situations, recent negotiation efforts of the EU with Iran show how important soft power remains.

The most important work on the significance of underlying different world views for foreign policy choices is Thomas S. Mowle's *Allies at Odds? The United States and the European Union*.¹⁰ The study engages theories of international relations such as realist, institutionalist and other approaches and applies them to groups of recent cases of

⁸ Daalder

⁹ Ischinger

¹⁰ Mowle

transatlantic conflicts explaining why the European Union and the United States acted like they did in the past. He addresses the puzzle of why the transatlantic partners take so different approaches despite of similar values and goals by applying the underlying theoretical assumptions of the two actors to policy issues like Human Rights Politics and Arms Control issues. Mowle's study is the only one that does not only analyze one conflict trying to extract information on different world views from this one conflict, but looks for general and constant patterns of world views by analyzing a group of conflicts that have to do with one area of foreign policy like, for instance, engagement in human rights issues. The approach taken by Mowle in his study fits most closely with my approach because it applies theory of international relations describing which world views result in what kind of foreign policy choices to the transatlantic relationship. Therefore Mowle's approach is best at explaining major differences in world views and foreign policy approaches between the transatlantic partners.

The major problem of the larger literature on world views of the transatlantic partners is the fact that most literature still starts out from the assumption that the two actors see themselves in a unipolar world under American supremacy. As I have explained above under point two, this is no longer the case and the acknowledgement that we will eventually come to live in a multipolar world will change the world view of the transatlantic partners, resulting in a different foreign policy approach. Their reaction will definitely depend on a close and sober analysis of China's current policy and future ambitions. While there is literature on Chinese foreign policy available, which can be used to evaluate China's world view, not much has been written on China's own perception of its impact on and desired role in the world order. In "Contrasting visions: United States, China, and world order"¹¹, Bates Gill includes an objective analysis of Chinese world views. In "The China Threat: Perceptions, Myths and Reality", the authors analyze the reasons for the threat perception including China's reaction. A closer look into the Chinese mindset is given in "China's new nationalism: pride, politics, and diplomacy, in which Peter Hays Gries analyzes Chinese identity and the West. In "China's just world: the morality of Chinese foreign policy"¹², Chih-yu Shih argues that an appropriate policy towards China has to include considerations of its distinct ideology and morality. All of these studies can be used to make predictions on the future foreign politics of China and their implications for the foreign policy approach of the transatlantic partners in the final conclusions.

¹¹ Bates

¹² Shih

While there are hardly any studies that tie China's role in the world order and its own perception back into European foreign policy towards China, the relationship between the U.S. and China is much better researched. However, a multitude of those books or articles clearly take a biased approach using data on China's military buildup or other information to prove their thesis of the so-called *China Threat* rather than test it in an unbiased manner by analyzing all aspects of Chinese foreign policy. The analysis of China's world view and its own role in the new world order should therefore follow a careful mixture of expertise from China, the U.S. and Europe.

With regard to the literature on the smaller question of how the transatlantic partners approach China with regard to the case studies at hand, it becomes obvious that there has not been much focus on the implications of China's rise for the transatlantic relationship yet. While there are a lot of studies on the respective bilateral relationship between the US and China or the European Union and China, the significance of the transatlantic relationship for the engagement with China has been discovered only recently in the study *China's Rise: Diverging U.S.-EU Perceptions and Approaches*¹³ by Gudrun Wacker and Gates Bill (eds.) from the Stiftung für Wissenschaft and Politik in Berlin. The work analyzes the different approaches towards the economic rise of China, the weapons embargo and the Taiwan question providing information on the roots of these foreign policy differences. While this study does also include chapters on China's role in regional domestic development, it does not tie the information back into the implications for the perceptions in the U.S. and EU. Another article that builds the bridge between China, the EU and the U.S. is *The New Strategic Triangle: U.S. and European Reactions to China's Rise*¹⁴ by David Shaumbaugh. He emphasizes the significance of China's rise for the geopolitical global order and argues that a functioning transatlantic relationship is essential to guide authoritarian China into a democratized and peaceful world power.

The other set of literature deals with bilateral relations describing the development of the U.S. or EU China policy or focusing on one policy issue such as human rights. In chapter 16 of *China Cross Talk* by Kennedy Scott, Senate members and experts discuss the implications of the U.S.'s Taiwan Security Enhancement act (TSEA) for the Taiwan dispute with China. In chapter 18 of *China Cross Talk* comments by members of the Senate and other articles discuss the usefulness of the link of the U.S. has made between human rights and the

¹³ Wacker

¹⁴ Shaumbaugh, "The New Strategic Triangle".

renewal of the Most Favored Nation Status (MFN) of China. Chapter 20 presents an overview over the China policy of George W. Bush conveying that the hopes that China's support after 9/11 will lead to a lasting good partnership are exaggerated.¹⁵ In *US-China Policy. Interest Groups and Their Influence*¹⁶ H. Comet elaborates how Congress and the executive branch clash on issues regarding China with the executive branch supporting an engagement policy while the Senate and Congress take a much tougher stance. The book elaborates how the two houses are influenced by interest groups such as student groups, the business lobby and the so-called Taiwan-Lobby. In *Making China Policy. From Nixon to G.W. Bush*¹⁷ Jean A. Garrison analyzes the decision-making process in the foreign-policy formulation of the United States and shows how different mindsets (hawks against doves) within the administration result in an ambiguous policy.

As the EU engagement with China is a relative new one due to the late development of the Common Foreign and Security Policy (CFSP), which was established in the Treaty on the European Union in 1993,¹⁸ there is much less literature available on the bilateral relations between those two world actors. In the book *The European Union and Asian Countries*,¹⁹ Georg Wiessala summarizes the EU China Policy presenting an overview over cooperation initiatives and policy papers. He further elaborates the human rights approach of the EU and the Taiwan Policy. The German Institute for International and Security Affairs has published papers that discuss the lifting of the arms embargo and the significance of the new emerging relationship.²⁰ Another study entitled *Embracing the Dragon. The EU's partnership with China*²¹ criticizes the EU's failing to see China's strategic significance and assumes that a disregard of those factors can lead to tensions with China and, particularly, the US and weaken the EU's position. Most details on the policy of the European Union towards China, however, have to be derived from the policy papers and official statements of the High Representative Xavier Solana.

Information about the Chinese positions on the discussed policy disputes is available. Several studies of Chinese foreign policy discuss its position on Taiwan²² and the lifting of the arms embargo. There have also been several books and articles on China's rising need for

¹⁵ Kennedy

¹⁶ Comet

¹⁷ Garrison

¹⁸ Homepage by the EU on CFSP, http://ec.europa.eu/comm/external_relations/cfsp/intro/index.htm, 06/26/2006.

¹⁹ Wiessala

²⁰ see works by Adam Ward and Gudrun Wacker in bibliography.

²¹ Barysch

²² for example Lijun.

energy and its approach to secure future sources. In “The Strategic Implications of China’s Energy Needs”²³ Andrew Speed argues that China’s growing involvement in international energy markets should be seen as a chance for cooperation rather than a threat. And in “China’s Global Hunt for Energy”²⁴, Zweig and Jianhai convey how the need for energy is driving China’s foreign policy.

The problem with the literature on the smaller question is that it neglects the important intertwined nature of the triangular relationship between the EU, the U.S. and China. Viewpoints from all sides of the research community are available but hardly ever connected. In most studies, neither the implications for the transatlantic relationship nor sufficient explanation of foreign policy choices of China are being included. The following study will try to fill this gap by linking the different perspectives thus providing an inclusive picture.

1.3. Policy Significance

The analysis of the different approaches of the United States and the European Union towards China are of great importance for international politics these days. The role of China in the negotiations with North Korea has shown that China can play a very positive and important role in international negotiations. The future economic significance of China demands a political engagement that goes beyond economic considerations. A failure of the economic progress could lead to a dangerous failed state. As a simple economic engagement does not seem to open China also politically, a coordinated approach of the transatlantic partners that maximizes the use of pressure on China is all the more important. A conclusive analysis of China’s behavior in history and its current policy approach on the issues at hand can help reveal mistakes in the policy approaches of the transatlantic partners and predict the path the new world power will take. The United States and Europe have to be in close dialogue during this assessment in order to allow for a re-evaluation of their respective foreign policy towards China resulting in a common approach.

The future transatlantic relationship will not be determined by former transatlantic issues like NATO, but it will be much more determined by the issues outside of Europe such as the Middle East and Asia. Unfortunately, only “very few joint transatlantic China study groups so far have analyzed the differences and commonalities of their respective China policies.” Therefore, the thesis will be of great benefit to policy- makers on both sides of the Atlantic. The question to what extent China’s rise will influence the transatlantic relationship

²³ Andrew-Speed.

²⁴ Zweig & Jianhai.

and how the transatlantic partners and current world powers can pave the way for a successful integration of China into world politics has been widely neglected so far. Economically, the outsourcing of manufacturing jobs to China has similar impacts on the EU and the U.S. and their coordinated efforts to integrate China into the WTO in order to be able to monitor and better control its economic development have proven to be successful. However, the analysis of the foreign policy approaches reveals underlying strategic differences between the transatlantic partners. The larger view on the impact of different world views on foreign policy choices will be of great help in order to achieve a sober and thorough discussion on the roots of those differences after the emotional debate after the Iraq War. Thereby, a close dialogue about a common policy approach vis-à-vis China can revitalize the damaged transatlantic relationship.

1.4. Work Plan

I will approach the topic by discussing the smaller question on the different foreign policy approaches towards China by giving an overview over the different foreign policy approaches towards China in the U.S. and the EU analyzing four topics that are of significance. I have decided to elaborate on the issue of the Taiwan question, the rising energy need of China, the lifting of the arms embargo and human rights concerns constituting chapter 2-5. The issue on Taiwan and the arms embargo highlight strategic premises of China's rise with regard to the different challenges a militarized China might pose to the two world actors. The following topic deals with strategic implications of China's rising need for energy affecting the EU and the U.S. The last issue is important, because it shows the general similarity between the U.S. and EU with regard to general values and human rights standards which are in strong contrast to Chinese attitudes. Each chapter will include an afterword that describes China's position and policy on the respective issue in order to avoid simplifications.

In chapter 6, I will discuss the larger question elaborating the significance of underlying world views for the general foreign policy approaches of the European Union and the United States. At the end of this chapter I will try to show the link between different worldviews and the specific policy approaches towards China. In the conclusion I will summarize the findings to confirm or reject my hypothesis and give recommendations for the re-evaluation of the foreign policy approaches.

Chapter Two: Handling of the Taiwan-Strait Conflict

The discussion on the future of Taiwan is guided by strategic considerations and has always been subject of debate in the international community of states. In order to understand the tensions on the Taiwan-Strait issue, one has to understand the historic background of the island and its ties to China: While Taiwan was Chinese territory for most of Chinese history, it became Japanese territory when China lost the first Sino-Japanese War in 1895. During World War 2 the nationalists in China, supported by the allied forces, managed to force the Japanese forces to withdraw from the occupied land on the mainland and Taiwan was re-integrated into Chinese territory. However, when the civil war between the nationalists and the communists (who came into China from the North after the end of World War 2) began, the defeated nationalists fled to Taiwan, hoping to win back power over the mainland at a later point and reunify Taiwan with China. Although Taiwan thrived economically, it has never become or unilaterally declared itself an independent state. However, its far-reaching autonomy, which, in fact, makes it a quasi-independent state, has always been considered as shame for China whose national pride is based on the assumption that Taiwan will eventually have to be re-integrated into the Chinese communist state to re-establish the territorial integrity of the country. These underlying tensions have always implied the danger of a military conflict between China and Taiwan which have even been increased by recent calls for independence in the course of Taiwan's democratization process.

The conflict between China and Taiwan became an issue of international relevance when the U.S. decided to become involved. Seeing the danger of a further spread of Communism after the beginning of the Korean War, the U.S. decided to support the nationalists in Taiwan by offering military defense in case of a Chinese invasion and placed its seventh fleet in the Taiwan Strait. In the eyes of the United States, this event "highlighted the perceived need to demonstrate U.S. commitment to defend against aggressive communist expansion."²⁵ Although the EU and the U.S. both have later acknowledged the status of Taiwan as part of China by stressing the One-China policy and have both called for a peaceful resolution of the conflict, the commitment of the U.S. to Taiwan's defense leads to different strategic implications for the EU and the U.S. in case of a military conflict between China and Taiwan. The following analysis will focus on the underlying reasons for the different commitments and elaborate the different world views that are behind those

²⁵ Mitchell, p. 38.

considerations. The elaboration will then evaluate the appropriateness of the policy approaches of the transatlantic partners in light of Chinese policy on Taiwan since the involvement of the U.S. in the Taiwan-Strait issue.

2.1. US Approach

Despite the rough beginning of the Sino-U.S. relationship due to the U.S. support for Taiwan,²⁶ the United States soon tried to relax the relationship to China. In 1972, the United States switched official recognition from Taipei to Beijing “consigning ties with Taiwan to an unofficial status and ending [...] the pre-existing military alliance”²⁷ With this move the United States made clear that it acknowledged Taiwan as part of China even though it remained committed to the defense of Taiwan in case of Chinese attempts to attack Taiwan for the sake of re-integration. This ongoing commitment was expressed through the Taiwan Relations Act (TRA) of 1979 which guaranteed Taipei the supply of defensive weaponry. An important factor for the enactment of the TRA and U.S. policy in general was the influence of the Taiwan lobby in Washington. The lobby consisted of Taiwan government officials, members of the business community and groups of Taiwanese citizens in the United States and had “the most consistent and in-depth influence in the U.S.-China policy process.”²⁸ While the Act allowed a peaceful co-existence between the two Chinas, two developments led to renewed tensions between the United States and China:

One factor was the process of democratization that began with the lifting of the martial law by the authoritarian Kuomintang in 1987 and culminated in the first democratic elections in Taiwan in 1996. Being aware of the effects this process might have on the development of some kind of Taiwanese unity, the Chinese government reacted with missile attacks into the waters surrounding the island in order to intimidate the Taiwanese population. This incident made the United States aware of the danger of becoming involved into a military confrontation with China and, in response, it sent two aircraft carriers to the Taiwan Strait. While the United States should actually be delighted about the democratization process, the development of a specific Taiwanese identity and the Taiwanese national pride causes problems for the American leadership. In 2000 the presidential candidate Chen Shui-bian made the independence of Taiwan the core of his election campaign thus infuriating the Chinese leadership. Mr. Chen is the first president who “has refused to support the one China

²⁶ With the outbreak of the Korean War, the U.S. Seventh Fleet neutralized the Taiwan Straits and included Taiwan in its global scheme of containment after the war.

²⁷ Ewing & Lampton, p. 71.

²⁸ Comet, p. 37.

notion, seeing it as undermining the sovereignty he believes is enjoyed by the island of Taiwan.”²⁹ The formulation of the Taiwanese position collides with the U.S. commitment to the One-China Policy and reveals the ambiguity in U.S. policy.

The second development that led to the recent increase in tensions between the United States and China over the Taiwan issue is the election of George W. Bush. As President Bush is “more supportive of Taiwan than any President since Ronald Reagan,”³⁰ Bush upgraded interaction with Taipei without consulting the Chinese counterpart and regularized channels of cooperation. In 2002, the Taiwanese Defense Minister Tang Yiau-ming was invited to attend a defense summit in Florida. This was “the first time a Taiwan defense minister had been given a visa for other than transit purposes since 1979.”³¹ And when being asked whether the United States feels obligated to defend the Taiwanese ally in the case of a Chinese aggression, Bush answered that he would defend Taiwan “with the full force of the American military.”³² Further indicators for the new posture towards Taiwan were the “unusually large”³³ arms sale package, the invitation of Taiwanese military officers to attend the U.S. Pacific Command’s Asia Pacific Center for Security Studies and the official invitation of the new Taiwanese President Lien Chan to the White House in June 2002.

The reasons for the policy approach taken by the Bush administration, which is a fundamental breach of the agreement between the Clinton administration and Beijing in which both countries agreed to de-target each other,³⁴ are national security interests of the United States. Preventing China from re-incorporating the Taiwanese island is of great significance for the national security of the United States because unification with Taiwan would bring about strategic advantage for China as it might “circumscribe U.S. influence in Asia.”³⁵ Not only could China gain access to important military technological information that the U.S. has provided in support of Taiwan’s defense capabilities, but it could “end what China feels to be a blockade on its abilities to control its surrounding seas.”³⁶ Given that these seas are essential commercial routes and contain “disputed oil and natural gas fields in the Senkaku/Diaoyutai area,”³⁷ Chinese access could impinge on essential security interests of the United States and its allies in the region (like Japan). Therefore, the Bush administration

²⁹ “Muted Celebration”

³⁰ Garrison, p. 177.

³¹ Ewing & Lampton, p. 17.

³² Ewing & Lampton, p. 17.

³³ Ewing & Lampton, p. 75.

³⁴ Ewing & Lampton, p. 77.

³⁵ Bernkopf-Tucker, p. 17.

³⁶ Bernkopf-Tucker, p. 22.

³⁷ Bernkopf-Tucker, p. 22.

believes that it is necessary to express strong support for Taiwan in order to prevent China from even trying to regain control over the island.

In conclusion, the US approach towards the issue of the status of Taiwan shows that the U.S. administration views a potential reintegration of Taiwan into China as challenge of its presence in East Asia. Not only would such integration be considered as setback to U.S. efforts for the promotion of democracy in the world, but it would provide China with full access to important sea lanes thus jeopardizing the free movement of the U.S. military in the region. The problem with the strong commitment of the Bush administration to Taiwan's support is, that it could and already has triggered off a military build-up on the Chinese side thus increasing the danger of a military conflict between the U.S. and China.

2.2. EU Approach

In contrast to the United States, the European Union or its member states have never diplomatically recognized Taiwan thus adhering to the One-China Policy. However, its relationship with Taipei is far from being clear or unambiguous. First, the EU has established very close economic ties with Taiwan. "In the 1990's, Taiwan developed into the EU's eleventh biggest trading partner and became more significant to the EU than Canada or Australia."³⁸ Within these economic ties, the European Union developed regular private dialogues that include Taiwanese diplomats and military officials. Second, none of the publications of the European Union on its relationship with China makes far-reaching comments that would indicate a clear position of the EU vis-à-vis a potential conflict in the Taiwan Strait. Although the resolution of the Taiwan issue is named as one of the topics of the political dialogue, the elaboration of this dialogue remains very vague. The member states

"stress EU insistence on a resolution of the Taiwan issue through peaceful dialogue, and underline the importance of growing economic ties for an improvement of the political climate; underline EU interest in closer links with Taiwan in non-political fields, including in multilateral contexts, in line with the EU's 'One-China' policy."³⁹

The statement by the European Union does not indicate how the EU would react in case of a conflict between China and Taiwan, although such a conflict would have considerable effects on the member states of the EU. Not only will it have a deep impact on European business, but a conflict involving the United States "would certainly produce an enormous strategic and economic convulsion in which Asian countries would be asked to choose sides – and some

³⁸ Wiessala, p. 102.

³⁹ "A Maturing Partnership," p. 10.

European countries would be invited to participate militarily.”⁴⁰ Therefore it is inevitable for the European Union to have a clear policy approach in order to be able to enter negotiations and influence policy outcomes. As the EU names the reinforcement of the CSFP as essential element for an “increasing role in areas such as conflict prevention and crisis management,”⁴¹ the EU must prove this commitment by acting as mediator in the Taiwan issue.

According to Adam Ward’s study of the role of the European Union in the Taiwan issue, the reasons for the EU’s recent disengagement or indifference lies in the nature of the development of the European Union. Since “the European Union has only recently begun to conceive of itself as a major actor in international security,”⁴² the focus in former relations was on the enhancement of economic cooperation. In addition, the different policy positions of the member states and the inter-governmental nature of the CSFP as compared to the monetary policy make the agreement on a clear and provocative language difficult. Furthermore, the EU has taken the military pre-eminence of the U.S. in Asia as a “fact of life”⁴³ and could, even if it was willing to do so, not act as complimentary power due to its lack of military means and presence in the area. Only France and Great Britain do still have military forces in or near East Asia which could be made available in case of conflict over Taiwan.⁴⁴

In conclusion, the analysis of the EU approach shows that the European focus on economic power in the world and the weakness of decision-making in Europe’s Common Foreign and Security policy leads it to neglect the significance of strategic implications of a potential conflict over the Taiwan Strait. This neglect sends the signal that the EU is somewhat indifferent about the Taiwan issue leaving the Taiwanese government disappointed and the Chinese potentially strengthened in their desire for unification. However, it is important that the European Union convinces China that the Taiwan issue is not “an entirely internal Chinese affair”⁴⁵ and that the EU is willing to “forcefully express opposition to any use of military forces.”⁴⁶ A conflict in the Taiwan Strait would not only have significant implications for peace in the region, but it would negatively affect the EU’s economy as it has close economic ties with Taiwan. A first indication of a stronger position that is to be welcome is the European reaction to the introduction of the Anti-Secession-Law by China. In

⁴⁰ Ward, p. 43.

⁴¹ “A Maturing Partnership,” p. 6.

⁴² Ward, p. 45.

⁴³ Ward, p. 45.

⁴⁴ Umbach, p. 82

⁴⁵ Ward, p. 46.

⁴⁶ Ward, p. 46.

the law China threatened the use of 'non-peaceful means' against Taiwan should it move formally toward independence.⁴⁷ In reaction to the law, the European Union has postponed its decision on the lifting of the EU arms embargo.

2.3. Afterword

In order to understand the virulence of the Taiwan-Strait conflict and the ambiguous approaches of the transatlantic partners and China to the issue, it is essential to grasp a) the background for the Chinese insistence on the complete re-unification of Taiwan into the mainland and b) the Chinese perception of the U.S. involvement in the issue. In his book *China and Taiwan*, Lijun explains that territorial integrity and national unity are the most important goals in Chinese politics. He argues that, although China has experienced several foreign invasions, "the 5,000-year history and culture have been implanted deeply in the minds of the Chinese people, sprouting the strong national consciousness of the need for national unification."⁴⁸ State sovereignty is a key element of Chinese ambitions and after the re-integration of regions like Hong Kong, Taiwan is one of the last unresolved issues to achieve this national unity. For Beijing, the issue of Taiwan is a matter of pride that cannot be substituted by the excellent economic performance of the rest of the mainland. While the desire for independence in Taiwan is a problem of itself for China, matters are made even worse through the involvement of the United States in the issue. The U.S. involvement is considered as intrusion into internal issues and violation of the principle of sovereignty. The U.S. involvement is perceived as but one example for U.S. imperialism and the Chinese warnings against the U.S. is "an imperative for the Chinese to demonstrate their willingness to sacrifice alliance, peace, and high technology for the sake of principled stands on anti-imperialism, anti-hegemonism, and self-reliance."⁴⁹ As will be elaborated later, China promotes a multipolar world order and "to persuade others of its world view, Mainland China must illustrate the imperialist threat."⁵⁰ The strategy behind this ideal is the periodical dramatization of the conflict between the U.S. and China on Taiwan through oral warnings or military actions such as the firing of missiles into the sea next to Taiwan pursuant to the recent democratic elections. While Shih argues that China is only trying to demonstrate to the Chinese people and U.S. government the unchanged official position in order to defend the

⁴⁷ "China's adoption of Anti-Secession Law," *Asia Pulse*, 29 December 2005.

⁴⁸ Lijun, p. 142.

⁴⁹ Shih, "The Reluctant Dragon: Taiwan as a Psychological Factor in Mainland China's U.S. Policy"

⁵⁰ Shih, "The Reluctant Dragon: Taiwan as a Psychological Factor in Mainland China's U.S. Policy," p. 181.

Chinese moral world against the imposition of Western moral standards, he admits that this ambiguous tactic causes problems in the bilateral relations to the EU and U.S.

While the U.S. reacts with threats and claims that the Chinese behavior poses a threat to national security making it necessary to deter China militarily, an analysis of China's policy towards Taiwan and the U.S. in the past conveys a different reality: "Mainland China has never really challenged the United States directly."⁵¹ Under the leadership of Liu Shaoqi, China pursued a policy of peaceful coexistence and according to the World Journal publication of February 29, 1992, "China's senior leader, Deng Xiaoping [...] has reportedly postponed his hope for reunification of China to the next century."⁵² And although the election of Chen Shui-bian in 2000 has increased the tensions between Taiwan and Beijing, "Chen's surprising election did not shock Beijing into taking military actions."⁵³ Instead China issued a white paper that, while reasserting that "Taiwan independence can only mean war,"⁵⁴ announced a "more liberal approach towards its 'one-country, two systems' policy with Taiwan than with Hong Kong and Macao." Lijung argues that the foreign policy towards Taiwan and the U.S. during the 90s proves that China "may have lost its temper but not its head. [...] When it occasionally made angry responses, such as to Lee Teng-hui's trip to the United States [...], it was mainly a bluff, a tactic of 'offensive for defensive'."⁵⁵ Furthermore, there are other reasons that make a military involvement of China in Taiwan and with the U.S. unlikely. China and Taiwan have become economically so dependent on each other that a military conflict would lead to deep economic setbacks that neither of them can afford.

2.4. Conclusion

The analysis shows how misperceptions of the foreign policy and ambitions of the respective opponent can lead to dangerous miscalculations of foreign policy. This is true to a larger extent for the United States than for the EU. The perception of China's Taiwan policy as a challenge to the national security of the U.S. leads to a shift of resources from the peaceful engagement of China into military measures of deterrence. The public scrutiny of China due to this misperception leads to two problems. On the one hand, this scrutiny

⁵¹ Shih, "The Reluctant Dragon: Taiwan as a Psychological Factor in Mainland China's U.S. Policy", p. 185.

⁵² Wu&Huang, p. 213.

⁵³ Lijun, p. 70.

⁵⁴ Lijun, p. 44.

⁵⁵ Liun, p. 71.

collides with the Chinese ideal of saving face⁵⁶ and as response, China is driven into isolation – a reaction that cannot be in the interest of the transatlantic partners. On the other hand, it might lead to the conclusion in Beijing that the only way to prevent a possible U.S. intervention in Taiwan is to upgrade and modernize its military thus being able to resolve the “Taiwan impasse by force if necessary.”⁵⁷ Such a reaction can, in turn, cause another vicious circle of military build-up as happened during the Cold War. Therefore, the U.S. must restrain itself to public support for a special status of Taiwan within the Chinese mainland. If both transatlantic partners exert pressure on China not to invade Taiwan and force it to give up its democratic structure, it is most likely that China will give in to this concerted international pressure. At the same time, the EU and the U.S. must prevent the Taiwanese population from seeking complete independence from China – a goal that seems to be easy to achieve as the Taiwanese independence movement has been significantly weakened in recent years.

⁵⁶ *Mianxi*: Face - Losing face, saving face and giving face is very important and should be taken into consideration at all times. Loosing your temper, confronting someone, putting someone on the spot, arrogant behavior, or failing to accord proper respect can cause a loss of face.

http://www.culturalsavvy.com/chinese_culture.htm on 26 March 2006.

⁵⁷ Mitchell, p. 40.

Chapter Three: Implications of China's Growing Demand for Energy

A multitude of conflicts, wars and even world wars in the past, have been caused by the countries' desire or need for resources such as minerals, oil and water. In light of this fact, many experts view the growing Chinese demand for energy resources with great concern. Given its rapid economic growth, China has to meet its energy demands to an increasing extent with imports thus becoming a competitor for the U.S. and the EU on the international energy market. China has surpassed the EU as the second largest oil consumer and it "is expected to have a 9,2% share of the world's total oil consumption by 2025, importing 70% of its total oil needs."⁵⁸ 30% of its gas will be imported by 2020.⁵⁹ The growing competition for scarce energy resources does not only pose the danger of skyrocketing energy prices, but includes also the danger of conflict about oil and gas resources. However, such a conflict has to be avoided because, in times of economic globalization, a conflict about energy resources with China would imply significant harm to the economies of the U.S. and EU. Coordinated politics towards China in energy issues are therefore necessary. The following chapter will analyze the policy approaches taken by the EU and U.S. to mitigate the impact of China's growing demand for energies. In order to assess the real danger of conflict due to the growing competition for energy and give recommendations for the adjustment of policy choices by the transatlantic partners, the chapter will then elaborate the implications of China's energy policies.⁶⁰

3.1. US Approach

The U.S. cooperation with China on energy issues began long before China's growing demand for energy was regarded as potential strategic challenge for the United States. Reason for the early cooperation was the insight that both countries face similar challenges. "Both depend heavily on coal as a fuel for electricity and industrial use, both have experienced regional energy shortages in recent years, both have good renewable energy and hydropower resources, and both are struggling to manage the environmental consequences of their energy consumption."⁶¹ The cooperation began in 1979 when President Jimmy Carter signed an

⁵⁸ Parvizi Amineh, p. 3.

⁵⁹ Andrews-Speed & Liao & Dannreuther, p. 7.

⁶⁰ In 2001 the energy consumption per GDP in international dollars was 196.2 in Europe, 253.1 in the U.S and 236.7 in China. Source: www.earthtrends.com.

⁶¹ Gallagher, p. 4.

agreement on Cooperation in Science and Technology⁶² and was extended when President Reagan signed an agreement on cooperation in the field of Fossil Energy Research and Development in 1985. The energy cooperation became stronger under President Clinton who sent a number of energy-related trade missions to China and signed a number of protocols. In 2000, Clinton replaced the Fossil Energy agreement “with new annexes on power systems, oil and gas, energy and environmental technologies and climate science”⁶³ and in 2001 the U.S. Trade and Development Agency was re-authorized to operate in China engaging in energy development.

Today, the cooperation between the U.S. and China on energy issues is based on two major components. On the business or industrial level, the U.S.-China Oil and Gas Industry Forum brings together industry and government officials from both sides to discuss the development of China’s oil and gas sector and accelerate commercial cooperation. While government officials participate in the forum, it is explicitly designed to ease hurdles to commercial cooperation and exchange thus emphasizing the industrial level. The forum was established in 1998 and takes place annually. On the political level the U.S. and China established a bilateral Energy Policy Dialogue in 2004. Discussions include national energy policies and plans, the exchange of information on the development of energy demand and strategies for the promotion of global energy security through the diversification of energy supplies. They take place on a high political level.⁶⁴

While the cooperation on energy issues between China and the U.S. began already decades ago, the discussion about the strategic implications of China’s rising energy demand and concern about a competition with China for oil resources began only recently. Two developments have fueled the debate about the potential threat resulting from China’s energy policy.

On the one hand, the realization that China engages closely with U.S. adversaries like Iran and Sudan has alarmed the administration and members of Congress, who fear that such cooperation could undermine the U.S. war against terror. China imports a lot of its oil from Iran and has just tried to secure an oil deal before the potential imposing of sanctions by the UN Security Council. An expert at Shanghai University argues that “China and Iran appear to be collaborating not only for energy development but also increase the stakes in case

⁶² Gallagher, p. 8.

⁶³ Gallagher, p. 8.

⁶⁴ The co-chairs are the Assistant Secretary for Policy and International Affairs on the U.S. side and the Vice-Chairman of the National and Reform Commission on the Chinese side.

sanctions are imposed.”⁶⁵ In addition, Beijing is trading with African countries that are denounced by the United States for their human rights violations. In return for oil exports to China, the leadership in Beijing provides regimes like in Sudan with weapons. Experts claim that “any military air presence exercised by the government – including the helicopter gunships reportedly used to terrorize civilians in Darfur – comes from China.”⁶⁶ Another fact that concerns the U.S. is the military build-up around the Taiwan Strait. In order to secure its oil supplies which come over the sea lane between Taiwan and China, Beijing “is looking [...] to deter the potential disruption of its energy supplies”⁶⁷ by the United States.

The second important development or event is the attempt by the Chinese National Offshore Oil Corporation (CNOOC Ltd) to buy the U.S. oil company Unocal. Congress considered the offer a threat for national security as it would have given the security of a huge amount of oil supplies into the hands of a communist state company. The intense debate about the deal in the U.S. media and Congress moved the Chinese to withdraw from their offer. According to Gal Luft from the Institute for the analysis of Global Security (IAGS), this affair “brought to the fore the debate about whether or not China’s pursuit of oil is a threat to U.S. national security.”⁶⁸

Although the debate resulting from these developments proves, that there is concern about the implications of China’s growing energy demand, the reactions and political recommendations in U.S. politics differ significantly reflecting the two political schools of realism and liberalism. The realist concern about the increasing potential of conflict over energy security becomes obvious in the approach and opinion taken by most members of Congress. A recent report by the EU-China Economic and Security Review, which is a congressional advisory panel paying special attention to China’s growing oil demand, came to the conclusion that “the United States must be prepared to respond more aggressively to China’s behavior and actions when they run counter to our interests.”⁶⁹ In September, Congress blocked the purchase of California’s Unocal Corporation by the Chinese energy cooperation. In November 2005 the democratic Senator Joseph Lieberman even demanded the containment of China claiming that “the U.S.-China energy engagement [...] could be in

⁶⁵ Goodman.

⁶⁶ Pan, p. 4.

⁶⁷ Ebel, p. 55.

⁶⁸ Luft, “Hearing on China’s growing Global Influence: Objectives and Strategies”, p. 26.

⁶⁹ “Panel urges US-China energy cooperation”, AP/Reuters, 10 November 2005.

one sense the 21st century version of what arms control negotiations with the Soviet Union were in the last century.”⁷⁰

The administration and most experts, on the other hand, take a much more moderate approach and dismiss the hawkish discussion in Congress as “one of its periodic China scares.”⁷¹ While Fareed Mohamedi from the PFC Energy asserts that the threat resulting from China’s energy policy “has been slightly overblown,”⁷² the administration makes clear that it “cannot simply blame China [...] for seeking the same levels of affluence that our citizens enjoy.”⁷³ The decision by the administration to decline an invitation by the U.S.-China Economic and Social Review Commission to testify on China’s growing energy demand could be an indication that it does not want to be associated with the hawkish stance taken by Congress. Instead, the administration takes the approach of liberal engagement. Under Secretary of Energy, David Garman, made clear that “we [the Administration] still see that cooperation with China [...] can bring us quicker and better solutions than any confrontation.”⁷⁴

3.2. EU Approach

The rise of China as competitor for energy on the global market has deeper implications for Europe’s energy security than for the energy security of the U.S. While the United States have “substantial undiscovered resources”⁷⁵ on its own territory and are involved in alternative markets in Latin America and Canada, the EU and China both heavily depend on oil imports from the Middle East and gas supplies from Russia. Although the EU is the most efficient energy market using a wide range of renewable energies, the dependency level of the EU will rise from 30% today to 70% in 2030.⁷⁶

In 1994 Brussels has initiated an energy dialogue between the two countries in response to the growing competition for energy sources between Beijing and the EU. The dialogue includes annual working group meetings and a bi-annual Conference on energy cooperation in which experts discuss their energy policy and development strategy, the evolution of energy markets, the security of supply and sustainable energy development to avoid environmental degradation.⁷⁷ Within this framework, the EU has undertaken several

⁷⁰ Lieberman, p. 3.

⁷¹ “Unocal deal tests US stance toward China”, Christian Science Monitor, 18. Juli 2005,

⁷² Fareed Mohamedi, “Annual Report 2005 to Congress by the U.S.-China Economic and Security Review Commission”, p. 170.

⁷³ Garman, p. 8.

⁷⁴ Garman, p. 4.

⁷⁵ Van der Linde, p. 54.

⁷⁶ “The Green Paper”, p. 1.

⁷⁷ Homepage of EU Commission on External Relations with China

concrete initiatives. In 2003 China and the EU launched an Energy and Environment Program that aims at energy saving, development of renewable energy and natural gas and costs 42,9 million euro.⁷⁸ In March 2005 China and the EU signed an agreement on clean coal technologies “to encourage and develop the capture and storage of CO₂ from coal-fired power stations”⁷⁹ and an agreement on Industrial Cooperation on Energy Efficiency and Renewable Energies. At the EU-China summit in September 2005 Beijing and Brussels signed a Memorandum of Understanding on a new dialogue on energy and transport as well as a Joint Declaration on climate change.⁸⁰ The EU and China do also cooperate in research on the peaceful use of nuclear energy. The Euratom agreement enables the exchange of researchers and the EU and China both participate in the international ITER program for the construction of an experimental controlled fusion reactor. At the most recent EU-China energy summit in February 2006, the EU further emphasized its commitment to energy cooperation. Following the agreement on clean coal promotion, the two actors signed a MoU for common research on a technology of “near-zero emission power generation”⁸¹ involving 5 million Euro. In order to further strengthen the Environment Program, the EU announced to contribute another 40 million Euro.⁸²

The analysis of the EU’s foreign policy reveals a strong focus on sustainable development and energy saving. Given that the EU is the most efficient energy consumer among the three main consumers on the energy market and has extensive technologies and industries that promote and use renewable energy, this expertise can serve as essential element in the control of China’s energy demand. However, the EU faces a major limitation in the promotion of this niche because the EU does not have a common external energy policy resulting from “conflicting post-colonial ties of the major EU countries.”⁸³ In order to enter into a strategic dialogue with producing countries and China, the EU needs to achieve two goals.

First, it has to develop a common energy policy. In response to the Ukrainian gas crisis the EU issued a green paper that “proposed a new European energy regulator, revised rules for storing gas and oil stocks, an action plan on energy efficiency and a common

⁷⁸ Chinese Renewable Energy Industries Association

⁷⁹ “EU to sign clean coal deal with China”, EurActiv, 15 March 2006.

⁸⁰ Piebalgs, p. 2.

⁸¹ “Sino-EU Energy Ties Strengthened”, Financial Times, 21 February 2006.

⁸² “EU commits 40 mln eur to China energy”, environment project, Xinhua Financial Network Beijing, 23 February 2006.

⁸³ Van der Linde, p. 71.

external energy policy.”⁸⁴ However, the results that could be achieved at the EU Energy Summit in March 2006 are disappointing. Because of national interests, the transfer of power in energy policy from the government level to the supranational institution of the European Commission failed. “EU nations especially France, Spain and Germany have squabbled over measures to protect national energy sectors. French and Spanish efforts to create national energy champions have raised fears governments flout EU rules by keep foreign competitors out.”⁸⁵

Second, the EU has to make its energy policies an important part of its foreign policy. A study by the Clingendael Institute comes to the conclusion that “the EU seems to rely on its economic diplomacy only.”⁸⁶ However, foreign policy is an essential tool to prevent supply crisis and the coordination of the EU’s and China’s energy policy will help increase the policy efficiency vis-à-vis oil- and gas-producing states. While the latest Green Paper published by the European Commission proposes to encourage developing countries to “join the implementing agreement of IEA” and to “assist in the cause of energy efficiency [...] by negotiating favorable tariff treatment for goods on the basis of their energy-efficiency performance,”⁸⁷ the United States and China are currently not part of the considerations by the Directorate-General for Transport and Energy.⁸⁸

In conclusion, the cooperation between China and the EU in energy issues is essential as both actors face difficult challenges. Not only do they depend on the same regions for their oil and gas, but the growing risk of instability in the Persian Gulf Region due to the U.S. military engagement in the region jeopardizes the safe supply with oil. The U.S. engagement in Iraq has not led to the anticipated stability but to civil war and the looming sanctions on Iran through the UN Security Council make the future of oil supplies from this state unpredictable. As for the supply with gas, Russia is already trying to play the EU and China out against each other. “EU ambassadors in Moscow were recently warned by Gazprom’s CEO, Alexei Miller, that Russia could divert natural gas now going to Europe to China and the U.S. if the company were not allowed more freedom to buy of European downstream energy facilities.”⁸⁹

⁸⁴ “EU Takes first step towards Common Energy Policy”, The Epoch Times, 08 March 2006.

⁸⁵ Robert Wielaard, “EU nations to boost energy coordination, but yet shy away from EU energy policy”, Associated Press Worldstream, March 24, 2006

⁸⁶ Van der Linde, p. 76.

⁸⁷ “Green Paper on Energy Efficiency: Doing more with less”

⁸⁸ “Energy Policy Green Paper: Commissioners debate existing and future Policy Challenges”, Europe Information Service, February 9, 2006.

⁸⁹ Keith C. Smith, “Using Energy as a Weapon”, Congressional Quarterly, May 16, 2006

Those strategies can only be prevented if energy-consuming actors like the EU, China and the U.S. work together. With a coordinated approach, the EU and China can avoid the increase of prices due to the growing competition and avoid to be played out against each other.

3.3. Afterword

When analyzing how much of a threat China's growing thirst for energy might pose to international security and the national security of the U.S. and the EU, one has to examine the approach of the Chinese government towards the new challenge and the potential implications of this approach for European and American energy politics. The analysis provides a clear understanding of the significance of potential energy shortages for China's overall stability. In China, "the focus of domestic policy is on political and social stability, for which sustained economic growth is required. Economic growth requires energy, and thus security of energy supply."⁹⁰ ⁹¹Robert E. Ebel therefore aptly describes China as "victim of its own success."⁹²

As the security of energy supplies is an absolute necessity for China, the "global hunt for energy"⁹³ is increasingly reflected in China's foreign policy. The energy cooperation with states like Iran and Sudan (see point 4.2) shows that "Beijing's resource-based foreign policy [...] has little room for morality."⁹⁴ Trying to secure important sea lanes like the Taiwan and Malacca Strait, where most of China's imported oil passes through, Beijing has furthermore accelerated military build-up (in particular the strengthening of naval capabilities). "Denial of passage, deriving perhaps out of a conflict with Taiwan, drives military planning."⁹⁵

While China's behavior certainly lends reason to some concern in the U.S. and the EU and some experts even draw a parallel to the situation of Japan prior to the Second World War, other analysts perceive Beijing's hunt for energy as less alarming. While Robert E. Ebel asserts that "China is conducting itself no different than any other oil-importing country as it seeks security and diversity of oil supplies,"⁹⁶ Dannreuther, Liao and Andrew-Speed present

⁹⁰ Andrew-Speed, p. 344.

⁹¹ In light of the authoritarian regime in China it is safe to say that this political stability is also a prerequisite for the survival of the power of the Communist party. While inequalities are still extensive, the hope among the population for a share or participation in China's ongoing economic growth silences sentiments that might otherwise lead to political upheaval.

⁹² Ebel, p. 28.

⁹³ Zweig & Jianhai, p. 1.

⁹⁴ Zweig & Jianhai, p. 4.

⁹⁵ Ebel, p. 3.

⁹⁶ Ebel, p. 40.

a positive outlook on the consequences of China's growing energy demand. According to them "the historical record [...] suggests that China has used force primarily in favor of territorial and sovereignty claims rather than for other reasons, such as resource disputes."⁹⁷

Despite of this rather positive outlook, there is one major aspect of Chinese energy politics that stands in stark contrast to the political approaches of the EU and U.S. and makes cooperation between the three actors on energy issues difficult. In contrast to the transatlantic partners, who favor a market-based approach relying on national and international energy markets and trying to improve the efficient functioning of those markets, China is trying to ease the pressure through a strategic approach. Ideally, a strategic approach does not only include the close cooperation with and investment in energy exporting countries as discussed above, but also the use of administrative measures to increase energy efficiency, adjust transport policy and seek substitutes for oil. "The mechanisms used to implement these measures will to a great extent depend on the nature of the domestic energy markets."⁹⁸ Unfortunately, China "lacks the coherent measures to constrain oil demand and to develop emergency capacity."⁹⁹ First, Beijing's attempt to exploit domestic oil resources as, for instance, in the Tarim Basin has shown only modest rewards that can hardly be justified in light of the enormous amounts of money spent in the region. Second, the transportation of energy poses an expensive challenge as "China's primary energy resources are found in the north and west of the country, whereas economic growth is focused on the south and east."¹⁰⁰ Third, despite Chinese efforts to establish a strategic petroleum reserve the achievements made so far "fall well short of levels required for most industrialized countries."¹⁰¹

Overall, the administrative measures taken by the government in Beijing are insufficient and make a cooperation between China, the EU and the U.S. difficult. Despite many attempts to re-organize its energy policy, resulting in the "Twenty-First Century Oil Strategy" in 2003,¹⁰² the evaluation of those attempts by Leland R. Miller comes to the conclusion that "true reform has been painfully slow."¹⁰³ Major hurdles in the energy cooperation with China for the U.S. and EU are the lack of transparency on energy efficiency and energy demand in China and a supervising actor that is responsible for Chinese energy

⁹⁷ Andrew-Speed & Liao & Dannreuther, p. 81.

⁹⁸ Andrew-Speed, p. 341.

⁹⁹ Andrew-Speed, p. 343.

¹⁰⁰ Andrew-Speed, p. 65.

¹⁰¹ Ebel, p. 17.

¹⁰² the \$100 billion program called for the creation of a futuristic strategic oil system in China

¹⁰³ Miller, p. 3.

policy. The “unreliable nature of energy statistics in China”¹⁰⁴ makes an assessment of the pace of China’s increasing energy demand almost impossible. On the inter-governmental level, cooperation is inhibited through the lack of a unitary actor for energy politics in China. “Chinese leaders have ruled out the possibility of setting up a formal Ministry of Energy, at least before 2008,”¹⁰⁵ thus giving state-owned oil companies unchecked leverage and the ability to preserve their domestic monopoly status.¹⁰⁶

3.4 Conclusion

The analysis of the reaction by the U.S. and EU to the growing competition with China for energy resources reveals an interesting aspect. Although the transatlantic partners both take a market-based approach with regard to energy issues in China and seek to integrate China in the international energy market applying international steering mechanisms,¹⁰⁷ the threat that derives from China’s growing energy demand to the national security of the two actors is assessed very differently. While the U.S. has ascribed too much significance to the strategic implications of China’s rising energy demand getting lost in realist assumptions that are explicitly expressed among members of Congress, the EU has conveyed a “surprising lack of urgency”¹⁰⁸ and has to include international energy issues in its foreign and security policy considerations thus adding a stick to the carrot of economic incentives. A prerequisite for this modification is the establishment of a common European energy policy.

Since China’s growing energy demand involves geopolitics which go beyond national borders and cannot be solved by a single nation, the energy policies of the EU and the U.S. have to be coordinated in order to achieve a secure energy environment for the transatlantic partners. “In a global oil market, where a shortage in any region [...] can force a spike in prices everywhere, there is a glaring hole in [...] energy security strategy. That hole

¹⁰⁴ Andrew-Speed, p. 76.

¹⁰⁵ Miller, p. 4.

¹⁰⁶ Andrew-Speed & Liao & Dannreuther, p. 100.

¹⁰⁷ Such as the IEA

¹⁰⁸ Van der Linde at EPC, p. 3.

is Asia.”¹⁰⁹ In contrast to the U.S. and EU, there is no strategic oil reserve in Asia or China that could mitigate the impact of a short-term oil crisis. Although China is the biggest country in the region that accounts for the highest energy demand and might have the capabilities to establish emergency oil resources, the EU and U.S. should not rely on China to establish such a regional emergency stock. So far, China’s efforts to establish a reserve were “too small, and it may operate under rules different from those that would benefit the global market.”¹¹⁰ The experience from recent political dialogues between China and Western countries has shown that far-reaching promises made by Beijing in response to pressure by Western countries “have frequently been postponed or rejected after an exhaustive process of evaluation.”¹¹¹ It is therefore vital for the transatlantic partners to promote and support the creation of such an emergency response system for the whole Asian region. One possibility would be the cooperation and implementation of necessary mechanisms within the Asean Pacific Economic Cooperation (APEC) or the ASEAN community.

As for the energy policies of the transatlantic partners towards China, a close cooperation on an equal footing and international security mechanism might lower the perceived need in Beijing to engage with countries like Iran. So far, the anxiety of an energy disruption leads China to secure inefficient and overpriced energy deals with regimes like Sudan. An offer by the transatlantic partners to support China in the implementation of reforms that are necessary to be integrated into international energy institutions such as the International Energy Agency (IEA) accompanied by an offer to assist China in case of upcoming disruptions of energy supplies could establish the trust that is necessary to convince China of shifting from a strategic to a market-based approach.

¹⁰⁹ Goldwyn, p. 3.

¹¹⁰ Goldwyn, p. 6.

¹¹¹ Andrew-Speed & Liao & Dannreuther, p. 101.

Chapter Four: Dispute over the Lifting of the EU Arms Embargo

While the discussion of the difference between the strategic approach of the U.S. and the 'non-approach' of the EU towards Taiwan and the analysis of the different perceptions of China's rising energy needs lend little weight for the belief that the transatlantic partners are about to stumble into a severe conflict on this issue, the intention of the EU to lift the arms embargo against China could lead to a serious transatlantic conflict further opening the transatlantic divide that has erupted in the dispute over the war in Iraq. The U.S. and EU have both introduced the arms embargo in response to the violent crackdown of the student protests in 1989. However, in contradiction to the U.S., who views the embargo as symbolically and substantially valid because most demonstrators from 1989 are still in prison, the EU regards the embargo as hurdle in the establishment of a strategic partnership between Beijing and the EU. David Shambaugh argues that "the EU should have no illusions about the seriousness with which the United States views this issue, as lifting the embargo will very likely cause political, legal, and commercial retaliation by the Congress and the executive branch."¹¹² But why is the United States so concerned about the lifting of the arms embargo? What is the rationale behind the EU's plan to lift the embargo knowing that this will upset the transatlantic partner? And why does China insist on the lifting of the embargo? These questions will be answered in the following chapter.

4.1. EU Position

The European Union has introduced the arms embargo as part of a list of sanctions in reaction to the crackdown of the students protest in Tiananmen in 1989. While the other sanctions of this package were removed by 1990, the European Union decided to maintain the arms embargo due to the continuation of human rights violations in China and U.S. pressure. However, in light of the economic cooperation and the introduction of the political dialogue in 1995, many member states of the European Union spoke out in favor of a revision of the embargo so that the support for the embargo gradually crumbled. France and Germany were among the strongest supporters for the lifting of the embargo. In an official trip to Beijing by German chancellor Gerhard Schröder in December 2003, Schröder assured Premier Minister Wen that he would work constructively with his European partners to find a

¹¹² Shambaugh, "Lifting the EU Arms Embargo on China", p. 23.

solution for the lifting of the arms embargo.¹¹³ However, the motivation in Germany and France to promote the lifting of the arms embargo differed. For Germany, the public justification of the lifting of the arms embargo was its symbolic nature. Berlin argued that the lifting would not lead to a significant rise in exports because those exports would be barred under the restrictions of the EU Code of Conduct and national legislation. This official argumentation should be examined carefully. Not only are “Germany’s national regulations on arms exports [...] stricter than those of France and the United Kingdom,”¹¹⁴ but there is reason to believe that Chancellor Schröder hoped to receive economic benefits (in form of purchases of industrial and technological goods in Germany) in return for the lifting of the embargo. For France, the lifting of the embargo served two purposes. On the one hand, due to its more relaxed national legislation on arms exports, France, which ranks first in terms of the export licenses issued by governments “would be by far the biggest beneficiary of such a move.” On the other hand, France’s lead in pushing for the lifting of the embargo “reflects Paris’ and Beijing’s hope for a multipolar world.”¹¹⁵

Despite the efforts by Germany and France to lift the arms embargo, there were inner-European hurdles to overcome before a final decision on this issue could be made, as the support for the lifting of the embargo is not shared by all European countries. “The Nordic countries claim that China has not done enough to improve its human rights situation, while the UK and some of the East European countries fear that ending the ban would further strain transatlantic relations.”¹¹⁶ Given those differences and the concerns expressed by the European Parliament with regard to the human rights violations there was no unanimous position at the EU Summit in December 2003. However, in the course of the following year some countries, such as Denmark, changed their position and by the end of 2004 there was widespread support for a lifting of the arms embargo among the European member states. At the EU-China summit in The Hague on 8 December 2004 the European Union “confirmed its political will to continue to work towards the lifting of the arms embargo.”¹¹⁷ The preparations for the lifting of the embargo in 2005 were only interrupted due to China’s introduction of the Anti-Secession Law. The EU criticized the law and announced that a lifting of the embargo at this point would send the wrong political signal to Beijing. European

¹¹³ Möller, p. 1.

¹¹⁴ Umbach, p. 85.

¹¹⁵ Umbach, p. 85.

¹¹⁶ Barysch, p. 1.

¹¹⁷ Crossick & Cameron & Berkofsky, p. 17.

authorities called on the Chinese government to mitigate the negative impact of the law “by making a gesture on its human rights record”¹¹⁸ and delayed the decision.

The official arguments brought forward by the European Union in favor of the lifting of the embargo are manifold. First and most important is the argument that “China has come a long way since 1989.”¹¹⁹ Despite remaining human rights concerns, EU member states claim that the improvements in the human rights situation made by China must be acknowledged and lead to rewards. They argue that “maintaining an embargo stigmatizes China unfairly and lumps China together with pariah states like Zimbabwe, Myanmar, and Sudan” thus preventing the EU from reaching further agreements and deepening EU-China relations. Second, some states like France argue that in five years China will be able to produce the same weapons like the EU and that a lifting of the embargo would, therefore, offer a better control because the EU knows which technologies China has acquired. Finally, the lifting of the embargo “would be hardly more than a symbolic act” due to the existence of national and European export control mechanisms such as the Code of Conduct¹²⁰ and the EU regulation on dual-use items. The Code names certain criteria that have to be taken into consideration when deciding on arms sales such as the human rights situation and preservation of regional stability.

In conclusion, the official arguments of European member states have to be reviewed carefully as they neglect two important aspects. On the one hand, the latter argument that exports are controlled by the Code of Conduct omits the fact that this Code is not legally binding and has been circumvented by many European governments in the past. “The EU reported that its total defense exports to China doubled from 210 million euros [...] in 2002 to 416 million euros [...] in 2003.”¹²¹ Therefore, “the real question is not the lifting of the arms embargo itself but the enforcement of the Code of Conduct on Arms exports and its legal status.”¹²² On the other hand, there is no doubt that some European countries will benefit economically from a lifting of the embargo. Even though the High Representative of

¹¹⁸ Bersick, p. 10.

¹¹⁹ Wacker, p. 32.

¹²⁰ The arms embargo and the European Code of Conduct have to be analyzed separately from each other. While the embargo is a political declaration in response to Tiananmen, the Code of Conduct is a formal document of the Common Foreign and Security Policy (CSFP) that was agreed upon only in 1998. The Code regulates lethal weapons and component parts, but makes no provision for defense or dual-use technologies. Like the embargo, the Code is not an international treaty and thereby not legally binding. The responsibility for the control of the provisions stated in the Code lie in the hands of national governments and is not monitored. It rather serves as a guideline for the national legislation on arms exports in the member states. See more information under European Union, Fact Sheet, “EU Arms and Dual Use Exports Policy and EU Embargo on China”, February 2005, www.europea.eu.int/comm/external_relations/us/bush/china.pdf.

¹²¹ Archick & Grimmet & Kan, p. 14.

¹²² Bersick, p. 4.

the EU, Xavier Solana, assures that the lifting does not automatically lead to increasing arms exports and only few countries like France and Great Britain can benefit from it, many European leaders hope for non-military economic benefits. First signs can be seen already. PRC leaders have “reportedly linked more orders for the A 380¹²³ to an end to the arms ban.”¹²⁴

4.2. US Position

Like the European Union, the United States imposed the arms embargo as a reaction to the “massacre”¹²⁵ at Tiananmen Square in 1989. However, the U.S. embargo is of a different legal nature. In contrast to the political declaration of the European Union, the United States made the embargo public law thus emphasizing its binding nature. Furthermore, the U.S. language in the law mentions the Munitions List and thereby specifies the kind of materials that may be exported to China “in that it applies to lethal as well as non-lethal military equipment.”¹²⁶

The potential lifting of the arms embargo has never been discussed within the United States since all government levels agree that maintaining the arms embargo is of essential interest for national security of the United States. While the major rationale for the European discussion on the lifting of the arms embargo is linked to the slight improvements of the human rights situation in China and its integration into the international community, the United States today is mainly concerned with the strategic implications of a rising China that has access to modern weaponry. They fear that China could become a military competitor in the world jeopardizing the national security of the United States and its hegemonic predominance. In the opinion of leaders in Washington there is reason to believe that China is misleading the world about its military objectives as (according to the Pentagon) “the PRC’s public military budget markedly understates actual defense-related expenditures.”¹²⁷ Behind this fear are several arguments:

First, lifting the embargo implies the danger that sensitive U.S. technology falls into the hands of China because much of the EU’s technology stems from the cooperation with

¹²³ The Airbus 380 (A 380) is the latest and biggest commercial airplane invented and produced by the European Airbus company. Having undergone the first test flights, the A 380 is set to start flying at the end of 2006.

¹²⁴ Bersick, p. 20.

¹²⁵ Many American politicians referred to the crackdown of the student protest as massacre. This language was much stronger than the reactions pronounced by European politicians and can be ascribed to the strong influence by Chinese student organizations and the anti-communist reflex in the U.S.

¹²⁶ Wacker, p. 32.

¹²⁷ Archick & Grimmet & Kan, p. 12.

the more advanced U.S. military in this area. Second, Russia could react by abandoning its own limitations on military exports. Furthermore, Russia could feel the need to increase its military expenditure in order to keep the advantage over the new and potentially dangerous neighbor. Third, exports to China could make the EU defense industry more competitive thus challenging the dominant position of U.S. industries. Fourth, in light of China's cooperation with rogue states like Iran, European arms and technologies could get into the hands of those states undermining the non-proliferation efforts. Fifth, the increase in military power could lead to a shift in the balance of power in Asia and destabilize the East Asian security environment. As the United States has been "the guarantor of East Asian security and stability for half a century,"¹²⁸ the change in the power structure in the area could encourage China to become more aggressive vis-à-vis its neighbors and increase its confidence to engage militarily in the re-integration of Taiwan. In such a conflict, the United States would then be confronted with soldiers that handle weapons produced by NATO-allies.

Debate in Congress and the Senate shows that the arguments brought forward by the European Union, are dismissed as unconvincing. Members of Congress contemplate that they appear like excuses and that the European Union rather seems to be "driven by greed"¹²⁹ as economic gains from these sales are in fact the prime motive behind desire to lift the embargo.¹³⁰ In contrast to the European claim that there have been improvements in the human rights situation, the United States argues that these improvements have been so marginal that further pressure is necessary. With regard to the European argument that exports will still be controlled through the Code of Conduct, the U.S. claims that the non-binding nature of this code and the lack of provisions for dual-use products make those restrictions permeable if not useless. Following the EU's argument that maintaining the embargo might impede the future cooperation with China, the U.S. claims that the fact that "Europe-China relations have never been better"¹³¹ shows, that China has not made the lifting of the embargo a precondition for any agreements. Finally, the U.S reacts aggressively to the claim of the French defense minister¹³² that China would be able to catch up militarily in five years anyway. Not only does the United States think that this is a hypocritical argument to begin with, but it asserts that "all foreign experts on the Chinese military recognize that China's indigenous military-industrial complex remains 10-20 or more years behind the state-

¹²⁸ Shambaugh, "Lifting the EU Arms Embargo on China", p. 28.

¹²⁹ Wacker, p. 31.

¹³⁰ See numbers above

¹³¹ Shambaugh, "Lifting the EU Arms Embargo on China", p. 26.

¹³² Shaumbaugh, „Lifting the EU Arms Embargo on China“, p. 27.

of-the-art.”¹³³ Rather, the U.S. believes that France is trying to strengthen the relationship with China in order to counterbalance the U.S. quoting a speech by Chirac two years ago “where he talked about the necessary rebalancing of the grand triangle among Europe, Asia and America.”¹³⁴ The discussion on the EU’s decision to lift the arms embargo is led with a surprising unity among the different actors in U.S. foreign policy. While “Congress reacts most strongly against the ban-lifting,”¹³⁵ the concerns have also been brought forward by Senators, the Defense Ministry and President Bush himself.

In conclusion, the United States believe that, given the fact that the embargos have been introduced complementarily, the ‘unilateral’ abolishment of the embargo would weaken the common transatlantic front in negotiations on human rights issues with China. More importantly, however, it would weaken the strategic role of the United States in the area and jeopardize its military predominance and thus its national security as China might arise as a military competitor to the U.S. Given those severe national security concerns of national security, the conflict on the lifting of the arms embargo does not involve questions of timing or conditions of the embargo. The fact that the European Union has postponed the lifting of the arms embargo this year as reaction to the introduction of the Anti-Secession Law in China does not mean that the United States would agree with the lifting at another time. Therefore Congress has urged the President “to strongly press their EU counterparts to maintain the EU arms embargo against China”¹³⁶ and the U.S. has warned the EU that “any retaliation from the U.S. would come in the area of trans-Atlantic defense cooperation.”¹³⁷

4.3. Afterword

The EU’s decision to work on the lifting of the arms embargo has to be analyzed in light of mounting pressure by Beijing that has developed over the years. In the course of the modernization of China’s military, Beijing realized that the rather outdated weapon systems coming from Russia could not satisfy China’s demand. Being aware of the fact that the U.S. would not be willing to lift or even alter the arms embargo, the Chinese government directed all efforts to get access to modern weapon systems through the EU. “In October 2003, China issued its Policy Paper on the EU, urging the EU to lift its arms embargo in order to ‘remove

¹³³ Shaumbaugh, *Lifting the EU Arms Embargo on China*, p. 27.

¹³⁴ “China arms embargo moves off EU agenda,” *Financial Times*, 9 November 2005.

¹³⁵ Men, p. 12.

¹³⁶ Wacker, p. 34.

¹³⁷ Bersick, p. 5.

barriers to greater bilateral cooperation in defense industries and technology.”¹³⁸ This public pressure was accompanied by several initiatives on joint EU-China summits and on the bilateral diplomatic level. The Chinese government had learned early on that the European Union does not speak with one voice and that success can be best achieved when addressing influential European governments that are able to mediate between the different European actors. The political approach by Beijing was combined with economic incentives for single European Countries or the whole of Europe. In November 2005, Foreign Minister Li Zhaoxing stated with regard to the embargo: “China’s trade volume with the EU has for the first time exceeded the trade volume between China and Japan, without such discrimination no doubt the trade volume would be even bigger and we would have more benefits from the bilateral cooperation.”¹³⁹ The Chinese strategy reveals the weakness of European policy making. “Although the expansion of the bilateral trade is a success story of its own, simultaneously it has undermined the implementation of a more effective CFSP.”¹⁴⁰

While Beijing has expressed its disappointment in reaction to the EU’s withdrawal of the offer to lift the embargo after the introduction of the Anti-Secession Law and accused the EU of “doing some hand-wringing again,”¹⁴¹ President Hu Jintao has not made the lifting a key theme on his trip through Europe in November 2005. Instead, China has tried to promote the cross-strait dialogue¹⁴² and introduced a human rights dialogue with Washington on the senior level.

The reasons for China’s insistence on the lifting of the arms embargo are threefold. First, there is no doubt that China uses part of its economic growth to modernize and strengthen its military. Whether Beijing will use its strengthened military in the future for aggressive purposes, as the U.S. fears, remains to be seen. For now, China claims that it would use the European imports solely for defensive purposes. An article in the Hong Kong Journal, which has close ties to the People Liberation Army (PLA), claims that “China’s main objective in importing advanced equipment is to enhance the research and development capabilities of its own national defense industry.”¹⁴³ With regard to the U.S. argument that China’s growing military budget gives evidence of a military build-up, Beijing responds that

¹³⁸ Archick & Grimmet & Kan, p. 6.

¹³⁹ Saiget

¹⁴⁰ Umbach, p. 84.

¹⁴¹ Men, p. 16.

¹⁴² After an invitation from Beijing, the chairman of the nationalist party in Taiwan and the Communist party in Beijing will come together for the first time. Furthermore China seems to have decided to withdraw missiles deployed at the coastal area targeted at Taiwan

¹⁴³ Archick & Grimmet & Kan, p. 17.

“more than two-thirds of the spending would go to personnel and maintenance, and only a small part of the military budget would be used for equipment procurement.”¹⁴⁴ Second, China sees the lifting of the embargo as a pre-requisite for an effective and equal bilateral relationship between the EU and China that will moreover allow for mutual economic benefits. A Chinese government official stated that “we [the EU and US] cannot have a normal relationship with the EU as long as the embargo is in place”¹⁴⁵ hinting at the fact that the EU can only do justice to the label of a “strategic partnership” when it acknowledges China as equal partner. Third, the lifting of the embargo would mean that China can save its face on the international level. As Beijing calls the embargo “a product of cold war mentality”¹⁴⁶ and an “embarrassment”¹⁴⁷ for the Chinese people, the lifting of the embargo is considered as “recognition of China’s progress in the past years as well as its growing clout in global affairs,”¹⁴⁸ thus re-establishing China’s national pride.

4.4. Conclusion

The analysis shows that the reaction to the lifting of the arms embargo is guided by different perceptions of the impact a lifting of the arms embargo might have on the military strength of China in Asia and the world. While the EU’s decision to lift the embargo is based on the consideration of human rights improvements in China and the hope for economic benefits, the U.S. approaches the issue from a strategic standpoint. In contrast to the European governments, who prefer a multilateral or multipolar power system and are not concerned that China will resort to aggressive tactics once being strengthened militarily, the U.S. feels challenged in its hegemonic power position which allowed it to shape the international and economic system. Although China is far away from equaling the U.S. military power, the military build-up could soon lead to the exertion of more influence in Asia thus impeding the U.S. dominance in this region.

¹⁴⁴ Men, p. 13.

¹⁴⁵ Men, p. 4.

¹⁴⁶ “EU weapon sales embargo to China is “out of time”: FM spokesman”, People’s Daily Online, 28 April 2004

¹⁴⁷ Bersick, p. 2.

¹⁴⁸ Men, p. 10.

At the moment, the transatlantic partners seem to have irreconcilable standpoints on the issue. The EU made clear that the question is not if the EU will lift the embargo, but when.¹⁴⁹ For the U.S., on the other hand, a lifting of the embargo is out of question even in the future. However, a new conflict between the transatlantic partners can be avoided. The successfully exerted pressure on the EU by Washington in this case suggests that “the US is still the sole superpower in international politics.”¹⁵⁰ Therefore, the U.S. government can use this leverage to achieve a compromise on the arms embargo while saving the EU’s and China’s face. As the non-legal nature of the Code of Conduct is the main concern of the U.S., Washington can negotiate a strengthening of the Code that ensures legal monitoring and enforcement measures. In this process, the EU and the U.S. could agree on a “no-sell” list that excludes specific weapons or technologies from exports. The EU, on its side, could link the lifting of the embargo to Chinese commitments for nonproliferation monitoring and human rights demands.

A first step towards such a solution through cooperation has been made in the course of the new strategic transatlantic dialogue on East Asia, where the lifting of the arms embargo has been a major point for discussion. According to a European Official, the intense exchange of concerns, which have been particularly expressed by the Japanese, have silenced proponents of the lifting of the embargo as they realize the potential strategic implications for Asia and the ally Japan. While the EU will not be willing to give up the lifting of the embargo in the long run, alternative commitments could ameliorate the U.S. concerns. At the moment, the EU is discussing a strengthening of the Code of Conduct. While member states have already agreed upon a new requirement for countries to report what they are selling to other countries (such as China), there is an ongoing debate on a potential enforcement of the rules provided for in the Code of Conduct. These concerted efforts should be accompanied by a diplomatic outreach to China explaining the fears and trying to seek commitments to mitigate those fears because “a hostile US attitude is likely to be counterproductive and will also encourage China to increase further its military expenditure.”¹⁵¹

¹⁴⁹ Men, p. 4.

¹⁵⁰ Men, p. 17.

¹⁵¹ Corsick & Cameron & Berkofsky, p. 16.

Chapter Five: Foreign Policy Approaches towards Human Rights Issues

The United States and Europe both share a deep interest in the promotion of human rights in China. As core human rights¹⁵² and the rule of law constitute the very foundation of their democratic systems, those shared values inextricably link the transatlantic partners and act as a common bond in the promotion of democracy. If China arises as world power without respecting the fundamental human rights, this would put all the efforts in the defense and promotion of democratic values and human rights standards by Western states into question. The fact that China is being increasingly integrated despite of its poor human rights record might have already undermined the credibility of the EU and the United States as they have often turned a blind eye on the human rights violations in order to secure beneficial economic deals. However, punishing China by stopping the cooperation could lead to an isolation of China ending in the rise of a revisionist power. The complexity of this issue becomes obvious when analyzing the policy approaches of the European Union and the United States with regard to human rights issues in China. While both have a clear interest in the improvement of human rights in China and share the same values, the policy instruments and tactics they have used in recent years differ. The following chapter will analyze the human rights policies of the transatlantic partners vis-à-vis China trying to elaborate where these differences can be found. In light of the failure of the policy approaches by both, the EU and the U.S., the chapter furthermore seeks to evaluate the reasons for this failure and give recommendations for a policy adjustment by the transatlantic partners to avoid the rise of an authoritarian and Communist state as world power.

5.1. EU Approach

Until the crackdown of students protests in Tiananmen in 1989, the issue of human rights violations played hardly any role in the EU's relationship with China. The database of policy statements on European foreign policy shows that there have been only four documents prior to the incident that mention China and human rights issues.¹⁵³ The incident at Tiananmen changed the degree of attention being paid to human rights issue. Gathering at a summit in Madrid on June 6 1989, the 12 leaders of the member states expressed their deep concern about the situation in China, condemned the crackdown of the student protest and

¹⁵² Meaning civil and political rights

¹⁵³ Baker, p. 48.

issued a statement that announced specific measures against China including the raising of the issue in the appropriate international forum and interruption of military co-operation in form of an arms embargo. The measures against China were coordinated with the United States which also imposed, among other sanctions, an arms embargo on China. In February 1990 a resolution on the situation in China was tabled at the United Nations. Both, the United States and the 12 member states of the EU co-sponsored the resolution in the following years. In 1997, the European Union shifted its policy approach from political condemnation in an international forum to engagement through an institutionalized human rights dialogue. Having established a specific political dialogue with China in 1994 that led to the initiation of the human rights dialogue in January 1996, the General Affairs Council explained: "In view of the first encouraging results of the EU-China human rights dialogue, the council agreed that neither the Presidency nor Member States should table or co-sponsor a draft resolution at the next UN Commission on Human Rights."¹⁵⁴ With the shift from public diplomacy within then framework of the UN to private engagement through the political dialogue, the European Union member states hoped to be able to better approach China. As saving face is an essential element in Chinese and Asian culture¹⁵⁵, the internationally publicized condemnation of China through introductions of resolutions at the UN, was seen as rather preventing improvements in the fields of human rights than improving them.

The dialogue has been institutionalized through biannual meetings and cooperation projects such as village governance, legal cooperation, promotion of women's rights and a network on the implementation of International Human Rights Covenants that have been established within the United Nations.¹⁵⁶ The emphasis of the European Union lied on "workplace safety, reducing gender inequality, decreasing state control of the media, improving prison conditions, and eliminating the death penalty."¹⁵⁷ The most important element, however, is the strengthening of rule of law. In its latest policy strategy paper towards China, the EU declares that "the respect for human rights, democratic accountability and the rule of law as well as a democratic participation of citizens in decision-making processes, constitute the best guarantees for the long-term stability of a society and for the

¹⁵⁴ Baker, p. 56.

¹⁵⁵ *Mianxi*: Face - Losing face, saving face and giving face is very important and should be taken into consideration at all times. Loosing your temper, confronting someone, putting someone on the spot, arrogant behavior, or failing to accord proper respect can cause a loss of face.
http://www.culturalsavvy.com/chinese_culture.htm on 26 March 2006.

¹⁵⁶ Baker, p. 3.

¹⁵⁷ Shambaugh, *The New Strategic Triangle*, p. 10.

sustainability of a country's economic development."¹⁵⁸ The strategy paper describes projects such as the promotion of grass-roots democracy and networks of European and Chinese civil society as necessary steps to enhance good governance.¹⁵⁹ In 2003 there were six projects and programs in a value of 32,870,000 Euro under implementation that were supposed to strengthen the rule of law and promote good governance. Thereby "Europe invests considerably more into programs that strengthen the rule of law in China than does the United States."¹⁶⁰

In conclusion, the analysis of the slow human rights improvements in China, suggest a failure of the EU policy approach towards China. In the Preliminary Assessment of the EU-China Human Rights Dialogue¹⁶¹ submitted to the meeting between China and the EU, the FIDH reports about ongoing human rights violations, lack of transparency and independence in judicial and policy decision-making processes and the punishment of democracy activism, religious expression etc. Its recommendation implies the failure of the political dialogue as it recommends the EU to sponsor or cosponsor a resolution on China at the Committee for Human Rights "in order to give teeth to the dialogue."¹⁶²

5.2. US approach

Although US foreign relations with China were much further developed than in Europe by the time the Tiananmen crackdown happened, these relations did not include a debate on human rights issues in China. Similarly to the European Union, this debate came only into existence after the student crackdown in 1989 "which was called a 'massacre' by American China watchers."¹⁶³ Although the call for harsh punishment by Congress was inevitable, President Bush senior reacted carefully when making the decision on potential sanctions against China. Having served as U.S. ambassador in Beijing, "Bush understood the Chinese psyche"¹⁶⁴ and wanted to prevent China from closing itself off from the rest of the world in response to the sanctions. The discussion that followed in the following years

¹⁵⁸ "A Maturing Partnership," p. 12.

¹⁵⁹ "A Maturing Partnership," p. 14.

¹⁶⁰ Shambaugh, "The New Strategic Triangle," p. 11.

¹⁶¹ "Preliminary Assessment of the EU-China Human Rights Dialogue," p. 3.

¹⁶² "Open letter to the EU by the FIDH"

¹⁶³ Moore, p. 3.

¹⁶⁴ Garrison, p. 108.

revealed the conflict of two major blocs in American policies, namely the hawks who favored containment of China and the more pragmatic block that favored engagement with China. The latter block believed that the exposure to trade would automatically lead to exposure to cultural, scientific educational and religious beliefs thus transporting human rights values into Chinese culture. On the contrary, the hawks, namely members of Congress, considered China as expansionist power “which must be checked presently before it becomes too powerful to check later.”¹⁶⁵ Advocates of this camp wanted to link the human rights issue with the annual extension of the Most-Favored Nation Status (MFN status) assuming that “penalties could be used to steer countries toward democracy and liberalization.”¹⁶⁶

While President William Jefferson Clinton initially adopted the congressional democratic leadership’s position linking trade rights to human rights, the failure of this policy led to a shift in the administration’s prerogative to engagement putting economic interests at the center of U.S. foreign policy.¹⁶⁷ He thus followed the advice of many experts who claimed that a denial of the MFN status would have severe consequences for the United States. They claimed that the denial of the MFN status for China would not only undermine the position of reformers in China and the position of U.S. negotiators in the final stage of China’s entry into the World Trade Organization, but it would also cause US consumers to pay more for products made in China and hurt the business community that is involved in trade with China.

As Permanent Normal Trade Relations (PNTR) were a prerequisite for the entry of China into the World Trade Organization, the final granting of the PNTR by Congress and China’s membership in the WTO in 2001 changed the U.S. approach towards human rights issues in China as “Congress lost a powerful weapon for monitoring the rule of law and human rights situation in PRC as well as for exerting pressure.”¹⁶⁸ However, this pressure was somehow substituted by the more aggressive approach of the new administration under George W. Bush towards China. In a speech during the presidential campaign in 1999, Bush made this approach clear stating that “China is a competitor, not a strategic partner”¹⁶⁹ and that “our advocacy of human freedom is not a formality of diplomacy, it is a fundamental commitment of our country.” Although Bush thereby made clear that the US would not treat China with velvet gloves, he remained committed to the idea of economic integration stating

¹⁶⁵ Moore, p. 7.

¹⁶⁶ Garrison, p. 138.

¹⁶⁷ Garrison, p. 141.

¹⁶⁸ Heilmann & Schulte-Kulkmann & . 10.

¹⁶⁹ Bush, “A Distinctly American Internationalism,” p. 274.

that “economic freedom creates habits of liberty. And habits of liberty create expectations of democracy. [...] Trade freely with China, and time is on our side.”¹⁷⁰

While the official rhetoric of the government towards China remained rough in order to emphasize the administrations' resentments against the communist, authoritarian system of the country, the U.S. tried to establish alternative channels that would enable cooperation in legal affairs and human rights issues. In 2000, Congress created the Congressional Executive Commission on China (CECC). Its goal is to monitor the progress in human rights rule of law in China as well as the “legal cooperation activities conducted by the U.S. government or by private American donors, thereby helping to coordinate these activities.”¹⁷¹ The CECC is not based on an official cooperation agreement between the U.S. and Chinese government, but is rather to be perceived as independent organization that collects and shares information with the government and the public. The reason for this structure can be found in the Foreign Relations Act which prohibits the use of public money on cooperation measures with communist countries¹⁷² thus preventing the United States from entering into bilateral agreements on legal cooperation projects as happened between the EU and China. The problem that derives from the nature of the CECC work is that “the PRC government interpreted the inauguration of the CECC as an intrusion into Chinese internal affairs and thus refuses to cooperate.”¹⁷³

In conclusion, the US approach towards human rights violations in China can be considered as more diverse than the EU approach. The cooperation of the CECC and other programs such as the Bureau of Democracy, Human Rights, and Labor (DRL)¹⁷⁴, is considered as Trojan Horse Strategy by China.¹⁷⁵ The advantage of this new U.S. strategy is that it allows the United States to follow a two-channel approach: Whereas public U.S. diplomacy can scrutinize human rights violations by exerting economic pressure and tabling resolutions, the CECC and DRL approaches are directed at “covertly”¹⁷⁶ supporting human rights and democratization from within China. Although it should not be neglected that “these resources would not have been sent if it had not been for the improvement of [...] economic

¹⁷⁰ Bush, “A Distinctly American Internationalism,” p. 275.

¹⁷¹ Heilmann & Schulte-Kulkmann, p. 11.

¹⁷² Heilmann & Schulte-Kulkman, p. 9.

¹⁷³ Heilmann & Schulte-Kulkmann, p. 12.

¹⁷⁴ The DRL awards grants to NGOs which are able to cooperate successfully with Chinese counterparts without the need for direct involvement of and approval by the Chinese government

¹⁷⁵ Heilmann & Schulte-Kulkman, p. 12

¹⁷⁶ Heilmann & Schulte-Kulkman, p. 23.

interests such as supporting the development of commercial rule of law,”¹⁷⁷ the U.S. strategy has the positive side effect of promoting human rights.

5.3. Afterword

When analyzing the different policy approaches of the EU and the U.S. towards human rights issues, it becomes obvious that there is no essential difference in world views underlying their approaches. The EU and U.S. share the same values and aim at democratization. While there has initially been a difference in emphasis on certain human rights issues with the U.S. engaging in support of political dissidents and religious freedom and the EU stressing workplace safety, gender discrimination and the elimination of the death penalty, the shift of U.S. policy towards greater emphasis on legal programs shows a gradual assimilation of the two policy approaches.

While these similar approaches of the EU and the U.S. on the first view appear to be good as the transatlantic partners take a common stance towards China thus being able to exert more pressure, the common approach has a major problem that explains the poor success of the transatlantic partners in the promotion of human rights in China: The Western ideal of human rights collides with the understanding of human rights standards in China and Asia. As Western states are committed to the promotion of democracy, they support the strengthening of civil and political rights. China, however, believes the economic and social rights of individuals to be the necessary priority. And while the West (i.e. the transatlantic partners) considers its idea of human rights as universal and anchored in international law, China believes in the existence of different regional human rights standards deriving from cultural prerogatives. In order to be able to negotiate with China about human rights standards, Western countries need to understand the values and beliefs that guide Chinese human rights policy.

The Chinese idea of human rights derives from three major traditions or beliefs: First, China has always highlighted the importance of sovereignty implicating that promoting human rights is the responsibility of the states and not the business of the international community. Given China's historical experience with a multitude of foreign invasions, the sovereignty of the state is considered as number one priority of the government and “in the 1950s and 1960s the PRC supported sovereignty and self-determination claims of the third

¹⁷⁷ Heilmann & Schulte-Kulkman, p. 27.

world emerging states and argued these claims as human rights.”¹⁷⁸ Not only does this emphasis preclude any involvement of the international community in China’s human rights issues, but it places territorial integrity and stability over individual rights. Having experienced the call for ethnic self-determination and secession in former countries of the Soviet Union, the Chinese government wanted and still wants to make sure that religious or ethnic minorities like the Muslim community in the North West do not follow these examples and restricted minority rights such as religious freedom. Second, Confucianism plays a big role in the explanation of human rights standards in China. Cultural relativists claim that “we can only understand and evaluate social actions by reference to the rules and norms that are internal to that culture”¹⁷⁹ and the concept of Confucianism is a key point when trying to understand Chinese culture. The main concept of Confucianism is revealed in the so-called Analects which promote the path of benevolence, tolerance, justice and government. The concept of Confucianism comes closest to Western human rights standards as “the path of tolerance also included a sort of freedom of speech and academics”¹⁸⁰ and the path of justice discussed in the Analects introduced the classical notion of resistance.¹⁸¹ However, these rights were not based on the Western ideal of equal individualism because Confucianism was based on the idea of a hierarchical and autocratic system in which one should be a secular person working for the group. The third and currently most important tradition that molds human rights values in China that is still in place is the Communist ideal of society. The idea of the formation of an equal society does not allow for individualism as individuals have to give up their personal interests for the good of the collective. Inequalities in economic and social living standards are objected. This belief results in an emphasis on economic and social rights which has later been called by the Chinese the right to development. While Western governments have introduced those ‘welfare rights’ only after the realization of individual rights such as civil and political rights, the Chinese claim that those rights can only be realized after the full implementation of social and economic rights. The conflict between these different priorities has to be taken into consideration when negotiating with the Chinese on Human Rights standards. “The issue is the question of whether human rights begin with breakfast or whether human rights begin with the right to request breakfast.”¹⁸²

¹⁷⁸ Wang, p. 178.

¹⁷⁹ Lee, p. 75.

¹⁸⁰ Gangjian & Gang, p. 41.

¹⁸¹ Gangjian & Gang, p. 44.

¹⁸² Kent, p. 11.

5.4. Conclusion

The analysis of the foreign policy approaches by the U.S. and EU with regard to human rights issues and the comparison of Western human rights standards to the human rights ideals in China confirm the underlying hypothesis that different worldviews affect foreign policy approaches. However, in the case of this particular issue of human rights policies, these underlying differences in worldviews do not occur between the transatlantic partners leading to different foreign policy choices, but between the transatlantic partners as one entity and China as the second entity. In contrast to the other case studies which involve strategic considerations, the promotion of civil and political liberties as well as democracy are core values that are being shared by both, the EU and the U.S. as they derive from a common cultural and historical background. While the policy approaches resulting from this shared worldview have initially diverged, the development over the years shows a gradual assimilation of policy approaches supporting the rule of law in China.

Being aware of those differences in worldviews between the U.S. and EU on the one hand and China on the other hand, the transatlantic partners might be able to significantly improve the effectiveness of their approaches by taking an approach that compromises the two worldviews. The experience shows that linking economic assistance to human rights standards¹⁸³ does not work since economic and social improvements and rights are considered a prerequisite to any further civil and political rights in China. Furthermore, the EU and the U.S. cannot approach China with an anti-communist undertone. Beijing is currently trying to convince the world about Communism as an alternative world ideology and is complaining about the problem of “the manipulation of human rights as a weapon in competition between states and ideologies.”¹⁸⁴ The emphasis on the strengthening of the rule of law seems to be a promising policy approach. The last time China has undertaken reform beyond economic measures was under Deng Xiaoping. He promoted liberalization and allowed students to strike. Today it is clear that “the informal and substantive condition of civil and political freedoms in this pre-June period [in 1989], while not therefore conforming in many respects with the requirements of the ICCPR, nevertheless came closer than ever before to the spirit of many of its articles.”¹⁸⁵ However, the problem of the rights achieved prior to Tiananmen was that “civil rights of expression were not [...] anchored in any

¹⁸³ As the U.S. planned to do with the linkage of the MFN status to human rights developments in China.

¹⁸⁴ Kent, p. 10.

¹⁸⁵ Kent, p. 232.

enabling legislation and were therefore vulnerable.”¹⁸⁶ The reason for this is the underdeveloped legal system in China. Therefore, the EU and U.S. approach to support the legal system and strengthen the rule of law is to be welcomed. However, this must happen in coordination with the Chinese government as Beijing is the only actor that can make changes to the system. In addition, the EU and U.S. have to be patient. The Chinese behavior in recent years has shown a shift from a complete neglect of human rights issues to an apologetic character where China gets involved in numerous dialogues on the international level. “The very fact that the Chinese government talks itself indicates at least that the Chinese government admits the legitimacy of human rights”¹⁸⁷ and it can be hoped that they internalize those values that have been discussed in international negotiations. Binding China in international treaties is an important aspect to achieve this goal as it imposes constraints and monitoring possibilities on China. A re-direction of foreign policy onto the international arena (such as the UN) seems therefore advisable.

¹⁸⁶ Kent, p. 232.

¹⁸⁷ Kent, p. 2.

Chapter Six: Impact of different worldviews on foreign policy choices

The previous analysis of the different foreign policy approaches towards China on issues discussed in the case studies discloses an important puzzle. The elaboration has shown that both actors do not only share the desire to integrate China into the international community preventing it from becoming a revisionist power, but also share common values like the promotion of democracy and want to see those values realized within the Chinese context. Despite of these commonalities, the policy approaches and preferences of the European Union and the United States diverge significantly? The following chapter will try to answer this question by elaborating the broader question of how the different worldviews of the transatlantic partners influence their foreign policy approaches. This approach follows the predominant hypothesis in recent literature on the transatlantic relationship, which asserts that “fundamentally different worldviews”¹⁸⁸ lead to different policy preferences that make the transatlantic relationship difficult. The analysis of the impact of worldviews on foreign policy choices can furthermore help us predict China’s future foreign policy thus being able to give recommendations for the most appropriate foreign policy approach by the transatlantic partners.

6.1. Theoretical Background

When analyzing views of the current and desired world order, two theoretical concepts have to be taken into consideration, which constitute these world views. The first and most commonly applied concept is the so-called balance-of-power theory. This theory has its roots in Waltz’s structural concept of realism and is guided by the idea that state behavior can be explained by the structure of international politics. “Variation in behavior must be due to the [...] distribution of capabilities in the system, which may be unipolar, bipolar, or multipolar.”¹⁸⁹ The rise of a new power will change the structure of international politics. If the international system is dominated by a powerful state, countries can either bandwagon or balance the dominant power in the international system. While power was originally defined in terms of military capabilities, the following analysis will show that, in today’s globalized world, economic power might be perceived as equivalent to military power thus leading to different perceptions of the actual distribution of power. Depending on

¹⁸⁸ Daalder, p. 40.

¹⁸⁹ Mowle, p. 20.

the viewpoint actors in the international system take with regard to the significance of these different kinds of power capabilities, the perception of the world can be either uni-polar, multi-polar or bi-polar.

The second theoretical concept that will be used is the idea of the impact of national role conceptions on foreign policy by K.J. Holsti. Having studied the explanatory power of the balance-of-power theory for foreign policy choices, he comes to the conclusion that essential elements in the development of a role conception are neglected because national role conceptions in the world are also “influenced by the expectations of peer groups, organizational rules, social mores, cultural values and traditions, and laws, as well as by self-conceptions of role.”¹⁹⁰ He sees the solution to this problem in the analysis of public statements by government officials resulting in the categorization of seventeen different role conceptions, which he ascribes to different countries. While Holsti’s study was published in the bi-polar world order of 1970, the ongoing validity of many of his role conceptions proves, that national role conceptions (which can be understood as equivalent of a nation’s perception of world order and its own role in the world) go beyond mere material and military capabilities.

6.2. World Views of the Transatlantic Partners

6.2.1. US World View

When analyzing the US foreign policy, it becomes obvious that it is guided by strategic considerations as suggested by the balance-of-power theory as well as by ideological factors that find consideration in Holsti’s model of national role conceptions. As for the strategic approach of the U.S., the literature emphasizes that US policy is guided by the belief that “U.S. primacy is the defining feature of the contemporary world.”¹⁹¹ The rise as predominant power in the world after the end of the Cold War has changed the American thinking about the world. It now perceives the world as a unipolar system that is shaped by American global hegemony in economic and military terms. The United States defines its dominant role primarily through hard military power following the classical realist approach. This power enables it to shape world politics and make decisions without the need to consult allies and respect international institutions, regimes and treaties. Following the realist assumption of Kenneth Waltz according to which “state behavior can be explained by the

¹⁹⁰ Holsti, p. 243.

¹⁹¹ Daalder, p. 44.

structure of international politics itself,”¹⁹² it becomes obvious that the perception of the world as unipolar, multipolar or bipolar has different implications for the policy preferences. According to realists, “in the unipolar world [...], pending the development of a true rival to the United States, the realists expect the United States to seek to enhance its power.”¹⁹³ and try to “reduce the ability of potential challengers.”¹⁹⁴

When applying the implications of the U.S. world view for its foreign policy choices it is clear that the desire to maintain the status quo of American hegemony will supersede the desire for a good and otherwise fruitful cooperation with an ally like Europe vis-à-vis a rising power in the international system. The realist approach “is strongly consistent with the behavior of the United States”¹⁹⁵ as the United States repeatedly announced that it would be able to “dissuade potential adversaries from pursuing a military build-up in hopes of surpassing, or equaling, the power of the United States.”¹⁹⁶ The perception of the world as unipolar thus leads to a foreign policy that is guided by mainly strategic determinants.

With regard to the significance of role conceptions as discussed in the work of K.J. Holsti, it is safe to say, that some U.S. policy approaches go beyond the mere analysis of threat constellations that could challenge their dominant position in the international system. Holsti ascribed three different role conceptions to the United States including the role as regional protector, defender of the faith and developer.¹⁹⁷ With the first role he refers to the provision of protection for adjacent regions or actors in these regions, with the second role he refers to the defense of value systems and beliefs such as freedom and democracy and with the third role he hints at the duty to assist underdeveloped countries.¹⁹⁸ While the focus of these role conceptions has shifted geographically due to changes in the international system and policy priorities, the United States stays committed to these role conceptions. The role conceptions explain the U.S. resentment against the rise of an authoritarian and undemocratic state like China (defender of faith) and the decision to protect allies like Taiwan and Japan in the region of East-Asia (regional protector).

¹⁹² Mowle, p. 20.

¹⁹³ Mowle, p. 149.

¹⁹⁴ Mowle, p. 24.

¹⁹⁵ Mowle, p. 147.

¹⁹⁶ Mowle, p. 165.

¹⁹⁷ Holsti, p. 196.

¹⁹⁸ Holsti, p. 262-266.

6.2.2. *EU World View*

In the analysis of strategic capabilities according to the balance-of-power theory, the EU takes a different approach from the United States. The European Union does not view the military predominance of the U.S. as defining aspect of global politics, but emphasizes the impact of globalization. Keohane claims that “globalization and the end of the Cold War have created a new situation in world politics” in which “political alignments will become more fragmented and fluid.”¹⁹⁹ In a world of growing economic interdependence the European Union views economic power as just as important as military power. Therefore, the worldview of the EU can be said to be multipolar since the European Union itself and other countries like China have to be considered as (almost equal) economic powers that are integrated in the economic system of the WTO. Given the impact of globalization on the power and sovereignty of singular nations, the European Union relies on multilateral institutions (multilateralism is defined as institutional form which coordinates relations among three or more states) and mechanisms to guarantee some degree of governance within the confuse international environment. This idea rests on the assumption that “no-single country – not even the most powerful – can secure its goals without the aid of others.”²⁰⁰

Following this argument, the policy approach of the European Union is consistent with the theoretical assumption of liberal institutionalists who claim that the deepening of the EU will lead the Union to favor multilateralism independently from whether the United States agrees to be bound by it. Indeed, the European Union has undergone a strong process of integration and political deepening and the ongoing development of the Common Security and Foreign Policy (CSFP) will strengthen the desire for multilateral mechanisms. Underlying this approach are also realist assumptions as realists believe that states that are strong enough, will try to balance the hegemonic power. While single European states do not have the capabilities to challenge the power of the United States by balancing it, realists assert that “if they are able to overcome the difficulty of acting in unison, then they would seek to restrain U.S. power as a means of balancing it.”²⁰¹ As the European Union acts in unison in more and more foreign policy issues thus subjecting national interests to a common foreign policy, the Union can be expected to balance the U.S. in more and more policy issues. This would explain the recent increase in transatlantic disputes culminating in the conflict over the war in Iraq. Key element of this conception is the European belief that civilian or

¹⁹⁹ Keohane, p. 79.

²⁰⁰ Daalder, p. 45.

²⁰¹ Mowle, p. 149.

soft power as Ischinger names it²⁰² is just as important as military power. The fact that not only the United States has soft power in form of economic capabilities and political influence at its hands, asserts the Europeans in their belief, that the world is not unipolar, but multipolar.²⁰³

Applying Holsti's concept of role conception to the EU poses a difficulty. Not only has the EU as political entity not existed at the time of his study, but the foreign policy of the EU is constituted of many different role conceptions on the national level. However, the very idea behind the European Union, shared values by the member states and the recent foreign policy of the EU allow us to assign roles to the EU. The most fitting role is the position as regional leader, because the EU perceives itself as having "special responsibilities [...] in its relation to states in a particular region"²⁰⁴ such as the Kosovo. As a union of historically linked nations that share many values (for example religion), the EU can also be considered as defender of the faith. Furthermore, the EU's foreign policy in the past has earned it the role as "mediator-integrator" – a role that will be of great significance in the conflictual atmosphere between the U.S. and China and the negotiations with Iran.

6.2.3. *Application to foreign policy approaches towards China*

The notion of the impact of different worldviews on foreign policy preferences can directly be applied to the diverging policy approaches towards China. For the United States, China is a rising competitor that might be able to challenge the predominant position of the U.S. in the future, if it manages to develop military capabilities parallel to its economic power. According to realist assumptions the reaction would be to contain China and prevent it from building up its military power. The insurance of national strategic interests has priority over a positive cooperation with the transatlantic partner and a coordinated transatlantic approach vis-à-vis China. Although U.S. efforts to integrate China in the international community seem to contradict the idea of containment on the first view, the rationale behind this endeavor is the assurance of ongoing economic cooperation and the ability to monitor the Chinese development in order to lead it towards the path of democracy. This cooperation or interdependence will, however, not go beyond a point that might jeopardize national security interests.

²⁰² Ischinger, p. 88.

²⁰³ Ischinger refers to the concept of soft power invented by Joseph Nye. The former Assistant Secretary under Clinton defined *soft power* as the "ability to get what you want through attraction rather than coercion." Incentives include economic support, political cooperation and cultural exchange. The use of soft power requires the promotion of human rights and democracy in the world. Ischinger names the EU a *civilian power*.

²⁰⁴ Holsti, p. 261.

For the European Union, China is a rising power that will constitute one of the three major powers in the international system. Defining power not only in the military sense but also in terms of economic and political soft power,²⁰⁵ the European Union perceives the world as a multipolar environment with the European Union and China already being part of this world order. Following the view that “predominant powers should be counterbalanced and that a multipolar world is more stable than a hegemonic or anarchical order,”²⁰⁶ the European Union actively tries to strengthen the Chinese position in the world through engagement and cooperation.²⁰⁷ The EU believes that, by integrating China through a multilateral organizational structure, it can not only manage to counterbalance the U.S., but also bind China to the acceptance of internationally acknowledged standards.²⁰⁸ In order to build trust and an equal footing, the pursuit of this tactic also includes the possibility of military cooperation if China proves to follow the path of democratization and improved human rights standards. As the EU has adopted a common strategy towards China, it acts in unison and therefore, single states, do not see the need to bandwagon with the United States.

In conclusion it can be said that, while the EU and the U.S. both share similar values such as the promotion of democracy and want to promote those values in their role as “defender of the faith” vis-à-vis China, the analysis of their foreign policy approaches reveals that different underlying theoretical assumptions prevail over those values. While the discussion about potential positive impacts of China’s integration into the international

²⁰⁵ Military power cannot play an important role for the EU as it has moved its military capabilities to NATO

²⁰⁶ Shambaugh, “The New Strategic Triangle”, p. 9.

²⁰⁷ Underlying the EU strategy is the idea of liberals that democratic regimes and international organizations have a pacifying effect. The EU takes a cooperative approach and is willing to increase China’s power. While this theoretical assumption is widely accepted, Morton Deutsch suggests in his study “Cooperation and Competition” (see Bibliography) that the impact of such choice of interdependence depends on whether it is positive interdependence or negative interdependence. While positive interdependence means that “each side’s goals are tied together in such a way that the chance of the one side attaining its goal is increased by the probability of the other side successfully attaining this goal”, negative interdependence means that “one party’s success is correlating with the other’s side failure.” (Spangler, p. 2) An example for such negative interdependence can be seen in the trade imbalance between the EU/US and China, where, as many experts and politicians claim, the increased economic interdependence has benefitted China in a disproportionate way (although the effects of cheaper prizes for consumers should not be neglected). For the application to the integration of China into international institutions this means, that it needs to be examined, whether China has gained power through the integration into these institutions that far exceeds the benefits in form of influence on China on the European side. Such negative interdependence could eventually lead to conflict. Indeed, a recent study by Christopher Gelpi and Joseph M. Grieco suggests that channels of interdependence like trade ties “inhibit military disputes between democracies but tend to promote discord between other states.” (Mansfield & Pollins, p. 845) The problem with this theoretical idea is, that there exist no empirical studies that could provide proof of Morton’s idea. In “The Study of Interdependence and Conflict”, Edward D. Mansfield and Brian M. Pollins focus only on the impact of economic interdependence on conflict and admit that little attention has been paid to “whether international institutions influence the relationship between interdependence and hostilities.” (Mansfield & Pollins, p. 845)

²⁰⁸ In contrast to the U.S., the EU thereby relies on the offer of integration into multilateral organizations as carrot.

system is not absent in the United States, the U.S. foreign policy is still dominated by strategic considerations resulting from a structuralist worldview. Following the assumptions of Kenneth Waltz in "A Theory of International Politics", the rise of new powers, be it China or other actors, is seen as a danger to the established power distribution in the world and the dominant position of the U.S. in this distribution because the 'cake of power' cannot be enlarged. The EU, on the contrary, takes a less conflictual approach hoping that the integration of China into international institutions can serve as a means to achieve other important concessions from China in return. Having made positive experiences with the building of cooperative relations through the deepening of interdependence among European states, the EU is trying to translate this approach into its relations with China. Whether this rather liberal and carrot-based approach can be successful, however, is widely debated as the discussion of Morton Deutsch's theoretical assumptions has shown.

Chapter Seven: Conclusion

The analysis of the foreign policy approaches towards China by the European Union and the United States proves the underlying hypothesis that different worldviews can lead to different policy preferences despite of underlying common values and goals. While the elaboration of the handling of human rights violations in China reveals the least divergence between the transatlantic partners, the other case studies show that underlying strategic implications of the issues at hand make a common approach by the transatlantic partners difficult.

The U.S. perceives the world as unilateral and in this unilateral world, the rise of China in its economic and military capabilities is seen as a challenge to the dominant power position of the United States. The perception of China as a threat to the U.S. dominance in the world and the value system the United States has promoted within the last 60 years²⁰⁹ lead the administration in Washington D.C. to believe that the eventual solution to the challenging situation is the containment of China. This containment is envisaged through increased military presence in Asia and the prevention of a strengthened Chinese military. The EU perceives the world as being already multipolar. Assuming that economic power is equally important like military capabilities, the EU sees itself and China as major power in international relations with the U.S. Due to this perception and the increasing anti-Americanism in the European Union, the EU promotes a multilateral world in which China shall be integrated as equal partner. Although the EU clearly shows concern about China's resistance towards democracy and civil and political rights, it believes that those changes can only be achieved through integration and not through threats.

The analysis of the foreign policy approaches that derive from those different world views in light of China's policy towards the issues at hand shows that neither the U.S. nor the EU do justice to China's actual behavior in the past. While the U.S. has exaggerated the threat posed by China's rise, thus contributing to Beijing's perceived need to react with military build-up in order to avert U.S. influence in the region,²¹⁰ the EU views China primarily in light of economic concerns thus neglecting the strategic implications that derive

²⁰⁹ Due to the shaping of international politics by the U.S., American values are reflected in the international system. If this system is influenced or even changed by a rising power like China, that represents very different values and cultural perspectives, this would have far-reaching consequences for the ability by the U.S. to exert influence in the world.

²¹⁰ In his article „Cooperation and Conflict“ Morton Deutsch asserts that „suspicious, domineering attitudes tend to provoke competitive responses.“ (see “The Conflict Resolution Information Source”)

from China's rise. As Frank Umbach summarizes "There's an arrogance of power on the U.S. side; and an arrogance of weakness on the European side."²¹¹ In order to achieve a better coordinated approach that can exert pressure on Beijing and prevent China from playing the EU and US out against each other, the transatlantic partners have to readjust their policy approaches accordingly.

A change in the policy approaches of the transatlantic partners eventually requires the development of a common world view. The EU and U.S. both lack a sense for the reality resulting from China's rise as world power in the world order. Three elements are important for a common understanding of the transatlantic partners. First, and as a prerequisite, both actors need to speak with one voice to avoid ambiguous signals to the counterpart. The intergovernmental nature of the European foreign policy, in which single nations often break out of a previously taken common positions, damages the EU's reputation as international actor. The U.S. administration, on the other hand, has to consult closely with Congress for the achievement of such a common voice. Second, the EU and U.S. should set up an extensive dialogue in form of semi-annual triangular summits as well as coordinative meetings between the transatlantic partners. The newly established transatlantic strategic dialogue on East Asia is certainly a step into the right direction. Despite of the fact that this dialogue has only existed since November 2005, it has already been successful in solving or, at least, mitigating conflicts on particular issues regarding Beijing (such as the planned lifting of the arms embargo).²¹² It enables the participants to exchange perceptions and threat assessments on the role of China's development as world power. The exchange might eventually lead to common cause maps and an assimilation in these perceptions. Third, the research community has to acknowledge the structural change in the world order within the last decade. The literature review shows that the majority of works on the transatlantic relationship still neglects the rise of China and the EU as world powers that might balance the United States. This maintenance of a picture of a unipolar world somehow justifies the disregard of the transformation in the international environment within the American government. Politicians follow academic ideas and, as long as academics do not dare to speak out the truth about the structural change in the world, the transatlantic partners will turn a blind eye to this development.

With regard to policy recommendations vis-à-vis China, the analysis of China's world view in the annex revealed that, at this point, it is difficult to say whether China is only using the integration into the international system as means to eventually achieve the position as

²¹¹ Umbach, p. 81.

²¹² According to an official from the EU Commission

dominant power in the world, or if this path has been taken by Beijing with long-term considerations.²¹³ I argue that, even if the intention of Beijing should be to use international integration as a means to Chinese dominance, the U.S. and EU can utilize this step by Beijing by seeking the integration of China into the international community to an extent that makes it undesirable and too costly for China to break out at a later point. “Since organization is defined as a process whereby leaders of different nations begin to share common cause maps, successful organizing processes logically clarify the notion of justice and make the world more understandable and psychologically more stable.”²¹⁴ This framework of organizational integration will thereby help to slowly overcome different ideologies and world views between China and the transatlantic partners.²¹⁵

Overall, the examination of the development of the different foreign policy approaches by the transatlantic partners towards China reveals that, while significant hurdles remain to be taken, the EU and U.S. have recognized that a coordinated approach and exchange about different perceptions with regard to China is inevitable to avoid being played out against each other by Beijing. The implementation of a transatlantic Strategic Dialogue on East-Asia is an important first step towards such a fruitful exchange and U.S. Under Secretary for Political Affairs named it a vital pace in the development towards a “strategic consensus.”²¹⁶ While his statement highlights the expectation in Washington that Europe recognizes the fundamental security concerns of the U.S., the dialogue can only be successful if the U.S. treats the EU as equal partner whose concerns and perceptions are taken seriously. Recent developments seem to suggest that both actors are willing to do just that. The EU-U.S. summit in Vienna on June 27 stands as example for the efforts on both sides to put conflicts of the past aside and open a new chapter in the transatlantic relations. President Bush’s statement that “the world needs us to work together”²¹⁷ is a significant step back from unilateral tendencies during the Iraq War. Morton Deutsch asserts that “effective communication” (as seen recently in the new transatlantic dialogue on East Asia) and a “sense of basic similarity in beliefs and values” (as shown in the course of the analysis) are

²¹³ Gompert & Godement & Medeiros & Mulvenon

²¹⁴ Shih, p. 15.

²¹⁵ While I acknowledge the validity of Morton Deutsch’s idea that growing interdependence can lead to conflict (see discussion in footnote on p.), I assert that this would only be a short-term consequence. The growing interdependence will, on the short term, require consensus that can only be achieved on somebody’s cost. However, the long-term impact of interdependence will be an assimilation in attitudes and beliefs as suggested by constructivism and liberal institutionalists.

²¹⁶ Rudolf, p. 21.

²¹⁷ “US-Europe relations improved but still fragile”, Business Times Singapore, June 27, 2006.

major characteristics of a cooperative negotiation style thus avoiding conflict. If this positive atmosphere among the transatlantic partners can be maintained, however, remains to be seen.

Annex: Analysis of China's worldview for the prediction of its future foreign policy

Although the main goal of this thesis was to show how different world views of the transatlantic partners have affected their foreign policy approaches vis-à-vis China, the larger concept of the relationship between world views and foreign policy choices can also help to predict China's future foreign policy. This can, in turn, enable us to give policy recommendations for the EU and U.S. While the analysis of China's past behavior in the afterword of the case studies suggests that China's rise as a world power does not pose a threat to the world, there are reasons for concern among the transatlantic partners. The perception of the world order by China has changed dramatically within the last few years. Before the Iraq War, China believed that it could achieve a multipolar world by engaging with the EU.²¹⁸ Being aware that anti-hegemonic tendencies in Europe are on the rise, China hoped to be able to counterbalance with the EU against the U.S. However, the unilateral actions by the United States in Iraq and the lack of coherence within the EU in response to these actions have made Beijing aware that the world is still dominated by U.S. unilateralism. In response to this situation, China adopted a "great power mentality"²¹⁹ acknowledging that it can only secure its interests by "beginning to play a role in shaping the international system."²²⁰ The perceived growing threat of U.S. hegemonism due to U.S. engagement at its doorsteps (referring to Taiwan and Afghanistan) has furthermore led to a situation in which "PLA modernization has moved from a relatively low national priority to a core element of national policy"²²¹ leading to intensive build-up of its military.

The question that has to be asked in light of China's latest reorientation is, whether China will use the integrative approach towards the U.S. and the EU only until the military balance is more favorable to China, or whether the deepening and expanding cooperation is for the long-term "while improving Chinese forces as insurance against military or political coercion."²²² In other words: Is China using the international system to become the predominant power in the world or does the integration reflect a real desire for multilateralism in the world?

²¹⁸ Gompert & Godement & Medeiros & Mulvenon, p. 65.

²¹⁹ Gompert & Godement & Medeiros & Mulvenon, p. 35.

²²⁰ Gompert & Godement & Medeiros & Mulvenon, p. 36.

²²¹ Gompert & Godement & Medeiros & Mulvenon, p. 40

²²² Gompert & Godement & Medeiros & Mulvenon, p. 9 (roman).

Answering this question is difficult. While China's behavior in the past did not suggest China's desire for world domination and Chinese leaders claim that "China's socialist system determines that my country [China] will always adopt an independent and peaceful foreign policy,"²²³ there are elements that might lead China to the desire for world domination. On the one hand, "Chinese leaders [...] have historically portrayed China as the supreme being"²²⁴ and they might perceive the current economic growth as final liberation from the impact of Western imperialism. On the other hand, domestic issues in China have to be taken into consideration when analyzing China's future foreign policies. The nationalists in China (which are extremely anti-American., always called for a hardline-approach towards the U.S. and do not support China's integration into the international system) are "beginning to influence the making of Chinese foreign policy."²²⁵ Lastly, China's desire for a multipolar world instead of a multilateral structure could in itself cause conflict because "China's multipolar view is closer to the classic notion of realism than to neorealism and tends to stress conflict rather than interdependence."²²⁶

²²³ Feng & Yee, p. 27.

²²⁴ Shih, p. 34.

²²⁵ Gries, p. 134.

²²⁶ Shih, p. 215.

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