

# China: Red Fear, Paper Tiger or Security Partner

Discussion paper

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## **China: Red Fear, Paper Tiger or security partner.**

The view of China as a threat to the security of Europe dates back to the era of Napoleon, or even earlier. However, it has never grown very strong on the European continent, much in contrast to the situation in the United States. Whether it is correct to label China a security threat, or a potential security threat, is however, far from clear. The European Union's view of China is not only very different from the US view, but there are also discrepancies within the EU. This can, for example, be seen in the highly conflicting debate surrounding the European arms embargo against China. In addition, there are certain aspects of the notion of China as a security threat that are very misleading and others that have not been sufficiently discussed. Clearly, China is currently *not* a direct security threat to Europe in the classical military sense, but could possibly become an indirect threat depending on strategic choices that Europe will make in the future. This paper argues that China could develop into a direct or indirect security threat in the future especially if the *inaction* of EU, as a coherent body, continues.

On the positive side there are similarities between the developments within China and the EU. Both actors are in the midst of transition: EU faces challenges due to its membership expansion and economic revival and China faces challenges due to its ongoing modernization and the following social instability. The EU is attempting to strengthen its institutional structures and create a coherent foreign policy among its members. China, on the other hand, is trying to reassert central government command and formulate a foreign policy that would appear to be both transparent and non-threatening. Both China and Europe is thus at a crossroad and the question is now how these two giants can interact with each other and what the future of their relationship will look like. Both actors expand their sphere of influence but the final outcome of the relationship between China and Europe remains uncertain. There are, however, more avenues for cooperation than for conflict even if there are limits to the level of partnership due to their different value system in China and Europe respectively.

## **China in the policy of the European Union**

Europe's perceived security interest, and thus its security policy, regarding China is in many ways underdeveloped.<sup>1</sup> Europe's relations with China have been important mainly in terms of economic interaction as China is the second largest trading partner of Europe. In terms of traditional security, the EU has had very few concerns after the last European outposts - Macau and Hong Kong - were turned over to China. The EU's lack of strategy in other areas but the economy can be seen in its aid to China: the European cooperation budget to China is limited to EUR 520 million over five years and represents only 1 percent of net ODA and 2 percent of the total aid to China.<sup>2</sup> However, it has become increasingly evident that EU's relations with China not solely can be limited to the economic field. This is strikingly obvious not least in the debate on the arms embargo against China. The strategy of the EU is thus crippled by the focus on economy and failure to add strong political components to its China policy.<sup>3</sup> The EU's Country Policy Paper on China has limited EU's position to five points:

1. Engage China through political dialogue
2. Support China's passover to a open society based on the rule of law and respect for human rights
3. Encourage China's integration in the world economy
4. Support economic and social reforms
5. Increase EU's profile in China<sup>4</sup>

It is evident that this is not even taking into consideration the possible military conflicts in Northeast Asia; China increasing interest in Central Asia; its support of so called rough regimes such as Iran and Burma; or the conflict over Taiwan's status. The EU policy toward China only touches upon some of the possible scenarios in which China can pose a security threat. More importantly, EU's policy is incomplete in its design and will not

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<sup>1</sup> A great deal of this is due to that the military and security policy in Europe is not an issue for the EU but for the individual member states. The failure of the EU to develop a common security policy is harmful to its policy toward China, but also for the coherence of the Union in general.

<sup>2</sup> Commission Working Document, Country Strategy Paper – China.

<sup>3</sup> May-Britt Stumbaum, "Engaging China - Uniting Europe? EU Foreign Policy towards China", in Casarini N. and Musu C. (eds.), *European Foreign Policy in an Evolving International System: The Road Towards Convergence*, Basingstoke, Palgrave, 2006.

<sup>4</sup> European Commission, *External relations*, 2006,

[http://europa.eu.int/comm/external\\_relations/china/intro/index.htm](http://europa.eu.int/comm/external_relations/china/intro/index.htm)

enable the EU to adopt a more active policy towards China. It has become evident that any action China will take, or the political development that will occur, will impact the EU and in some cases have real security implications for Europe.

Of the more important security threats that China could potentially be involved in is the possible conflict between China and the US. The effects on EU would be devastating, especially considering the economic consequences that this would entail for the Union and possibly European military engagement in such a conflict. Despite EU's lack of political commitment in Northeast Asia, it is likely that EU would be forced to act in a Sino-US conflict. It is also likely that the EU and NATO would support the US especially in a conflict over the Taiwan Straits. Moreover, issues such as increased competition over energy resources, trade in narcotics, nuclearization of Iran and many so called soft security threats, such as environmental security, could develop into security threats toward the EU. On the other hand, these issues also offer possibilities for partnership and cooperation. Whether we can use the term threat to the Chinese factor will be disputed in this article, competition, challenges, difference in opinions etc are significantly more appropriate than the worn-out term, threat. In addition, the question asked may provoke the answer, i.e. if China has been viewed as a threat and treated as such, it will respond accordingly and behave as such.

### **Economic security**

As noted, the EU's primary interest in China is in trade and this has characterized the Sino-European relationship at the expense of political engagement. This strict focus on some issues and the total neglect of others have led some analysts to argue that the European position threatens to destabilize the region, or at least the Taiwan Straits.<sup>5</sup> In 2004, China remained EU's 2<sup>nd</sup> largest trading partner (after the US) and, according to China's statistics, the EU became China's largest trading partner (ahead of the US and Japan).<sup>6</sup> This very close relationship has made the security situation (stability) in Northeast Asia to become a prominent issue as trade depends on stable political development, much more important than the European Union wish to admit. A conflict

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over the status of Taiwan or in the Korean Peninsula will have direct and negative consequences for European investments in the region. It will also possibly entail military engagement by the European states. Therefore, the EU needs to tie its China economic policy (and policy towards other Northeast Asian states) to a political strategy. EU should thus not be worried about China per se, but rather about the security environment China exists within. The current instability in Northeast Asia can not only be traced to the policies of China. Rather, all political entities in the region play a part in the current situation.

It is sometimes argued that a military conflict in the region would be of limited military or security importance for the European Union, but any instability in the region will directly affect EU. The region is far more strategically important in economic terms and at the same time far more politically unstable than noted. It thus requires a stronger political interest from the EU to stabilize the situation. This should not be done in conflict with China or the US, that both share the need for stability to continue the economic development in the region. However, the US has a more emotional agenda in both the Korean Peninsula and in Taiwan than the EU, due to earlier American engagement in the region and US domestic politics. Through active participation, the EU should aim to reinforce the positive political development we seen in Taiwan and South Korea without threatening China and forcing a military conflict to being. Acting with political interest in Northeast Asia will undoubtedly create a problematic situation as EU risk being squeezed between the interests of US and China, thereby jeopardizing both the relationship with the US and China. However, merely reacting to US and Chinese interests rather than being proactive in potential conflicts will create a greater risk of being *shanghaied* by either of the parties. This will be discussed in greater length in a later section.

Whereas the EU enjoyed a trade surplus with China in the beginning of the 1980s, EU-China trade relations are now marked by a sizeable and widening trade deficit to the benefit of China (around €78.5 billion in 2004). This is the EU's biggest bilateral trade

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<sup>6</sup> European Commission "Trade Issues –China"  
([http://europa.eu.int/comm/trade/issues/bilateral/countries/china/index\\_en.htm](http://europa.eu.int/comm/trade/issues/bilateral/countries/china/index_en.htm)), accessed 2006-02-20.

deficit.<sup>7</sup> Nevertheless, this can not be termed a security threat but rather economic challenge. It could certainly pose a threat to certain sectors such as textiles and shoes but these are limited and do not threaten the European economy at large. In addition, China has joined the World Trade Organization and increasingly adheres to its rules and is an active member that works for change within the organization. There are thus great hopes that the WTO will create norms for fair economic interaction.

Indirectly, the stability within China is a challenge for the EU. Long-term negative growth and a halt to the economic development in China could create social disruption with a direct effect on trade with China and investments in the country. Continued engagement with China to promote the economic development, improved legal structures, and political functions is crucial to sustain further development in China. Local businesses in Europe would benefit from a short-term decline in Chinese productivity, but in the long-term the Chinese economy is too important to Europe. This is very different from the US perspective according to which China's growing economic strength is regarded a threat. The European states have viewed China as a partner and should continue to do so.

There is a great deal of commonality between the EU and China in trade issues and the EU has simply not been as effective as China in exploiting these. Both are strong supporters of free trade, but also of regional redistribution mechanisms and the internal market. Moreover, both the EU and China share the problem of securing a continued economic growth, China in order to lift its population out of poverty and Europe to stabilize its new members and the new bordering states. The economic and political developments in Central Asia, and to a certain extent Iran, is another concern of both China and Europe. China has been a very active partner to both Central Asia and Iran in developing the economy and the energy and transportation sectors. Europe has had a stronger focus on transport networks but the common interest is obvious as both states increasingly rely on the region between China and Europe for trade and to sustain its

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<sup>7</sup> European Commission "Trade Issues –China" ([http://europa.eu.int/comm/trade/issues/bilateral/countries/china/index\\_en.htm](http://europa.eu.int/comm/trade/issues/bilateral/countries/china/index_en.htm)), accessed 2006-02-20.

energy needs.<sup>8</sup> It can be argued that China is competing with Europe over political domination in Central Asia, but for both actors this is secondary to economic relations and the stability of the region.

*In sum, in terms of economy there seems to be more of a common security challenge than a threat, and China and Europe is not necessarily facing each other as their export and import needs are complementary in many ways.*

## **Energy**

China has increasingly been seen as a security threat by the international community due to its rapidly increasing oil and gas demand.<sup>9</sup> It is true that China has increased its energy demand dramatically, but the competition over energy is stiffening regardless of the Chinese increase.<sup>10</sup> One implication of this that could become a security threats is China's increasing reliance on so called rouge states, such as Iran, Sudan and Nigeria, for its oil and gas imports. Especially its relation with Iran is obviously not seen as very positive by the US and Europe.<sup>11</sup> Nevertheless, it is important to put this energy cooperation in perspective. Japan, typically recognized as an ally of the West also has stakes in the Iranian Azadegar oil field.

China has made a conscious policy decision to absorb as much as possible of the Central Asian and Iranian oil and gas resources, both as it is relatively easy to transport it to China and as it allows China to escape the risk of blocked sea lanes. However, the import from, for example, Kazakhstan - China's most important oil and gas provider in Central Asia - amounts only to 0.013 percent of the total Chinese imports.<sup>12</sup> The reason is very much the lack of infrastructure and the already established links with the Middle East and

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<sup>8</sup> Swanström, Niklas L. P., "China and Central Asia: A New Great Game or Traditional Vassal Relations", *Journal of Contemporary China* 14(45), 2005:569-584.

<sup>9</sup> Zha Daojiong, "China's Energy Security and Its International Relations", *The China and Eurasia Forum Quarterly*, 3(3), November 2005.

<sup>10</sup> China is today the second largest consumer of energy, the US is the largest, almost twice the size of China.

<sup>11</sup> Brandon Gentry Zha Daojiong, "The Dragon and the Magi: Burgeoning Sino-Iranian Relations in the 21<sup>st</sup> Century", *The China and Eurasia Forum Quarterly*, 3(3), November 2005.

Africa. In general, the producers, transit and consumer states need to cooperate in order to create an economy of scale in the energy sector in the region. Large investments in production, refinement and transport are needed and no state will be able to carry this burden alone if it is to guarantee economic sustainability at the same time. Both China and the EU relies on Russia for its energy needs, but in many ways this is not a case of competition. EU's primary interest is gas, while China's imports are more diversified with an overweight for oil. Russia could be a case for cooperation for the Sino-European relations, even if there is deemed to be some competition of energy resources, as Russia is not an uncomplicated energy supplier for China and the EU. Instead of being played out against each other Sino-European cooperation could stabilize the Russian market.

Energy supply is a shared concern of China and the EU, but due to unfortunate European politics, the two have come to take conflicting positions in this question. It is true that the EU has initiated an energy dialogue with China that is supposed to lead to better relations in the energy field.<sup>13</sup> Unfortunately, this is too little too late and the EU has declined to work more closely with China on the issue. In sum, the inaction of the European Union has created another lost opportunity in its relations with China.

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

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<sup>12</sup> Zha Daojiong, "China's Energy Security and Its International Relations", *The China and Eurasia Forum Quarterly*, 3(3), November 2005; Chinese Customs Statistics.

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

### **Arms Embargo**

The arms embargo is an issue of concern that is linked to military security, within Europe and towards the US. France and Germany have argued for the ending of the arms embargo, but countries such as Great Britain and Denmark have argued that this would be premature.<sup>14</sup> The division on the issue in Europe is evident and most states seem to see it as a national concern rather than a European issue. The result sends a confusing signal both to China and the US and clearly demonstrates the weakness of European foreign policy.

The pressure from the US to sustain the embargo is sustainable and Germany has now backed slightly and supports the more restrictive policy, even if not publicly.<sup>15</sup> The embargo has increasingly become politicized and both China and the US demands that the EU acts in the question and effectively prevent further weapons sales to China. The EU has claimed that the embargo is not a legal issue and they can not really act more in the question as it is not a binding legal document, but simply a statement that has very little effect left in it. This is less of importance and whether or not the embargo is sustained is rather a political than a military issue since the lifting or keeping of the embargo would deliver a political message to the US and China respectively. Many European states have not been able to appreciate the political and strategic considerations of this issue and it has merely been viewed as a question of human rights or trade. On the contrary, the outcome of the embargo will inevitably affect the relations with our two most important trade and security partners and clearly point out a “European roadmap”.

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<sup>13</sup> European Commission, “An Overview of Sectoral Dialogues between China and the European Commission”, ([www.europa.eu.int](http://www.europa.eu.int)).

<sup>14</sup> EU Business, “European Union still divided over arms ban on China” (2004, May 23).

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*In sum, the effects of the arms embargo could be a threat to European Unity and points to the very weakness of the Union, i.e. no common security policy. Moreover the arms embargo threatens to create a clash of interest with the US and Europe could be forced to take sides. Such political and security implications need to be taken into consideration before a decision is taken in this regard. The lifting of the trades' embargo will however not tilt China's military power in any specific direction, but is of more political importance.*

### **Chinese military**

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

Increased spending is not strange considering China's need to protect its oil and gas transports and sustain its internal peace, regardless what our perception is of this. In addition, as the Chinese armed forces takes on a more international role with peacekeeping and cooperation in regional organizations, a more effective, smaller and professional armed forces should be encouraged.

It is evident that the Chinese military will be used for purposes that the EU do not agree with, such as in stabilizing Xinjiang, Tibet and possibly Taiwan. However, China also has the right as any other sovereign state to protect its interest and can not rely on the good faith of the US, especially not under the sitting president, to protect, for example, the sea lanes of transportation. Despite the fear from many Western states of having Chinese troops abroad, it is an inevitable development and China should be appreciated

as a partner in security issues rather than a foe. The EU should continue to keep an eye on the usage of the new and modern armed forces of China, but the modernizations should not be seen as a threat per se, even if it can be used as such. The major problem with the Chinese military modernization is the lack of transparency and the unclear intentions.<sup>16</sup> For example, the budget of the Chinese military is under dispute and the figures vary greatly and it is currently impossible to fully understand the funding of the Chinese military forces.

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

### **Chinese weapons export**

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

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<sup>16</sup> Mark Ryan, David Finkelstein & Michael McDevitt, *Chinese Warfighting: the PLA experience since 1949* (M.E. Sharp, Armonk, 2003); David Shambaugh, *Modernizing China's Military: Progress, Problems, and Prospects* (University of California Press, Berkeley, 2002).

China's export of small arms and WMD technology to North Korea, Pakistan, and Iran among others has made the Chinese position less than ideal. Iran has emerged as a direct security concern to the EU, and continued cooperation between China and Iran over nuclear technology is worrisome for many in the West, even if the WMD trade with Iran could have been indirect through North Korea.<sup>17</sup> It is however not likely that this have happened without the knowledge of China. The Chinese position regarding nonproliferation is indeed troubling and could be regarded a direct security concern, even if its policies have improved in this respect over the last few years. China has ratified a number of international treaties including the Comprehensive Test Ban Treaty (CTBT), the Nuclear Nonproliferation Treaty (NPT) and the Chemical Weapons Convention (CWC). It has also joined several multilateral regimes such as the Australian Group and the Zangger Committee.<sup>18</sup> Regardless of this positive trend, it remains to be seen if China has the willingness and ability to adhere to these or if it will continue to support certain states with nuclear technology, as in the case of North Korea, Pakistan and Iran.

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

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<sup>17</sup> NTI, *China's Nuclear Export and Assistance to Iran*, 2006, <http://www.nti.org/db/china/niranpos.htm>

<sup>18</sup> Bates Gill, "China's Evolving Role in Global Governance", in Bates Gill & Gudrun Wacker (eds), *China's Rise: Diverging U.S.- EU Perceptions and Approaches* (Stiftung Wissenschaft und Politik, Berlin, 2005), 23-29.

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

### **Taiwan**

In the case of Taiwan, the EU has insisted on a peaceful solution and that the Taiwanese people's wishes should be considered. This approach is not only weak, but also potentially dangerous. The EU is not seriously engaged in this issue. A military conflict across the Taiwan Straits would not only have serious economic implications for the EU. In addition, the strategic positions in Northeast Asia and beyond would alter beyond belief and European troops would most likely be asked to participate in such a conflict.<sup>19</sup>

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

Despite this, there is no mentioning of the Taiwan dispute in any deeper sense in the European policy. The EU has limited its commitment and this has not only increased the insecurity across the Straits, but also impacted the transatlantic link negatively.<sup>20</sup> Out of self-interest, the EU should engage itself in the conflict in an effort to work for solutions that serve our interests. In this, the question of human rights and democracy also comes up. This is very much the emotional luggage of the European states, as will be discussed in a later section.

*In sum, a clearer stand in the Taiwanese conflict is necessary for our own self-interest and to promote solutions that would strengthen further cooperation and trade rather than a possible military conflict in the Straits. EU has no direct concern over the status of Taiwan, even if its political system, including the protection of human rights, is preferred over the current situation in China.*

### **Soft security threats**

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

Narcotics and human trafficking are two international questions that tie China and Europe together and require more cooperation. Human trafficking is a new problem in China and an estimated 300 000 – 400 000 Chinese citizens are migrating annually and Europe is one major destination..<sup>21</sup> Chinese criminal networks are increasing their activities in Europe where they control drug trade, prostitution and illegal smuggling. Traditionally,

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<sup>19</sup> Adam Ward, “The Taiwan Issue and the Role of the European Union”, in Bates Gill & Gudrun Wacker (eds), *China’s Rise: Diverging U.S.- EU Perceptions and Approaches* (Stiftung Wissenschaft und Politik, Berlin, 2005), 43-47.

<sup>21</sup> Commission Working Document, Country Strategy Paper – China.

these networks operated within the Chinese segments of society, but step by step they have begun to emerge outside of these segments. Criminality, money laundering, human trafficking with Chinese origin is not only a threat to Europe but also to a high degree to the Chinese development. Increased cooperation to meet the consequences of organized crime, as well as more coordinated operations to terminate criminal organizations is needed.<sup>22</sup> Europe has not utilized the knowledge of the Chinese police in anti-narcotics operations and has much to learn if it is truly interested in exterminating the scourge of organized crime. In this sense China, is both the source of the threat as well as part of the remedy. It should also be noted that China is very much affected by organized crime and increased criminalization could be devastating for some regions of China as it increases destabilization and rouge behavior.

Afghanistan has merged as the main center of heroin and much of the heroin is today transported through Iran or Central Asia to Russia and Europe. Increasingly, heroin takes the route to China and therefore the EU and China now share the destination of the narcotics threat. International cooperation is crucial if the threat of narcotics and organized crimes should be met. In many ways, Sino-European cooperation over these issues would not only be productive but also the only viable option. China is, moreover, one of the few states that really have taken the fight against narcotics seriously and, in contrast to many of its neighbors, there seems not to be any political leaders involved in the trade.

As mentioned above, closer Sino-European cooperation is needed. This includes for example the training of Chinese persons addressing these challenges. Not only could the EU assist China in meeting these challenges, but also to bring these issues to the Chinese agenda. This is especially true in areas such as environmental degradation, management of natural resources, and professionalism and accountability among government officials to prevent corruption. China could, on its side, assist Europe in several issues, most prominently regarding narcotics trafficking. Moreover, the EU can also help train Chinese officials in crisis-management for disasters, such as the bird flu. By addressing

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<sup>22</sup> Niklas Swanström., "Organized Crime in Central Asia: its Impact on Europe," *Jane's Homeland Security and Resilience Monitor*, Vol. 3 No. 3, April, 2004; Niklas Swanström, "Narcotics and China: An Old Security Threat From New Sources", *The China and Eurasia Forum Quarterly*, 4(1), February 2006.

these issues, Europe would not only assist China, but also decrease long-term soft security threats against Europe.

*In sum, many soft security threats emerge in China or its vicinity, but most of the time China is far more affected by them than the EU and would strongly benefit from international cooperation over the issues. Organized crime is one issue that would only increase if China was destabilized or left to its own. Closer Sino-European cooperation would thus decrease the number and severity of threat for both actors.*

### **Democracy and political development**

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

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

Sino-European relations are likely to stop at a limited partnership, in contrast to the transatlantic community that has evolved over time. This is very much due to the fundamental differences in value-system that exist today. Arguing that the values of China and the European states is similar is premature and major changes in both values systems need to be implemented before closer cooperation can be accomplished.

*In sum, democracy and political development is not a main issue of the EU today, but over time the lack of political change in China will make cooperation more difficult, especially if human rights or democratic entities are threatened.*

### **The transatlantic link**

One of the most threatening side effects of Europe's relations with China are the implications for the transatlantic link although this is an issue that has been neglected in the public debate. Transatlantic relations have been at a low for some time now and the ongoing discussion on how to act in the embargo question and in the case of Taiwan threaten to harm the relationship further.<sup>23</sup> If the EU decides to end the embargo, the US will without doubt react negatively. Similarly, if the non-action of the EU in the case of Taiwan continues it will also damage the relationship. The US expects to receive support in what they claim to be a direct US security interest, especially as the EU has not declared it to be of vital importance.

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

China is however providing great opportunities, if needed, to repair the transatlantic link. Taking a clearer cut position on Taiwan and strengthen the arms embargo would go far in improving relations with the US. It is important to remember that the transatlantic link is far more important than short-term benefits with China, unless China can provide the

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<sup>23</sup> For a good overview of the US perspective on the Taiwan issue see Garver and for an excellent overview of the US position on the embargo questions see: David Shambaugh, "Lifting the EU Arms Embargo on China: An American Perspective", in Bates Gill & Gudrun Wacker (eds), *China's Rise: Diverging U.S.-EU Perceptions and Approaches* (Stiftung Wissenschaft und Politik, Berlin, 2005), 23-29.

same cooperative structures as the US. Nevertheless, as the increasingly unilateral foreign policy of the US has forced the EU to make difficult choices, the transatlantic link may not be the obvious choice as it once was.

*In sum, the transatlantic link is crucial for Europe and the ongoing political development between China and Europe threatens both the cooperation with the US and China. Europe is forced to be proactive and develop new strategies to maneuver between China and the US in an effort to stabilize the situation. In some ways, the EU can act as an active mediator between the US and China in times of tension.*

### **Preemption of potential threats through active engagement**

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

China does not pose any major security threat to Europe today. However, there are issues that could develop into threats in the future if the political development is reversed and/or the economic development is decreasing with internal instability as a result. In a worst case scenario, China could reinforce the undemocratic development and economic isolation, which would not only affect the economic development of the Union, but also strengthen other undemocratic regimes. Currently, China is moving towards a more open society with open economic regulations, but the Union should work closely with China to secure this trend over time. The best action for the EU is not only to define its

relationship with China in more precise terms, but also to actively work with China to promote its adherence to international norms and regulations.

Without degrading either China or the US, Northeast Asia and China are too important to leave outside a more constructive EU policy. China has to move up on the agenda of the EU, not necessarily as a security threat, but as a state that could become a security threat without the right considerations. The major problem that the European Union is facing, and which creates some confusion among other states is the lack of a coherent European foreign policy.

China does not view the European states, or the EU, as a security threat, but much more as a cooperative entity. In many ways, China is more inclined to work with EU than with the US and in this way Europe is well positioned to actively engage China to act more constructively and prevent possible future security threats that could evolve.