

# Porous Foreign Policy: The EU's Embarrassing Arms Embargo Episode

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From 2003 to 2005, the European Union engaged in a heated and turbulent debate over its arms embargo on the People's Republic of China. The issue emerged from nowhere. The EU was initially divided, then coalesced around the position most favourable to China, and finally lost the will to act in the face of escalating American pressure. This episode provides not only a window into an era when the EU was buffeted by the agendas of Jacques Chirac, Gerhard Schröder and the Atlanticist countries, but an example of how the European Union, making its first steps onto the global stage, must deal with the attractions of business with a rising superpower and the geopolitical worries of the existing superpower.

## Origins of the Debate

This arms embargo was enacted in a package of sanctions the European Council levied on the People's Republic of China in the wake of the Tiananmen Square massacre in 1989. The legalities are somewhat murky, but as only a Common Declaration, rather than a Common Position, it could be ignored by Member States if they so wished. In practice, it has been. Most states defined the embargo to cover only lethal weapons, allowing a near constant trade in military supplies like utility helicopters, radar, and communications equipment.<sup>1</sup> However, to have the embargo formally eliminated, the European Council would have to act, dragging the EU onto the global stage for a contentious policy.

The dispute began on June 30, 2003, when the French Defence Minister Michèle Alliot-Marie, on a visit to Beijing, said that her government was “working hard” to remove the arms embargo.<sup>2</sup> Her comments went largely unnoticed. For most of its existence, the embargo had been a dormant issue in Europe. Moreover, the ability to lift the embargo did not lie with the French Defence Ministry. It was assumed that the remarks were simply rhetoric, part of the ongoing diplomatic push for better Sino-French relations. It also could have been an attempt to crack the growing Chinese

1. EU states sold € 416 million worth of military goods to China in 2003. See K. ARCHICK, *The European Union in 2005 and Beyond*, Congressional Research Service, Washington, July 11, 2005.
2. French defense minister says country working to lift EU arms embargo on China, in: *Associated Press Worldstream*, 30.06.2003.

aerospace and military markets.<sup>3</sup> To get into this market, it was thought that EU action was needed. In the words of an EADS spokesman, “The logic is economic, but the signatures are political”.<sup>4</sup>

But why the French Defence Ministry raised this issue, and why it was followed by intense French lobbying within the European Union, is the first question to be examined in this episode. France would expend significant political capital over the next two years, well beyond what rhetorical flourishes usually carry, and the most obvious reason for the push – increased arms sales – was continually dismissed by French leaders. Rather, the cause for French action on this issue seems to lie in two of the broader issues of the time, the French economic climate and the French political agenda of balancing against the United States.

The French economy had felt the effects of the early 2000s recession. Real GDP growth in 2002 was only 1%, down from 3.9% in 2000 and below the EU average of 1.2%.<sup>5</sup> China’s economic rise was not always to the immediate good of its partners. France, like most Western countries, saw its trade deficit with China increase precipitously – from € 2.7 billion in 1999 to € 4.9 billion in 2003.<sup>6</sup> The solution for France’s economy and trade balance was obvious: sell more good to China.

Political initiative has a strong history in Sino-French trade, traditionally dominated by singular *grands contrats*.<sup>7</sup> Most of France’s sales to China were big purchases, billion-euro packages of aircraft and trains, which required high-level government approval from the CCP.<sup>8</sup> A diplomatic push from France could result in more sales to China. It must be said that some do not believe China truly adjusts its business to suit political relationships. External Relations Commissioner and former Governor-General of Hong Kong Christopher Patten thinks this to be the product of Western gullibility, led on by the mirage of a billion ready consumers.<sup>9</sup> He wrote: “We cannot blame the Chinese for [suggesting political connections]. If we regularly behave like suckers, why shouldn’t they treat us like suckers”?<sup>10</sup> However, there is evidence to

3. J. KREUTZ, *Reviewing the EU Arms Embargo on China: the Clash between Value and Rationale in the European Security Strategy*, in: *Perspectives: The Central European Review of International Affairs*, 22.09.2004, pp.43-58, here: p.48; CHINESE MINISTRY OF FOREIGN AFFAIRS, *EU Policy Paper*, 13.10.2003, at <http://www.fmprc.gov.cn/eng/topics/ceupp/t27708.htm>; Sixth China-EU Summit: Joint Press Statement, October 30, 2003. EU Report No. 13424/03 (Presse 298); *Airbus aims high in China market*, in: *People's Daily*, 20.01.2004.
4. *Roundup: Europe's companies urge removal of ban on high-tech exports to China*, in: *Xinhua General News Service*, 26.11.2003.
5. Data from Eurostat.
6. The deficit stood at almost two-thirds of the trading volume. In 2005, the EU exported € 52 billion to China and imported € 158 billion. European Commission, *EU-China: Closer partners, growing responsibilities*, 24.10.2006.
7. R. WONG, *Forging Common EU Policies on China*, in: A. DEIGHTON, G. BOSSUAT (eds.), *The EC/EU: A World Security Actor?*, Soleb, Paris, 2006, p.67.
8. K. BARYSCH, *Embracing the Dragon: The EU's partnership with China*, Center for European Reform, London, 2005, p.20.
9. J. MIRSKY, *An Eldorado of two billion armpits*, in: *New Statesman*, 22.01.1999.
10. C. PATTEN, *Cousins and Strangers: America, Britain and Europe in a New Century*, Times Books, New York, 2006, p.263.

support the view that the PRC uses its market as a diplomatic weapon. First, there are statements by Beijing officials, such as Foreign Minister Li Zhaoxing who implied in November 2005 that trade would increase as the political relationship increased.<sup>11</sup> Second, there is history of such action, such as when China bought \$ 4 billion worth of Boeing aircraft during US Congressional debate on China's trade status in 1990.<sup>12</sup>

French political goals also favoured increased goodwill with China at this time. Chirac had spoken openly of the need to balance the American superpower with an independently powerful EU. This followed the French habit of using the EU as "a force multiplier of French influence, both in Europe and beyond".<sup>13</sup> It is possible that Chirac wished to use relations with China in a similar manner. By increasing French and EU ties to China, he furthered the EU's presence as an international actor and demonstrated that the EU could work globally without the United States. This echoes French policy in East Asia in the 1960s and 1970s, which used "*grand geste*, symbols and 'special relationships'" as a way to send messages about US-French ties.<sup>14</sup>

Yet the arms embargo did not need to be the vehicle for this agenda. To understand why the relatively obscure EU arms embargo emerged as a major issue, we must consider what China was willing to negotiate for. The PRC, in an October 2003 White Paper on the EU, indicated that it desired better relations with European states and presented a number of specific requests, including: a strict observance of the One China policy and an avoidance of military product sales to Taiwan; not to meet with the Dalai Lama; to address human rights in China with a continuance of the EU-China dialogue instead of confrontation at international organizations; to

"grant China a full market economy status at an early date, reduce and abolish anti-dumping and other discriminatory policies and practices against China... and compensate the Chinese side for its economic and trade losses which may arise due to the EU enlargement; [and] The EU should lift its ban on arms sales to China at an early date so as to remove barriers to greater bilateral cooperation on defence industry and technologies".<sup>15</sup>

France's ability to negotiate was more limited. The first three choices – no support of Taiwan, no meeting with the Dalai Lama, and no confrontation over human rights – were issues of restraint. Chirac needed a grand gesture to achieve his goals quickly.<sup>16</sup> The fourth suggested avenue to goodwill was that the EU grant Market Economy Status (MES) to the PRC. This determines whether a country can, without violating World Trade Organization (WTO) rules, impose penalties on imports that it believes have benefited from unfair trade practices, such as state intervention or excessive

11. *China urges EU to 'trash' arms embargo*, in: *Agence France Presse*, 04.11.2005.

12. R. FOOT, *Rights beyond borders : the global community and the struggle over human rights in China*, Oxford University Press, Oxford, 2000, p.126.

13. R. DALE, *European Union, Properly Constructed*, in: *Policy Review*, 122(2003/04), accessed at <http://www.hoover.org/publications/policyreview/3446306.html>.

14. R. WONG, *Forging Common EU Policies* ..., op.cit., p.25.

15. PRC Ministry of Foreign Affairs, *EU Policy Paper*, 13.10.2003.

16. He nonetheless tried these ways. At the January 2004 meeting Chirac committed not to sell arms to Taiwan. R. WONG, *Forging Common EU Policies* ..., op.cit., p.33.

subsidies. Many of China's cheap exports to Europe have been the target of such penalties and China wanted MES to protect itself from such action. This is an economic issue and so falls under the “first pillar” of the European Union. The European Commission would take a major role in an MES decision, diminishing the credibility of any gesture by Chirac. Further, European, and especially French, public opinion was strongly against granting MES to China.<sup>17</sup>

Lifting the arms embargo was therefore the only option that Chirac could use to generate goodwill with China. There was a domestic constituency in favour of it (defence firms), a history of selling arms, and France had no strategic interests in the region that would have blocked the deal. Unlike MES, this was a European Council decision. Chirac had much more control over the process, both within the EU and in France where it did not need to be ratified by the legislature.

One problem with this analysis is, as ever, whether we are reading into history what we expect to see. However, there is strong evidence to suggest that this type of quid pro quo negotiation is not just supported by the theories of institutional cooperation, but by the facts of the EU-China relationship. In dealing with China, the EU is a *demandeur*, always seeking things from China without being able to give anything in return.<sup>18</sup> This is largely due to the skewed nature of the trading relationship between the two powers, a function of the difference between the advanced European economies and the low-income, industrializing China. While the EU maintains a largely free market open to Chinese imports, China has a variety of hurdles to European business in the PRC, as well as a variety of problems unique to European economic strengths, such as copyright fraud and intellectual property theft. Even symbolic gestures like the arms embargo are useful in giving China something in order to get significant concessions in return. There is no reason to believe this would not be true in this situation.

### Expansion of the Debate

The arms embargo truly became an issue on the European stage when France was supported by German Chancellor Gerhard Schröder who, while visiting China with forty-two German business executives on December 1, 2003, announced his wish to overturn the embargo. Schröder faced a similar economic situation to President Chirac. Germany had dropped into negative growth during 2003 as unemployment

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17. In 2005, the EU fought a “textile war” against China, during which 75 million garments languished in European ports while a deal was brokered. An old tariff had expired, leading to a surge in Chinese imports to Europe, which triggered the imposition of a quota system from the EU. France, along with Italy, Spain and Portugal, was strongly in favour of the quotas and other measures to keep out cheap Chinese textiles. See *EU and China reach textile deal*, in: *BBC News*. 05.09.2005.

18. Author's interview with Antonio Missiroli, European Commission, 17.02.2011.

reached 5-year highs (10%).<sup>19</sup> The Chinese market was crucial for German growth. Schröder had made China one of his top foreign destinations and had been termed one of China's "most persistent suitors".<sup>20</sup> The embargo was a red herring in the trade relations, but one of minimal consequences, as the rapidly increasing trade patterns over the previous ten years demonstrated.

But Sino-European trade is not what mattered most to Schröder – he wanted to increase Sino-German trade. France had initiated the debate. Germany's choices were now constrained. It could not allow France to develop better relations with China and win big contracts for French firms. Germany and France export the same kinds of products to China; contracts diverted to French companies may come at the expense of German firms. This intra-EU competition was fierce and of great importance. Trains are but one example of the high stakes involved. China expected to build 20,000 kilometres of railroads in the coming decades, according to the French Trade Minister in 2004. The Beijing to Shanghai high-speed link held a widely publicized bidding war for the \$ 12 billion project between Japanese, French and German firms.<sup>21</sup>

If the economic relationship between France and Germany towards China was intense and, at times, zero-sum, and if China manipulated its large purchases to countries that supported its positions, then the competition between France and Germany can be modelled as a two-step game. Whenever France and Germany take identical positions, the PRC cannot discriminate between the two and trade occurs on a non-political basis. When the two states take opposite positions, China directs trade towards the state favouring China. France moved first in the game, taking a pro-China stance, leaving Germany with only "Trade remains the same" or "More trade to France" as outcomes. Germany's best choice was a pro-China position – in this case lifting the embargo – to maintain the trade dynamics between France and Germany.

The embargo was placed on the agenda of the December 12, 2003 European Council summit when Chirac requested a discussion. The leaders agreed to delegate the matter to their Foreign Ministers, who met as the General Affairs and External Relations Council (GAERC), part of the Council of Ministers. They were tasked "to re-examine the question of the embargo on the sale of arms to China" and did so at their meeting on January 26, 2004.<sup>22</sup> French Foreign Minister Dominique de Villepin pressed for a swift vote on the proposal to remove the embargo, acting on the wishes of Chirac and Schröder who tried to "railroad" the proposal through the Council of

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19. Unemployment would rise until 2007. IndexMundi, *German Unemployment Rate*, at [http://www.indexmundi.com/germany/unemployment\\_rate.html](http://www.indexmundi.com/germany/unemployment_rate.html) (accessed 05.03.2009).
20. Schröder's Sixth Visit to China. *Expanding Bilateral trade to 100 billion dollars*, in: *The Atlantic Times*, December 2004.
21. E. KOGAN, *The European Union Defence Industry and the Appeal of the Chinese Market*, Schriftenreihe der Landesverteidigungsakademie, E. Reiter Verlag, Vienna, 2005, p.27; *High-speed Beijing-Shanghai railway to start in 2010*, in: *Forbes*, 03.04.2006; T. CHRISTENSEN, *China, the U.S.-Japan Alliance, and the Security Dilemma in East Asia*, in: *International Security*, 4(Spring 1999), p.54.
22. EUROPEAN COUNCIL, *Presidency Conclusions*, 12-13.12.2003, Document n°5381/04, Point 72.

Ministers.<sup>23</sup> According to a diplomat quoted by Reuters “Nobody backed it. Most countries said it posed problems for them”.<sup>24</sup> A vote to immediately rescind the embargo failed 14-1.<sup>25</sup> However, they agreed to consider the issue again in April, and delegated the discussion to lower committees.

No quick action was taken. The March 2004 European Council summit did not discuss the embargo. It was occupied by preparation for the accession of ten new EU members in May 2004 and of stalled talks on the EU Constitutional Treaty. At the April 2004 Council of Ministers meeting, the embargo was discussed over a working lunch but Ministers were “of the opinion that the issue required further discussion” and delegated the issue.<sup>26</sup> At the June 17-18, 2004 European Council summit, as at their March meeting, the subject of the embargo was not initially on the agenda. During the meeting, Chirac raised the topic, but there was only a brief discussion and it was again delegated for future examination.<sup>27</sup>

At their October 2004 meeting, GAERC “took stock of the state of discussions on the embargo” but made no decision. At their November 22<sup>nd</sup> meeting, however, the Foreign Ministers discussed the issue and “confirmed [...] that the EU was ready to give a positive signal to China”.<sup>28</sup> They couched this with precautions, but it seemed that the Council of Ministers, to whom the European Council had delegated the issue, approved of the proposal.

## Gaining Consensus

Not long thereafter, at the December 16 & 17, 2004, European Council meeting, the heads of government of the EU found consensus to remove the embargo. The Presidency Conclusions of that meeting “reaffirmed the political will to continue to work towards lifting the arms embargo”. This could have been rhetoric hiding postponement, especially as it was coupled with caveats, but the following line – the European Council “invited the next Presidency to finalize the well-advanced work in order to allow for a decision” – indicated that real change had happened.<sup>29</sup> By asking the following Presidency to “finalize” the issue, the European Council was reporting that they were close to action and would move on the embargo within six months. This

23. C. PATTEN, op.cit., p.261.

24. *France and China cozy up*, in: *DW-World*, 27.01.2004.

25. J. TKACIK, *Washington Must Head Off European Arms Sales to China*, Heritage Foundation, place, 2004.

26. GAERC, *The EU's relations with China*, at [http://ec.europa.eu/external\\_relations/china/gac.html](http://ec.europa.eu/external_relations/china/gac.html) (accessed 13.08.2008).

27. EUROPEAN COUNCIL, *Presidency Conclusions*, 17-18.06.2004, Document n°10679/04, Point 77.

28. GAERC, *The EU's Relations with China*.

29. EUROPEAN COUNCIL, *Presidency Conclusions*, 16-17.12.2004, Document n°16238/1/04, Point 57.

was confirmed in unofficial reports; a French Foreign Ministry spokesman later said that an “understanding” had arisen that the removal would happen during the Luxembourg Presidency in the first half of 2005.<sup>30</sup> Unanimity had been achieved. To understand this portion of the story, it is necessary to discover why states that had problems with lifting the embargo at the GAERC meeting eleven months prior changed their minds. Many of the Member States did not involve themselves heavily in this episode, going along with what the prevailing trend seemed to be. The ten new member states who had joined in May 2004 did not comment on the embargo at all. Italy, Spain, Portugal and Greece likewise made little noise about the Franco-German proposal. The states that mattered in permitting consensus were Britain, the Netherlands, Denmark, Sweden and Finland.

Britain’s original position was not inclined towards lifting the proposal. They, as with all states, had domestic interest groups against lifting the embargo, for reasons of human rights and the situation in Tibet.<sup>31</sup> Many observers, some as high-placed as German Foreign Minister Joschka Fischer, assumed Britain would wish to keep the embargo. Fischer was surprised when Prime Minister Tony Blair did not veto the motion in the December 2003 summit, and more surprised when he agreed to support the proposal in December 2004.<sup>32</sup> However, the strategic interaction among the players expanded beyond the immediate issue of the arms embargo, so it is helpful to take a broader look at Britain’s position at this time, when Blair, Chirac, Schröder, and the other heads of government in the EU discussed the embargo at the summit.

In 2003, Britain was trying to repair relations with France and Germany in the aftermath of the Iraq War. The bitter divide the run-up to the war engendered was arguably worse for Britain than the US, since the UK had to return to an EU it shared with its former opponents in the UN. Within the European Union, important structural changes were happening. The Inter-Governmental Conference to write the Constitutional Treaty began in October 2003. The British delegation entered negotiations with a handful of “red line” issues such as tax and defence policy over which they did not wish to compromise.<sup>33</sup> Opposing Britain were integrationist countries such as Germany that did not want to diminish the text to suit British demands.<sup>34</sup>

The UK had used up considerable political capital over Iraq, but still had more needs from other EU member states, especially France and Germany. Chirac and Schröder knew this, and felt they had got “Tony Blair over a barrel” on the issue of the arms embargo.<sup>35</sup> While there may not have been any direct trade on these issues, it does seem that British passivity on the embargo was designed to generate goodwill with France and Germany.

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30. J. DEMPSEY, *EU feels the heat on China embargo*, in: *International Herald Tribune*, 23.03.2005.

31. These groups wrote a joint open letter to EU states. WORLD UYGHUR CONGRESS, et. al., *Open Letter to EU against Lifting Arms Embargo on China*, 09.12.2004.

32. Author’s interview with Joschka Fischer.

33. R. BENNETT, *Blair sabotages French plan for EU army*, in: *The Times*, 25.08.2003.

34. *PM draws his lines in the sand before debate starts on EU draft treaty*, in: *The Independent*, 20.06.2003.

35. Author’s interview with Jolyon Howorth.

The Netherlands and the Nordic countries of Denmark, Sweden and Finland were the states most vocal about their reluctance to remove the arms embargo on China. Yet all supported the lifting the embargo in December 2004. All these states had a strong human rights tradition and there were large domestic pressures against agreeing to the Franco-German proposal. The Dutch and Swedish parliaments pressed their Prime Ministers to use their veto. In Denmark, the parliament voted to give the Prime Minister authority to vote to remove the embargo only if China made significant human rights progress. When the Danish Prime minister supported lifting the embargo in December 2004, China had made no such progress and there were no major improvements expected within the six-month timeframe.<sup>36</sup> Given the strong domestic pressure against removing the embargo, the initial cost-benefit calculus for these leaders are in favour of keeping the embargo.

It is unlikely that these countries were moved by internal EU goodwill as the UK was. They were in a very different position to Britain's. Although the Netherlands and Denmark had supported the Iraq War, they did not send large military contributions, nor had they been at the centre of the vitriolic debate, minimizing a breakdown in relations.<sup>37</sup> Sweden and Finland had opposed the Iraq War. Nor did they take a leading Euroskeptic position during the EU Constitutional Debate Treaty as the UK did. It is also unlikely that these states accepted the proposal simply because it was proposed by two of the biggest states in the EU. After September 11, Blair, Chirac and Schröder held a separate meeting before the European Council summit on October 20, 2001, attempting to agree first on a position that satisfied the “Big Three” of France, Germany and Britain and then pressure the rest of the EU to agree with them. They planned to repeat the exercise on November 4<sup>th</sup>, but the Prime Ministers of Italy, Spain, the Netherlands, and Belgium (which held the Presidency), and High Representative Javier Solana, “forced their way, almost literally, to the table”.<sup>38</sup>

It is most likely that the crucial pressures came from China. The evidence lies in the statements of those leaders themselves. Dutch Prime Minister Jan Peter Balkenende said that opposing China “would not be good for economic relations”.<sup>39</sup> The PRC, he believed, would retaliate against Dutch business for their Prime Minister's opposition to removing the embargo, just as they intimated rewards would come for French and German support. China had taken such measures before. In 1997, the United States persuaded Denmark to propose a resolution criticizing Chinese human rights practices at the annual UN Commission on Human Rights meeting in Geneva. Similar resolutions had been presented every year with the support of almost all Western states. China always lobbied against the measure, but to no effect before 1997. That year, France, Germany, Spain and Italy announced they would vote against the resolution, a shift prompted by a package of trade deals, including a sale of 30

36. K. BARYSCH, op.cit., p.15.

37. The Netherlands sent no troops. Denmark sent one submarine and one warship. *Denmark reveals Iraq arms secrets*, in: BBC News, 19.04.2004.

38. C. HILL, *Renationalizing or Regrouping? EU Foreign Policy since 11 September 2001*, in: *Journal of Common Market Studies*, 1(2004), pp.143-163, p.147.

39. E. Bork, *Keep a Common Front on Arms Sales to China*, in: Financial Times, 21.05.2004.

Airbus planes.<sup>40</sup> Denmark and the Netherlands vowed to present the resolution notwithstanding the division among the EU nations. China responded with fury, threatening that the motion would “become a rock that would smash the Danish government’s head”.<sup>41</sup> The resolution was proposed and China retaliated against Denmark, even though the majority of the EU and the US had voted for the measure. It was estimated that Denmark lost between \$ 50 and \$ 235 million in trade with China in the following years.<sup>42</sup>

China suggested that the embargo might follow a similar path. A Swedish security expert told a reporter in March 2005 that Chinese officials had “warned Swedish and Finnish companies over possible negative repercussions if their governments continued to support the embargo”, hardball tactics in pursuit of its national interests, similar to how it has acted over international recognition of Taiwan.<sup>43</sup> And without the cover of Britain, which would have driven the cost of punishment to levels unacceptable to China, the small states had to follow their national interest and support the proposal.

## American Involvement

In 2005, after consensus had been reached, the embargo became a major topic of conversation across the Atlantic. On February 1<sup>st</sup>, the House of Representatives passed H. Resolution 57, “Urging the European Union to maintain its arms embargo on the People’s Republic of China”. On February 17<sup>th</sup>, the companion bill, S. Resolution 59 was passed in the Senate. President George W. Bush travelled to Brussels on February 22<sup>nd</sup> to speak at a NATO summit. Before the visit, Congress held hearings on the embargo; the American sentiment on the EU’s plans was summed up by one speaker: “It is a breathtakingly myopic and stupid policy”.<sup>44</sup> During the trip, President Bush and members of his cabinet and staff pressed the Europeans not to take any action. They tried to create a Pacific coalition by asking Japan and Australia to lobby the Europeans against lifting the ban. The US lobbied parties, committees and national governments in the EU. “We were told there could be consequences if the EU lifted

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40. R. FOOT, op.cit., p.193. This group was derisively called “The Airbus Group”. See also R. WONG, *The Europeanization of French foreign policy: France and the EU in East Asia*, Palgrave Macmillan, Basingstoke, 2006, p.95.
41. S. MUFSON, *China cautions U.S., Denmark against human rights criticism*, in: *Washington Post*, 11.04.1997.
42. L. JAKOBSON, *Taiwan’s Unresolved Status: Visions for the Future and Implications for EU Foreign Policy*, The Finnish Institute of International Affairs, Helsinki, 2004, p.61.
43. J. DEMPSEY, op.cit.
44. Dr. John Hulsman, Fellow at the Heritage Foundation (Conservative think tank). House Subcommittee on Europe and Emerging Threats, *An Overview on Transatlantic Relations prior to President Bush’s visit to Europe*, US House of Representatives, 16.02.2005.

the embargo”, said the Foreign Affairs spokesman for the Free Democrats, a German opposition party.<sup>45</sup>

The EU sent Annalisa Giannella, a special envoy of High Representative for CFSP Javier Solana, to brief Congress on the embargo. She travelled to Washington in mid-March and was “pummelled” by Congress, especially by senior members like Senator Ted Stevens of Alaska, chair of the Commerce Committee, and Senator John McCain of Arizona. Giannella’s failure to convince any member of Congress, and the fierce opposition of the Senate, traditionally more even-tempered than the House, were “alarm bells” to Brussels.<sup>46</sup> The EU’s will to act soon faltered.

Before Giannella’s trip, the EU had been certain that the embargo would be lifted. EU Trade Commissioner Peter Mandelson had stated in the press: “I think the [Bush] Administration would be wrong to pick a fight with Europe over this which it can’t actually win”.<sup>47</sup> But this confidence would be misplaced as the European Union started to step back from action in late March 2005. A week after Giannella’s trip, an official speaking to the New York Times said that “You won’t see a backing away from the commitment. But there’s no consensus to act right now”.<sup>48</sup> In other words, the EU would do something, but not within the predicted six-month window. Giannella was spinning a new story on the issue. “Nobody has said we are going to lift our embargo for free”, she asserted in an International Herald Tribune story dated April 15<sup>th</sup>.<sup>49</sup> Joschka Fischer said on April 6<sup>th</sup> that his Green Party wanted to reach a consensus to lift the embargo, but for that to happen it would be “necessary for China to move” on human rights and the Taiwan Straits.<sup>50</sup> One official stated outright: “The ball is in China’s court”.<sup>51</sup> Suddenly, instead of talking of an outdated policy that the EU would lift by June 2005, the embargo was an instrument for leverage that would have been lifted but for China’s uncooperative nature. Only in April 2005 were these conditions being seriously attached to the debate.

The American reaction turned the embargo dispute into a “loyalty test” over the direction of the Atlantic Alliance, for which Britain, whose international position relied on a strong NATO, had to oppose France and Germany.<sup>52</sup> German Foreign Minister Joschka Fischer stated that Blair had gone along with the plan to lift the embargo until the Americans came in. The need for goodwill from France and Germany was now outweighed by the need to prevent another major transatlantic dispute less than two years after Iraq. With Britain moving into opposition, it provided cover for the Netherlands and the Nordic countries to also state their minds about the em-

45. J. DEMPSEY, op.cit.

46. WEISMAN S., *Europeans said to keep embargo on arms to China*, in: *New York Times*, 22.03.2005.

47. M. EVANS, A. BROWNE, G. ROZENBER, *British arms firms will spurn China if embargo ends*, in: *The Times*, 22.02.2005.

48. S. WEISMAN, op.cit.

49. R. BERNSTEIN, *Backpedaling on the arms ban*, in: *International Herald Tribune*, 15.04.2005.

50. A.R. MUKHOPADHYAY, *EU Arms Embargo on China: The German Debate*. Institute for Defense Studies and Analyses, New Delhi, 02.05.2005.

51. C. BUCKLEY, *EU offers China hope on embargo*, in: *International Herald-Tribune*, 12.05.2005.

52. K. BARYSCH, op.cit., p.65.

bargo and the consensus that seemed almost certain to lift the embargo was shattered. The issue was never seriously addressed again.

## Conclusion

This dispute does not show the European Union in a favourable light. It raised an issue of the arms trade to China because of the domestic concerns of two of its Member States, reached a consensus in part because of threatened economic retaliation from China, and settled on their final non-decision because of pressure from the United States. However, it does help us understand the workings of EU foreign policy towards China – squeezed. The need for the EU to coordinate among many Member States allows avenues for influence from China, which is not shy about lobbying for its own interests, nor from the United States, which is not shy about lobbying against China's interests.

The EU has avoided the topic since this time. Though occasionally resurfacing, for example, by High Representative Catherine Ashton in December 2010, any movement has been quickly squashed. Whether this is because of a belief in the merits of the embargo, or an unwillingness to engage in another potentially fruitless debate, is unclear. Regardless of the specific issue, though, whether the EU will be able to resist pressures from great powers is a key test of its independence as a major global actor.

