



Department of Political and Social Sciences

HOW INTERNATIONAL ACTORS INTERACT. EXPLAINING CHINA'S ENGAGEMENT WITH THE EU, 2002-2007

Frank Gaenssmantel

Thesis submitted for assessment with a view to obtaining the degree of
Doctor of Political and Social Sciences of the European University Institute

Florence, September 2009

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Abstract

This thesis investigates how Chinese decision-makers deal with the complexities of EU foreign-policy making. Which of the many entities within in the EU, among Brussels-based institutions and in member states, do they approach and how? How can the modalities of engagement be explained? What patterns emerge and how and why do they change over time? In answering these questions, the thesis provides insights on three under-researched issues of international relations: first, on how outsiders engage with the EU and whether the EU is capable of managing requests from the outside; second, on how China makes its EU policy, and, by extension, to what extent its decision-making structure can deal with complex foreign-policy challenges; third, and more generally, on how international actors interact through numerous contacts among the bureaucratic agents within them. To reach these goals, a new analytical framework is introduced that distinguishes three processes to explain such transnational bureaucratic interaction. First, the decision-making in China on how to engage the EU. Second, the reception this approach receives on the EU side. These first two processes are analysed as based on the interplay of organisational logic, bureaucratic politics, and the degree of central control. Third, there are independent dynamics of direct interaction between bureaucratic entities, which result from the quality of personal relations and the matches or mismatches in preferences, worldviews, and perceptions. Two intensive case studies are performed, one on China's efforts to be recognised as a market economy by the EU, and another on the Chinese push to have the EU lift its arms embargo against China. The thesis proposes a threefold argument. First, due to complex formal rules and volatile informal patterns of EU foreign policy, the EU remains difficult to approach for third actors and is incapable of managing requests from the outside. Second, engaging a complex counterpart like the EU puts strain on the foreign-policy process. Chinese policy making suffers from strong horizontal divisions which prevent the distribution of expertise and hinder the formation of elaborate strategies for approaching the EU. Lastly, in order to explain the modalities of interaction between different actors in international affairs, it is crucial to look at how the bureaucratic agents involved in the foreign-policy process interact with their respective counterparts.

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To my parents

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Introduction: Who is the European Union for China?

0.1 An Outsider's Perspective on the EU

In the half century since its inception European integration has not only profoundly transformed international relations among the states participating in it, but has had a growing impact on the world at large: as a guarantor of stability in a continent that had been at the heart of two world wars; as a trading bloc *vis-à-vis* the rest of the world; as a major aid donor; as a promoter of democracy, human rights, regional integration, etc. Over time, the states involved in this regional integration project have developed an increasingly integrated agenda in global affairs, and, more recently, a consolidating common approach to strategic and security matters. Nowadays, states and organisations on the outside have to engage with the European Union (EU) on many key issues of current world affairs. Yet the problem is: engage with whom and how? The large roof of the EU shelters a multitude of administrative entities, both at union and at member state level, which are involved in shaping the common foreign policies. Competence for handling external relations is distributed among them according to policy field, and decision-making is based on complicated procedures. Intersecting with this formal structure, there are informal patterns of cooperation, coordination or competition based on the specific interests and/or habits of these actors.

This means that while the EU has become an important partner for others in international affairs, and a more and more integrated body, it has remained a hydra with many heads and no clear rule for the outsider which of them to talk to. Although, rhetorically the EU may appear as a single entity and relations with it as simple bilateral ones, in reality third states and organisations have to engage with a multitude of European decision-making units, an exercise of complex, multilateral diplomacy. How then do outsiders engage with the EU, and how can the modalities of engagement be explained? What patterns emerge and how and why do they change over time? How do administrative entities within the EU react to requests from the outside? What does this imply for the EU and its capacity to manage its external relations? This is a first set of fundamental questions underlying this study.

0.2 Chinese Approaches of the EU

In principle, to answer these questions concerning outsiders' engagement with the EU one can look at any third actor – states, international organisations or maybe even NGOs. I propose an in-depth analysis of Chinese foreign policy towards the EU. Why China? It presents a number of advantages, although some other candidates may present more intensive and deeper ties with the EU. First of all, as a major player in international affairs, China can be expected to have enough leverage over the EU to balance EU influence on China. This is not the case for many smaller countries, in particular in the direct neighbourhood of the EU, whose policy towards the EU may be dominated by the EU itself, especially when there is economic dependency and the possibility to use conditionality.¹

Second, over the past two decades, China-EU relations have strengthened considerably. In this context, China has also made enormous efforts at improving its understanding of the EU's inner workings, e.g. by separating its mission to the EU from its embassy to Belgium in 2005, thereby nearly doubling its total staff in Brussels and committing almost two-thirds of it to the EU.² This means that China is a strong test for difficulties in engaging the EU.

Third, China has only recently become an active player on the international stage. Certainly, China has been a factor in global power politics since the establishment of the People's Republic of China (PRC) in 1949, and for a number of reasons: its sheer size, its role in the Korean War, the build-up of a nuclear capability, and later the shift of China's permanent seat on the United Nations (UN) Security Council (SC) from Taipei to Beijing. Yet it was only after the beginning of its reform and opening-up policies in the late 1970s that China toned down its criticism of the existing international order and its calls to change it, and started to step up progressively its participation in international institutions.³ This change in Chinese foreign policy has happened more or less in parallel with the latest push in European integration, including in particular efforts to enhance and formalise an integrated approach to foreign policy. As a result Chinese foreign-policy makers, in their relations with the EU, are, *a priori*, more likely to take an integrated EU in international affairs for granted and less likely to be biased towards relations with individual member states instead of common EU

¹ See Kelley 2004 on the impact of EU membership conditionality on relations with various states of the former Soviet bloc.

² Interview China 11, Brussels Q1 2008; according to the interviewee, since its establishment the mission has a staff of about 80, while the embassy to Belgium has only about 30-40; prior to 2005 the embassy's total staff was at about 70 covering China's relations with both Belgium and the EU.

³ See on this Johnston 2003a and Johnston 2008, pp. 32-39. Johnston 2003c as well as Johnston 2008 analyse the socialisation of Chinese foreign-policy makers in international institutions.

institutions than officials of other states who have been used for a long time to dealing intensively, and almost exclusively, with member states on all major foreign policy issues. In fact, in the early 1970s, when Kissinger allegedly complained that he didn't know who to call to talk to Europe,⁴ Chairman Mao could hardly call anyone, not even in the member states, given that most of them established diplomatic relations with the People's Republic of China (PRC) only in the course of the 1970s.⁵

Yet Chinese foreign policy towards the EU is also interesting *per se*, and not only as a good illustration of outsiders' approach towards the EU. Policy making in Beijing involves many different bureaucratic agents, follows complex procedures and is often guided by obscure vested interests.⁶ Ironically this may recall somewhat the EU bureaucracy in Brussels. At the same time, China has been the fastest rising power in the world, and its improving relations with the EU may be considered of crucial importance at a global scale, in particular against the backdrop of a debate about a more multipolar world – as is visible in the debate on new geometries in international relations triggered by strengthening China-EU ties.⁷ This leads to additional questions for this research: How does the Chinese foreign-policy process determine the modalities of China's engagement of the EU? To what extent can it adjust to feedback? What is the connection between the mode of engaging the EU and China's capacity to reach specific foreign policy goals? Are Chinese foreign-policy makers up to the challenge of managing interactions with a complex actor like the EU? What does this imply in general for China's capacity to pursue complex multilateral diplomacy and pursue foreign-policy goals in such a setting?

0.3 The Analytical Framework

In order to analyse China's engagement with the EU it is useful to distinguish three explanatory dimensions, each matching a different dynamic process. First, the Chinese foreign-policy process determines how China designs its policies towards the EU. As specific policy goals emerge for relations with the EU, Chinese decision makers decide the modes of interaction by which to pursue them. Given the intricacies of European integration there is

⁴ Rodman 1999.

⁵ For a time line of countries recognising the PRC, see Garver 1993, p.82; Liu 2001, chaps. 1, 3, 5, discusses the new diplomatic relations in the context of the overall evolution of China's foreign policy.

⁶ The most comprehensive books on this are Lieberthal and Lampton (eds.) 1992, Hamrin and Zhao (eds.) 1995, Lu 1997, and Lampton (ed.) 2001.

⁷ See Shambaugh 2004 and 2005; Xiang 2004 and 2006.

great variety of options. Chinese officials may choose to engage a single public unit in the EU or a selected few of them, or alternatively approach a multitude of EU entities. When it is more than one, contact may occur in parallel or in sequence, with a focus on the EU level or on individual member states, or including both. And finally the differentiated definition of the usual parameters of international bargaining for each European counterpart presents a nearly endless number of alternatives: when to resort to unilateral incentives or threats, i.e. “carrots and sticks,” with regard to whom to use side-payments and in which international bargaining venues, like e.g. the United Nations (UN) or the World Trade Organisation (WTO), to what extent to target private actors, in particular influential interest groups, etc.

Second, the EU’s foreign-policy process matters, as this initial approach by China is conditioned by the response it receives from the EU. This kind of “feedback” depends on how well the initial policy, or “stimulus”, matched formal and informal patterns within the EU. The intra-European reaction processes may substantially alter the modalities of interaction, depending on a number of points: To what extent did the initial approach correspond to the formal distribution of competences among institutions, and the formal procedures linking them? Did it match informal habits of cooperation and coordination and patterns of competition? Did it correctly anticipate the interests of concerned public and private entities and the resulting ad-hoc groupings and coalitions?

Third, there is a truly relational, or interdependent, dimension in the direct interaction of Chinese bureaucratic agents and their EU counterparts. The interaction between two players on the international stage cannot be sufficiently described as an interplay of actions and reactions between two closed systems. In fact, the history and quality of direct “transgovernmental” relations between administrative units,⁸ or individuals, outside and inside the EU has a strong impact on the mode of interaction with regard to new issues. At the same time it may matter a great deal whether the preferences on and perceptions of the issue (e.g. substantial versus symbolic) and the perceptions of each other coincide or not.

Taken together, these three intertwined processes go a long way in explaining the modalities of China’s engagement of the EU. Indirectly all three of them are influenced by the larger international environment in which the relation takes shape. Other states or organisations may influence issues substantially or symbolically, or provide fora of interaction or opportunities to exercise pressure, provide side-payments, etc. Yet the direct

⁸ Keohane and Nye 1974.

explanatory factors are contained in this three-dimensional framework, which, it should be emphasised, is sensitive to change over time and in particular learning effects.

This points also to a larger theoretical issue: more generally, what are the modalities of interaction between two international actors, and how can they be explained? What are the roles played by processes within the respective political and administrative hierarchies? What is the impact of direct interactive dynamics?

0.4 Relevance and Argument

This thesis covers completely new terrain. No comparable efforts have been made so far, neither in the literature on EU foreign policies, nor in research on Chinese foreign policy, nor in the writings on China-EU relations. From the point of view of EU foreign policies, there has been a fair amount of research on the difficulties of foreign policy making in the EU, most notably related to issues of consistency or coherence.⁹ Yet the aim of this thesis is, in a way, to invert the approach of the literature on consistency: it is not about how difficult it is within the EU to make policies towards the outside but rather about how outsiders deal with these difficulties. With regard to literature on Chinese foreign policy, previous research has created a good understanding of the, often tortuous, paths of foreign-policy making in China.¹⁰ Yet so far, it has not been studied how this impacts China's interaction with other major actors in international affairs and its ability to reach certain foreign policy goals towards them. Lastly, the literature on China-EU relations, scarce when compared to writings on China-US ties, has covered quite some ground in exploring interests and policy goals as well as, to some extent, mutual perceptions.¹¹ But no efforts have been made thus far at explaining the modalities of interaction.

From a theoretical point of view, I am also exploring a topic that has been under-researched hitherto. Progress in the understanding of foreign-policy making has been made mostly during the 1960s and 1970s,¹² with interest in the issue resurging more recently.¹³ Yet this literature has not taken the step of exploring the interactions between two administrative

⁹ See in particular Nuttall 2000 and 2005, Michael E. Smith 2001b, Keukeleire 2003, Missiroli 2002.

¹⁰ See in particular Yang 1995, Lu 1997, and Lampton (ed.) 2001.

¹¹ See Edmonds (ed.) 2002, Crossick and Reuter (eds.) 2007, Kerr and Liu 2007, Shambaugh, Sandschneider, and Zhou (eds.) 2008, Zhou and Wu (eds.) 2004; on perceptions see Friedrich 2000, Shambaugh 2008 and Zhu 2008.

¹² See most notably, Frankel 1963, Allison 1969, Rosenau 1971 and 1974.

¹³ See for example Charillon 2002.

structures. Other approaches appear relevant at first sight because they take interaction seriously, but they cannot explain the various modalities of interaction: the two-level games model concentrates on the negotiation situation;¹⁴ the strategic-choice approach is too fixated on formal rational choice assumptions.¹⁵ The few exceptions that deal explicitly with the transnational links between decision-making entities of different administrations are limited in scope in that they only consider specific types of such interaction.¹⁶

My argument is threefold. First, I argue that the EU remains a complex partner for outsiders. Even with a high degree of familiarity with institutional features and interest structures, as in the case of China, it is virtually impossible for a third state to deal with the many entities inside the EU in an efficient and consistent manner. A certain degree of familiarity with institutional features and interest structures may help a third actor, under favourable circumstances, to turn this complexity to its own advantage, e.g. by using competing interests among EU member states. Yet this does not go beyond tactical tricks. Beyond the basic institutional structure and certain fundamental, and well-known, interests of various EU actors, the degree of intricacy is such that it is virtually impossible for third actors to develop sustainable strategies on how to approach the EU. Conversely, this also means that the EU is not capable of managing requests and expectations from the outside efficiently. Since there are no consistent patterns of dealing with such stimuli, intra-EU politics get in the way of a common approach to external relations, with the risk of alienating third actors.

The second part of my argument concerns Chinese foreign-policy making. The difficulties of engaging an entity like the EU reveal a general weakness of the Chinese foreign-policy structure in dealing with complex challenges. The decision-making process is too fragmented to allow for a thorough pooling of all relevant expertise ahead of a decision on how to approach third actors. Similarly, it is slow to internalise feedback. The reasons are two types of divisions: first, horizontal layering, especially on non-technical issues of traditional “high politics,” means the distance is too great between the working level, i.e. the experts, and the top leadership, where final decisions are made; second, vertical divisions among different administrative entities entail that approaches may change or become inconsistent when more than one of them is involved in handling the relations with a specific third actor. This compromises China’s capacity to reach foreign policy goals, especially in complex multilateral contexts.

¹⁴ See Putnam 1988 and Evans, Jacobson and Putnam (eds.) 1993.

¹⁵ The strategic-choice approach is developed in Lake and Powell (eds.) 1999.

¹⁶ On transgovernmental relations, see Keohane and Nye 1971, 1974 and 1977; on transnational governmental networks, see Slaughter 2004.

Lastly, at a more theoretical level, I argue that to analyse and explain the modalities of interaction between any two international actors on a certain issue, the analytical framework developed in this thesis can be used. Aside from the obvious reference to the decision-making processes on both sides, direct transnational relations between bureaucratic entities, or transgovernmental relations, are crucial. In general, personal relations between officials on both sides play a crucial role in determining modalities of interaction. Otherwise, when a new issue comes up, past experiences are a key factor. As an issue evolves, the match or mismatch of preferences and perceptions becomes more and more important.

Lastly, aside from contributing to three different bodies of literature within the field of international relations, this study has a more general aim: improving the state of our knowledge on China-EU relations. This, together with a better understanding of the respective decision making processes may, so it is hoped, help policy makers on both sides to improve the quality of their cooperation.

0.5 The Structure of the Research

This research is not a comprehensive, historical narrative of relations between China and the EU. Rather it will develop the arguments outlined above based on selected case studies within the larger context of their interaction. Also it is not concerned with contacts between China and individual EU member states *per se*. Instead the focus is on relations within the widening array of policy fields that EU member states are trying to manage jointly. Member states will only be studied when their actions affect overall China-EU relations.

The cases are selected to cover two crucial dimensions of China-EU relations, namely international trade and security. It is important to include cases from both fields as, in the EU as well as in China, the respective decision making patterns are very different and can provide distinct insights about the management of their interaction. The two cases studied in this research are, first, in the trade policy field, China's quest for recognition as a market economy by the EU, and, second, in the realm of international security, the Chinese initiative to convince the EU to lift the arms embargo that had been imposed in the aftermath of the violent repression of popular demonstrations in China in 1989.

The period covered by the research corresponds approximately to the first Chinese administration under the fourth leadership generation, i.e. from the 16th congress of the

Communist Party of China (CPC) in 2002, when the new top ranks of the party were put under the leadership of Hu Jintao, to the 17th in 2007. Current China-EU relations have experienced continuous development since the early 1990s, and ideally this whole period should have been included in this study through sequences of case studies in the two policy fields. Yet this has not been possible for several reasons. First and foremost, as archives are not accessible, the research is necessarily based mainly on interviews with decision-makers. In this connection the chronically short memory of officials is a significant problem. In addition, due to the usual personnel rotations of all administrative entities it is hard to go back further than roughly five years, as systematically tracing back former holders of specific positions is close to impossible. This means that, given the life cycle of this project, anything before the year 2000 had to be excluded. Unfortunately this implied also the elimination of the interesting case of bilateral negotiations ahead of China's accession to the World Trade Organisation (WTO). Second, this project requires cases in which China is developing and pursuing clear goals in its relations with the EU. However, an active stance in international diplomacy on the part of China is a relatively recent phenomenon. Otherwise, it is much easier to find instances of reactive policy-making, e.g. reacting to outside requests on implementation of WTO agreements, respect for non-proliferation norms, questions of governance in Africa, human rights in China, etc.¹⁷

Aside from being dictated by considerations concerning empirical research, the choice of the period between the 16th and the 17th party congresses has another advantage. It keeps policy-making structures fairly stable on the Chinese side, where leadership transitions are rare (at most every 10 years¹⁸) and bear a risk of uncertainty and disruption. On the EU side, by contrast, where changes in top personnel are a common feature with which outsiders have to deal regularly, it does include the transition from the Prodi to the Barroso Commission in 2004.

For the case studies the main source of empirical data are interviews with policy makers and policy consultants in China and Europe, altogether 18 on the Chinese side and 39 on the EU side. I conducted interviews in Beijing, Shanghai, Berlin, Brussels, London and Paris on various occasions between August 2006 and December 2008. All interviewees were promised anonymity; therefore interviews are codified. What will be quoted is: a) whether the interviewee participates in the Chinese or the EU policy-making process ("China" or "EU");

¹⁷ This view was confirmed by a Chinese interviewee; Interview 5 China, Q2 2007.

¹⁸ Since the beginning of reform and opening up age limits and term limits for officials have been progressively introduced and enforced. The Constitution of 1982, currently in force, sets a limit of at most two five-year terms for both the president and the premier; Constitution 1982, arts.79 and 87.

b) a number that identifies a particular interview; c) the location (city) and period (quarter and year) of the interview. Annex 1 contains an overview of the positions and affiliations of the interviewees.

Aside from interviews, Western media as well as Chinese news sources in English have been used to establish the “skeleton” of the narrative, like dates and topics of diplomatic visits. Lastly, both Western and Chinese publications on China-EU relations help the analysis, in particular insofar as perceptions of issues or of the respective counterparts are concerned.

0.6 Methodological Considerations

The case studies will follow the basic logic of Alexander L. George and Andrew Bennett’s “structured, focussed comparison” in that they are based on “general questions that reflect the research objective [...] asked to each case under study [...] making systematic comparison and cumulation of the findings [...] possible” and deal “only with certain aspects of the historical cases examined.”¹⁹ For the sake of comparison and cumulation George and Bennett emphasise the need to “identify the universe – that is, the class or subclass of events – of which a single case or a group of cases to be studied are instances.”²⁰ The cases studied for the present research are all specific instances of Chinese interactions with the EU. These latter are a subclass of two larger groups: one that includes all interactions of outsiders with the EU, another that covers all interactions of China with other main actors of international relations, i.e. states and international organisations. These two groups in turn are both part of the universe of all interactions among such actors.

After placing the cases under study so neatly into a larger order, I should add a cautionary note. It has been argued that cases are largely constructed by the researcher; that they are not to be found by simple observation as part of a pre-existing universe of similar phenomena.²¹ In fact, to a large extent “cases are ‘made’ by invoking theories, whether implicitly or explicitly, for justification or illustration, in advance of the research process or as its result,”²² and “[t]he universe is inferred from the case.”²³ This does not mean that it is not useful to classify cases, which can help to point to other potential objects of research along

¹⁹ George and Bennett 2005, p.67.

²⁰ George and Bennett 2005, p.69.

²¹ Ragin 1992, pp.4 and 7.

²² Walton 1992, p.121.

²³ Walton 1992, p.126.

similar lines, possibly even in a comparative perspective. But one needs to be aware that “general questions” and “theories” may work very differently when put in a different context, and cases that appear comparable at first sight make take very different shapes.

Although the cases under study belong to the universe of all interactions among international actors, it is important to stress that the analysis does not target states or international organisations as unitary actors but rather the level below them. From a conceptual point of view, this research concentrates on the interaction between the various entities in the administrative structures of different international actors. I will refer to this as transnational bureaucratic interaction. In this, the word “bureaucratic” is used only to emphasise the focus below international actors, on administrations or bureaucracies, and does not imply any type of judgement or interpretation.

Accordingly, the units of analysis are individual decision-making units, which I will term “bureaucratic agents.” They may include, for example, ministries of involved states, Directorate-Generals of EU institutions, as well as smaller units, like departments, directorates, etc. or even individuals in influential positions, whenever they play a meaningful and traceable role in the decision-making process. The emphasis here is on meaningful *and* traceable. In the case of the EU, the attempt to decompose systematically bureaucratic entities into smaller units, as long as they have some potential significance in relations with China, would not only lead to a confusing number of actors, it would also result in insuperable problems for empirical work. Therefore the degree of detail will depend, on the one hand, on the requirements resulting from the concrete interpretative context, on the other hand, on the limits imposed by the constraints of empirical research.

How will the cases be studied? Most methodological literature distinguishes between nomothetic and ideographic case studies, of which the former seek to apply or develop general laws that are valid across time and space while the latter follow a narrative, case-specific approach.²⁴ On the continuum between these two ideal-types, approaches close to the nomothetic ideal type are not practicable for the purposes of this research. First, since the modalities of engagement between the administrations of different international agents have hardly been theorised so far, there is no theory from which to start deriving testable hypotheses that could be verified empirically, or falsified in the Popperian sense,²⁵ or that would allow for the comparison of “observable implications” of theory with empirical

²⁴ The dichotomy is discussed explicitly in Elman and Elman 2001, p.13; for other typologies see for example George and Bennett 2001 and 2005, Hall 2006, or also Abbott 1992.

²⁵ See Popper 1935 and 1999.

observations.²⁶ Second, a thorough explanation of the concrete modalities of China's interaction with the EU, or any other set of interactions between international actors, cannot be based on any single general theory. At best such a multifaceted problem would require a large group of theories – which would defeat the entire purpose of deductive method.

The problem is that while literature on methods for social sciences often lists many different kinds of case studies, usually only methods for the nomothetic type are discussed in any depth.²⁷ Therefore I propose a new approach that is somewhere halfway between nomothetic and ideographic ideal types.²⁸ I introduce a general analytical framework that identifies several dimensions of analysis and proposes a number of theoretical tools for each of them.²⁹ From this framework it is not possible to derive testable hypotheses or precise predictions since its different elements allow for far too many possible combinations. Yet it does allow me to organise the analytical account, to state assumptions explicitly that would be implicit in a pure narrative, and to avoid too “thick” a description.³⁰ The theories it refers to serve mainly heuristic purposes in an otherwise hermeneutic undertaking aimed at understanding in the Weberian sense.

This approach allows for a coherent tracing of the relevant processes over time and the identification of turning points, a kind of process-tracing somewhere close to what George and Bennett call a detailed narrative,³¹ yet more selective as a result of the framework. At the same time, it also maintains a certain flexibility, i.e. it is possible to fit in factors of which the importance only emerges in the course of the case analysis. This reduces the probability of leaving out any crucial factors simply because one is wearing the wrong “analytical glasses”. Lastly, the new approach also facilitates comparison and cumulation in the sense of George and Bennett.³²

²⁶ King, Keohane, and Verba 1994, p.46.

²⁷ See, for example, George and Bennett 2001 and 2005, chaps. 4 and 6, as well as Hall 2006.

²⁸ Amenta 1991 elaborates an approach that would also fit in somewhere between the nomothetic and ideographic extremes. It is based on elaborating ideal-types from competing theories which are then compared with empirical observations. In the present case it is the lack of existing theories that makes this approach difficult to apply.

²⁹ This framework has been introduced in section 1.3 above and will be discussed in further detail in chapter II.

³⁰ This use of the general theoretical framework may recall the concept of a “paradigm” in Robert K. Merton's definition, of which the function is to set out “central concepts and their interrelations” and to avoid “importing hidden assumptions and concepts”; Merton 1968, pp.12-14.

³¹ George and Bennett 2005, pp.210-212.

³² In George and Bennett's typology the approach proposed here would probably be closest to “heuristic case studies”; George and Bennett 2005, p.75.

0.7 Conclusion

This introduction has outlined the basic *problématique* underlying this research, i.e. analysing and explaining the modalities of China's engagement the EU, and the question it seeks to answer, on how outsiders deal with the EU, on how Chinese foreign-policy makers manage complex diplomatic challenges, and, at a more theoretical level, on the interaction between international actors. It has summarised the relevance of these questions, an issue that will come up again in various chapters of this thesis, and introduced the analytical framework. Over the last few pages, it has then discussed the research design and some methodological issues.

The first chapter will further elaborate the general analytical framework presented above, while chapter II will discuss how China, the EU, and China-EU relations fit into it. This will also be an opportunity to introduce in detail the three processes that make up the three dimensions of this framework and, in their interaction, define the patterns of China-EU engagement, namely the Chinese and EU foreign-policy processes as well as the dynamics of direct transnational bureaucratic interaction. Chapter III will then present an historical overview of China-EU relations, with special attention to the issue-areas this research is focussing on, international and security. The two case studies, the question of China's market economy status and the issue of the EU's arms embargo against China, will then be treated in chapters IV and V. Lastly, I will draw the general conclusions from this research.

PART I: The Framework of Analysis

Chapter I. Foreign Policy Making and Interactive Dynamics – Towards a New Analytical Framework

The previous chapter has already pointed to the fact that this research on China's engagement of the EU has more general implications. In fact, if the cases selected for this research are part of a wider universe of cases, then one may enquire about the interactions between any two (or maybe even more) international actors, i.e. states and international organisations, with similar questions as those asked here about China and the EU. Which units and persons in the US administration engage with whom in the Russian government? How do they interact, and what explains this interaction? By which channels do Iranian authorities connect with the UN and its specialised agencies? How does this affect their capacity to reach certain foreign-policy goals?

Some international relations literature has prepared the ground for this kind of enquiry or moved close to certain related issues. Yet so far there is no single theory that can grasp the core of the problem and provide any direct answers to such questions. Therefore, the goal of this chapter is to develop a general framework for analysing transnational bureaucratic interaction. The first section below will discuss the potential value and the limits of a number of existing theoretical approaches that may appear promising for this research. The second section will then combine some of them into a new analytical framework.

1.1 Existing Approaches to Bureaucratic Interaction and Their Limits

Interactions among the different players on the world stage are one of the key concerns of international studies and have been at the core of much scholarly research. Systemic analyses of international politics,¹ most prominently Kenneth Waltz's neo-realism,² writings on strategic interaction, deterrence, and the influence of mutual perceptions,³ the body of literature that analyses strategic interaction through the use game theory,⁴ structural realism and regime theory,⁵ etc. – they all deal, in one way or another, with the various aspects of

¹ See for example Deutsch 1968, Rosecrance 1977.

² Waltz 1979,

³ See for example Schelling 1966, Jervis 1982-83, or Thies 1980.

⁴ See for example Axelrod 1984.

⁵ See for example Krasner 1983, Keohane 1983 and 1984.

interactions among international agents, most prominently states. Yet in all this, one particular aspect has been largely neglected: the patterns of transnational bureaucratic interaction. Who are the personalities or ministries on each side involved in Schelling's "diplomacy of violence"?⁶ Beyond the factors that lead to a "demand for international regimes,"⁷ which entities of the participating states cooperate to create the regime and how?

1.1.1 Foreign-Policy Analysis

The idea that many groups within an international agent participate in the making of policies towards the outside, implicit in all questions above, stems from the literature on foreign policy analysis. This line of research originated in the 1950s,⁸ arising from the study of public policy as a criticism of what was perceived as an overemphasis of the unitary state in realist writing on international relations, and with a focus on the decision-making process below the aggregate level of the state.⁹ Academic interest in the decision-making approach to foreign policy, in particular efforts on "comparative foreign-policy analysis", remained strong until the late 1970s,¹⁰ before it diminished considerably during the 1980s. In the course of the 1990s, enquiries about the foreign policy of the EU pushed towards a revival of the approach,¹¹ and more recently general interest has resurged.¹² Without dwelling on the many different approaches, theories, and interpretations, what unites most of these writings is their basic view of the foreign-policy process. Put simply, in the universe of the foreign-policy analyst, inside any one international actor, public decision-making units cooperate and compete in making policies towards another agent on the outside, under the constraint of public opinion, and with private entities trying to influence this process or even directly taking part in it.

From recognising that there are numerous entities involved in the shaping of relations with the outside, it is but a small step to acknowledging that each of them separately maintains contacts with counterparts in other international actors. In foreign-policy analysis,

⁶ Schelling 1966, p.34.

⁷ Keohane 1983, p.142.

⁸ One of the earliest works is Snyder, Bruck and Sapin 1954.

⁹ For a description of the origins of foreign policy analysis in the study of public policy see Kessler 2002. For an insightful comparison between foreign policy analysis and the different strands of realism, see Guzzini and Rynning 2002.

¹⁰ Some of the major publications are Frankel 1963, Allison 1969 and 1971, Rosenau 1967, 1971, and 1974.

¹¹ See for example Hill 1993, Peterson and Sjursen (eds.) 1998, White 2001.

¹² See for example Charillon (ed.) 2002, Hill 2003.

the phenomenon of transnational bureaucratic interaction has not gone entirely unnoticed, yet surprisingly little efforts have been made to extend research in this direction. Guillaume Devin is among the few to comment on this, pointing out that foreign ministries still play a key role in defining foreign policies, but they have many contenders nowadays, as most other branches of the executive manage “their own” international relations.¹³ In his view, this corresponds to a historical trend of the 20th century that has seen ministries developing greater activities in the international sphere, heads of state or government engaging more and more in summit diplomacy, and even sub-national entities like regions or provinces establishing contacts across borders.¹⁴ The idea of a multiplicity of foreign relations also shines through indirectly in Christopher Hill’s definition of foreign policy as “the *sum of official external relations* conducted by an independent actor (usually a state) in international relations.”¹⁵ And he states explicitly that while foreign ministries “try to achieve the status of gatekeeper and clearing-house, in practice they have to accept a great deal of parallel diplomacy on the part of colleagues in ‘domestic’ ministries.”¹⁶

Beginning from these affirmations, could theories of foreign-policy analysis not constitute a good starting point to set up a parsimonious theoretical framework for the present research? This answer is no. Even if some authors in this field admit the existence of multiple connections between the administrative structures of different international actors, the focus of foreign-policy analysis remains on decision-making processes *within* a certain international actor. Similarly, when transnational phenomena are acknowledged, they are understood as factors in this *internal* process, or as constraints on the policy-making activity of bureaucratic agents.¹⁷ The present research has to consider such internal processes of foreign-policy making for both involved international actors, i.e. China and the EU, yet at the same time it needs to account for independent dynamics of direct interaction between bureaucratic agents from both sides. This is something related to, and to some extent resulting from, their decision-making structures but essentially outside of them, with a logic of its own, and beyond the reach of the conceptual tools of foreign-policy analysis. This idea is different from

¹³ Devin 2002, p.219.

¹⁴ See on this Devin 2002, 219-222.

¹⁵ Hill 2003, p.3, my emphasis.

¹⁶ Hill 2003, p.4.

¹⁷ See Hill 2003, chap.8., especially pp. 204-207 on types of relationships between states and transnational actors.

analysing outside actors as exogenous constraints on the decision-making process, as is done by some authors.¹⁸

Foreign-policy analysis has led to insights that can be considered pre-conditions without which it would not be imaginable to ask the questions that are being asked here. At the same time, some of the findings on foreign-policy making are useful for certain dimensions of the present research, and will be discussed more in detail in the following section. Yet foreign-policy analysis by itself is not enough to serve as a general analytical framework.

1.1.2 Strategic Choice

Another approach that at first sight appears promising with regard to the present endeavour is the strategic-choice approach, rooted in the literature on strategic interaction already quoted at the beginning of this section.¹⁹ According to David A. Lake and Robert Powell, it is based on “a vision of international politics as strategic interaction of actors,” whereby “[a] situation is strategic if an actor’s ability to further its ends depends on the actions others take.”²⁰ This matches the sensibility of the present research to the interactive aspects of international politics. In addition the strategic-choice approach seems compatible with a focus on actors below state-level, as the authors state that “[n]o single level or set of political actors is likely to be everywhere and always helpful in understanding international phenomenon [sic]” and therefore “intentionally leave open the question of whether individuals, groups, states, international organizations, or other entities are appropriate actors in theories of international politics.”²¹

The problem of this paradigm is that, beyond the general flexibility as to the level of analysis, it is based on rigorous rational-choice theorising and modelling. Lake and Powell initially adopt a moderate perspective on this: “Like other rational-choice analyses, the strategic-choice approach assumes that actors make purposive choices, that they survey their environment and, to the best of their ability, choose the strategy that best meets their subjectively defined goals.”²² It is easy to agree with this intuitive view of actors’ behaviour. In fact, one might wonder to what extent such a general statement is meaningful at all. Yet,

¹⁸ Such an approach is taken, for example, in Papadakis and Starr 1987; for a more technical model of foreign constraints on foreign policy making see Wittkopf and Dehaven 1987 in the same edited volume.

¹⁹ Elaborated in the edited volume Lake and Powell 1999.

²⁰ Lake and Powell 1999, pp.7-8.

²¹ Lake and Powell 1999, p.16.

²² Lake and Powell 1999, p.7.

from this simple starting point, Lake and Powell develop strong assumptions that make the strategic-choice approach inadequate for this study of transnational bureaucratic interaction.

First, they emphasise the basic need to distinguish between actors and their environment and assume the two to be “analytically separable.”²³ For them, the environment consists of “*actions* available to actors” and “an *information* structure that defines what the actors can know for sure and what they have to infer, if possible, from the behavior of others”, whereas the attributes of actors are “*preferences*, defined simply as how they rank the possible outcomes defined by their environment” and “prior *beliefs* about the preferences of others.”²⁴ I contend that it is problematic to assume sets of actions and an information structure to exist independently from actors. In a complex context of interaction, like for example between the various units of two different administrative structures, available actions are virtually infinite and information is essentially subjective, not objective. Second, the classical assumption, taken up by Lake and Powell, of “complete and transitive preferences”, meaning “that actors can rank order the possible outcomes of known actions in a consistent manner”, is also problematic.²⁵ Policy alternatives are complex and not always mutually exclusive, and as a result it is difficult and often impossible to identify and rank order outcomes. Lastly, despite the flexibility as to the level of analysis, the strategic-choice approach requires to focus exclusively on the actor at the chosen level and to assume all activity below to be only within this actor.²⁶ This kind of “boxing” is not useful when transgovernmental interactions at different levels, e.g. top leaders as well as decision-making units within the administration, are equally meaningful.

To be fair, some of the assumptions of the strategic-choice approach may become helpful when accounting for “snapshots” of transnational bureaucratic relations, specific situations at a given point in time when actors and their environments appear clearly separate, when paths of action seem finite, etc. And under such circumstances, the analysis in the empirical chapters of this study may indeed adopt a language akin to that of rational-choice analysts. However, sensitivity to changes over time is a key feature of the process-tracing method used in this research, which makes many of the assumptions of the strategic-choice approach too simplistic. With regard to changes over time, the perspective adopted in this research is close to historical institutionalism, which emphasises time as an explanatory

²³ Lake and Powell 1999, p.11.

²⁴ Lake and Powell 1999, pp.8-11; original emphases.

²⁵ Lake and Powell 1999, p.7.

²⁶ Lake and Powell 1999, pp.14-16.

factor.²⁷ The emphasis of historical institutionalists on unintended consequences is also in line with the critique of the strategic-choice approach in the previous paragraph²⁸. Yet in the case of China-EU relations, the very limited institutionalisation of interactions excludes historical institutionalism as a strong candidate for developing a theoretical framework.

1.1.3 Two-Level Games

For the analysis of interaction between administrative entities of two international agents, the double constraint of two domestic policy-making processes on an international phenomenon may recall the literature on two-level games.²⁹ The original two-level games approach focuses on the substance of international agreements and how well it matches the preferences of those domestic political players who have to ratify the agreement. Put simply, the logic of two-level games posits that the outcome of an international negotiation (“level I”) can only become effective if it is a “win set” within the domestic political arena (“level II”) of each of the participating states. International negotiators are playing simultaneously two games, one international and one domestic. The goal of this approach is to explain international bargaining outcomes that seem implausible from a purely international, i.e. “third image,” perspective through reference to domestic constraints, i.e. the “second image.”³⁰

But the two-level games approach cannot fit the purpose of the present research either. There are several reasons for this. First, while literature using this framework is sensitive to the role played by public and private sub-state entities, in various fora, and including side-payments, it does not account for their transnational ties.³¹ Instead, it tends to use simplified models of international interaction. In Robert Putnam’s original article, for example, the point of encounter between two states is the negotiation and nothing else, i.e. the only interaction he sees is between chief negotiators.³² This makes sense given the focus of this approach on explaining substantial outcomes from international negotiations but does not match the goal of explaining transnational bureaucratic interaction. Second, it is virtually impossible to adjust the two-level games approach in order to use it to explain the multiple channels interaction

²⁷ See Pierson and Skocpol 2002 as well as Pierson 1996 and 2003.

²⁸ Pierson and Skocpol 2002, p.708.

²⁹ In particular Putnam 1988 and the contributions to Evans, Jacobson and Putnam (eds.) 1993.

³⁰ See Moravcsik 1993, in particular pp.5-17.

³¹ Good examples for coverage of various actors and fora are Eichenberg 1993 and Oddell 1993.

³² Putnam 1988.

between the administrative structures of different international actors. The interests of entities involved in decision-making are far more diffuse on the process of interaction than on the substance of a negotiation. The choice of who to bargain with and how has a far less direct effect on any actor within the concerned polities, neither in relative (i.e. power) nor in absolute (i.e. distributional) terms. As a result, the central notion of “win set” is hard to operationalise. Lastly, for the specific agents chosen for this research, in particular the EU but also China to a certain extent, the neat division of the game into two levels does not match the real nature of the policy making processes. If one wanted to adjust the model it should be extended to a far more complex multilevel game.³³

In summary, while the two-level games approach focuses on explaining the substantial outcome of international negotiations, the present research wants to account for the modalities of transnational bureaucratic interaction. The substantial issues at stake matter only to the extent that they have an impact on these modalities, and insofar as I draw conclusions on the impact of the type of engagement on final outcomes (i.e. whether a foreign-policy goal is achieved or not). This means that the models and concepts of two-level games are not compatible with the goals of this research.

1.1.4 Literature on Transnational Relations

Despite substantial research on transnational relations and interdependence since the 1970s,³⁴ very few scholars have treated the question of transnational relations between units of different governments. Two noteworthy exceptions will be discussed here: first, the work by Robert O. Keohane and Joseph S. Nye on “transgovernmental” relations;³⁵ and, second, Anne-Marie Slaughter’s more recent research on transnational “government networks.”³⁶

Keohane and Nye focus directly on the interaction between the administrative structures of different international actors. They start from the observation that “bureaucracies find that to cope effectively at acceptable cost with many of the problems that arise, they must deal with each other directly rather than indirectly through foreign offices.”³⁷ As a result there are

³³ On “multi-level games” see for example Collinson 1999.

³⁴ See for example the special issue of *International Organization* on “Transnational Relations and World Politics”, edited by Keohane and Nye 1971, Keohane and Nye 1977, Rosenau 1980, Rosenau (ed.) 1989, or Snidal 1981.

³⁵ Keohane and Nye 1974 and 1977, especially chaps.2 and 7.

³⁶ See Slaughter 2004.

³⁷ Keohane and Nye 1974, p.42.

multiple transnational connections, or for Keohane and Nye “transgovernmental relations”, which they define as “sets of direct interactions among sub-units of different governments that are not controlled or closely guided by the policies of the cabinets or chief executives of those governments.”³⁸ They distinguish two types of transgovernmental cooperation. First, there is “transgovernmental policy coordination,” i.e. “simply informal communication among working level officials of different bureaucracies.”³⁹ Second, “transgovernmental coalition building” means that “sub-units build coalitions with like-minded agencies from other governments against elements of their own administrative structures” in order to improve their chances of success in influencing decision-making.⁴⁰ From this distinction the authors move on to the main topic of their article, namely to show the political significance of international organisations in the context of transgovernmental relations.

The present research does not deal with the role of international organisations, but nevertheless Keohane and Nye’s discussion of transgovernmental relations contains a lot of useful elements for the explanation of transnational bureaucratic interaction between international actors. In fact, their notion of transgovernmental relations targets the same phenomenon as the notion of transnational bureaucratic interaction in this research. When developing a new analytical framework in section 2 of this chapter I will get back to some of their points. Yet again, taken by itself, this approach is not sufficient as a framework for my purposes here. First, Keohane and Nye’s framework only covers “the relatively autonomous activities of the lower-level bureaucracies as opposed to those of top leadership”, as they regard the latter as cases for the “state-centric model whose inadequacies we are criticizing.”⁴¹ In my view, top leaders do not necessarily need to be considered as perfectly representing a certain international actor or as fully summarising it in their person. Such a perspective may be adopted, and for good reasons, by researchers who choose state-centric models – yet they would most likely interpret statements and actions by many other decision-making units in a similar fashion. Yet for the present purposes, top leaders, like lower level bureaucracies, should be seen as units in a decision-making structure. Since they are highly influential in policy making and since their relations with foreign counterparts may have particularly strong repercussions on the overall pattern of interaction, they cannot be neglected.⁴² Second, although Keohane and Nye admit that transgovernmental relations may also include important

³⁸ Keohane and Nye 1974, p.43.

³⁹ Keohane and Nye 1974, p.44.

⁴⁰ Keohane and Nye 1974, p.44.

⁴¹ Keohane and Nye 1974, p.43-44.

⁴² In this sense my notion of transnational bureaucratic interaction is a little larger than Keohane and Nye’s transgovernmental relations; nevertheless, the two concepts will be used interchangeably throughout the thesis.

episodes of conflict, they only consider cooperation.⁴³ My goal is to trace the patterns of transnational bureaucratic interaction, which means I cannot disregard conflict. To the contrary, insofar as this research is sensitive to variation over time, conflict may be of particular importance in explaining change. Lastly, the types of transgovernmental relations suggested by Keohane and Nye concern certain instances of interaction between specific administrative entities. The emphasis in this research is, however, on the general modalities of bureaucratic interaction. This larger issue cannot be tackled with the framework suggested by Keohane and Nye.

Slaughter describes two types of governmental networks, horizontal and vertical ones. The horizontal ones are “links between counterpart national officials across borders”⁴⁴ and take three major forms. First, “[h]orizontal information networks [...] bring together regulators, judges, or legislators to exchange information and to collect and distill best practices.”⁴⁵ Second, “[e]nforcement networks typically spring up due to the inability of government officials in one country to enforce that country’s laws.”⁴⁶ Third, “harmonization networks [...] bring regulators together to ensure that their rules in a particular substantive conform to a common regulatory standard.”⁴⁷ Vertical networks, by contrast, are “those between national government officials and their supranational counterparts,”⁴⁸ which can be divided into vertical enforcement and information networks.⁴⁹ Slaughter does not provide an abstract analysis of the emergence of such networks. In fact, after a reference to the article by Keohane and Nye discussed in the previous paragraph she adds that her point “is not so much to ‘discover’ government networks” but rather “to point out their proliferation in every place we have eyes to see, if only we use the right lenses.”⁵⁰

Conceptually, Slaughter’s government networks fit into the logic of transgovernmental relations in the sense of Keohane and Nye: they can be considered instances of transgovernmental policy coordination and may possibly even lead to coalition building. Yet Slaughter’s approach is more limited than that of Keohane and Nye. They start from a political logic in which actors cooperate depending on their positions, interests, habits, and convictions. What can I do? What do I want to do? What are the others’ interests? What do I believe in and who do I trust? Should I change anything? Slaughter, by contrast, follows a

⁴³ Keohane and Nye 1974, p.44.

⁴⁴ Slaughter 2004, p.13.

⁴⁵ Slaughter 2004, p.19.

⁴⁶ Slaughter 2004, p.19.

⁴⁷ Slaughter 2004, p.20.

⁴⁸ Slaughter 2004, p.13.

⁴⁹ Slaughter 2004, pp.21-22.

⁵⁰ Slaughter 2004, pp.10-11.

largely functional logic, in which a shared goal, like better enforcement, information, or harmonization, brings officials from different international agents together, because it cannot be reached alone. In fact, some of her examples look like classical cases of neo-functionalist spill-over,⁵¹ e.g. when occasional meetings of central bankers give rise to networks first and then to formal international organisations.⁵²

This means functional networks in Slaughter's sense, like Keohane and Nye's approach, need to be kept in mind when developing a new conceptual framework in the following section. Such networks are a reality of transnational bureaucratic interaction and may be important in determining who interacts with whom. Yet this concerns only a very particular aspect, and it does not match the explanatory richness of Keohane and Nye's approach.

1.2 Outlining a New Approach

Given the absence of meaningful strong theories for the purpose of this research, I will now develop a new conceptual framework that is intended to give structure to the research, to indicate promising explanatory variables and causal mechanisms, and to provide for conceptual coherence in making assumptions explicit. In order to render the highly complex reality of transnational bureaucratic interactions more accessible I propose two simplifications. First, the interaction will be portrayed as having a direction at the outset: international actor A implements an initial pattern of engagement towards international actor B; this is then conditioned by the reception it receives from the bureaucratic agents of B. Subsequently there may be repeated stimulus-feedback cycles between the two. Obviously, this is not a realistic representation of the development of transnational bureaucratic interaction, but it is useful for heuristic purposes. Second, this framework concentrates on specific policies and how transnational bureaucratic interaction evolves in their pursuit. It would be impossible to account in general for all interactions between two international actors. Not only are interactions at various levels of administrations too numerous, happening at the same time on many issues in various venues, to be traced consistently, many of them are also virtually invisible, even to the eyes of the close observer. Policies that fit this purpose must have vectorial characteristics, i.e. not only have a substance but also a clear direction, developed by A and targeted at B.

⁵¹ See Haas 1958, p.297; Haas 1961, pp.372, 377-378; Haas 1964, p.48.

⁵² See Slaughter 2004, chap. I.

These simplifications allow me to distinguish three processes in order to explain the modalities of transnational bureaucratic interaction (see Fig.2.1). First, there are two policy-making processes. One determines the goals international actor A is pursuing towards the outside and how it wants to engage international actor B for that end, while the second one shapes the response by B to this engagement. The third process concerns the independent dynamics of direct interaction between bureaucratic entities on both sides, which also shape the modalities of interaction.

Fig. 2.1: Analytical Framework		
	Substance:	Theoretical tools:
Process I	<u>Decision making in agent A:</u> leads to policy towards agent B, incl. an initial approach of bureaucratic actors in B's foreign policy apparatus.	<u>Foreign policy analysis; in particular:</u> Organisational process model (Allison) Bureaucratic politics model (Allison)
Process II	<u>Decision making in agent B:</u> Determines how A's policy is received, and possibly modifies A's initial approach into a new pattern of bureaucratic interaction.	<u>Foreign policy analysis; in particular:</u> Organisational process model (Allison) Bureaucratic politics model (Allison)
Process III	<u>Dynamics of direct bureaucratic interaction:</u> Decides whether and how well involved bureaucratic entities on both sides can cooperate.	<u>Match vs. mismatch in preferences and perceptions:</u> Previous experience of cooperation Preferences, worldviews (Keohane and Nye) Personal relations between top officials Mutual perceptions, issue perceptions Governmental networks (Slaughter)

The following sub-section will discuss the definitions and roles of international actors and bureaucratic agents in this analytical framework. Then I will turn to the three processes, i.e. introduce the two policy-making processes in the second sub-section, and lastly present the independent dynamics of direct bureaucratic interaction.

1.2.1 International Actors versus Bureaucratic Agents

Without further justification, the discussion so far has been based on the distinction between, on the one hand, states and international organisations, which I refer to as international actors, and the decision-making units within their administrative structures, termed bureaucratic agents. *Prima facie*, this appears like a straightforward and unproblematic approach, but a closer look reveals a number of thorny conceptual issues. Both the inclusion of international organisations in the purview of the research and the focus on the activities of administrative entities in international relations indicate a departure from the traditional state-centric vision of world politics. Yet a more flexible definition of actorness necessarily leads to

a great variety of international actors, going beyond states and international organisations, and including among others those administrative sub-units which I call bureaucratic agents. This means in this sub-section I will first need to determine a satisfactory definition of international actorness, second, justify the exclusion of certain actors for the purpose of this research, and, third, provide criteria for distinguishing some others as bureaucratic agents.

(i) A General Definition of International Actorness

That states qualify as international actors is uncontested, and does not need any further discussion.⁵³ They have been, and still are, the key actors in the modern international system. The question is rather: what other types of actor are there, and how can we define a wider notion of actorness? Various general treatments of international relations explicitly acknowledge and discuss the existence of non-state actors, including intergovernmental organisations, national liberation movements, transnational corporations, non-governmental organisations and even public opinion.⁵⁴ Yet efforts at tackling the conceptual challenge of defining international actors so as to account for both states and non-state actors are rare and not always satisfying.

Brian Hocking and Michael Smith discuss the general nature of actorness in international relations and propose three concepts that should allow us “to break away from the rather narrow, state-related criteria of actorness,” namely the degree of autonomy of an entity, the constituencies it represents, and the influence it can exert.⁵⁵ These may be helpful dimensions for understanding and comparing the characteristics of different actors, but it fails to provide clear criteria for what is an actor and what not. Christopher Hill suggests a more specific definition, based on an earlier approach by Gunnar Sjöstedt: “an international actor can be said to be an entity which is (1) *delimited* from others, and from its environment; [...] (2) *autonomous*, in the sense of making its own laws and decisions [...]; and which (3) possesses certain *structural prerequisites* for action on the international level, such as legal personality, a set of diplomatic agents and the capability to conduct negotiations with third parties.”⁵⁶ However, these criteria lead to confusing results. International organisations are, by their very nature, not clearly delimited from their member states and are not fully autonomous, yet it would seem strange to generally deny their actorness on these grounds.

⁵³ See, for example, the discussions of states as main actors of the international system in Merle 1986, chap.1; Merle 1988, part 3, chap.1; Hocking and Smith 1990, chap.3; or Holsti 1992, pp.48-52.

⁵⁴ See for example Merle 1988, part 3, chap.2 and 3; Hocking and Smith 1990, p.70; Holsti 1992, pp. 52-56.

⁵⁵ Hocking and Smith 1990, p.71.

⁵⁶ Hill 1993, p.309, original emphases; see also Sjöstedt 1977, especially chap.3.

Similarly, transnational corporations and nongovernmental organisations do not possess international legal personality but are nevertheless influential actors in certain international contexts.

As an alternative, I suggest a simpler approach derived from the criteria put forward by Charlotte Bretherton and John Vogler. They discuss at length the issue of actorness, and identify a set of five “basic requirements”: first, a “[s]hared commitment to a set of overarching values and principles”; second, “[t]he ability to identify policy priorities and to formulate coherent policies”; third, [t]he ability effectively to negotiate with other actors in the international system; fourth, “[t]he availability of, and the capacity to utilize, policy instruments”; and fifth, [d]omestic legitimation of decision processes, and priorities, relating to external policies.”⁵⁷ Of these, the first and the fifth criterion are not entirely convincing. Shared values and legitimacy are issues *within* an entity, possibly affecting its stability and sustainability over time. Yet their absence does not impede action towards the *outside* on certain issues at a given time.

Therefore I intend to use the three other criteria proposed by Bretherton and Vogler for a general definition of international actorness, applicable to a wide array of entities that are active on the world stage. An international actor then distinguishes itself by its ability to formulate policies towards the outside, the availability of policy instruments, and its capacity to interact with other actors. This definition can cover all types of actors mentioned above, and possibly even more. It could be argued, for example, that it fits all entities of a taxonomy elaborated by James N. Rosenau. He divides actors into two large categories: micro-actors, i.e. individuals, either as members or leaders of a larger group, or as independent actors, and macro-actors, including states, governmental sub-units, all kinds of organisations that go beyond states, the “leaderless public”, as visible in opinion polls or riots, and movements.⁵⁸

(ii) Many Actors, Different Roles

The general definition of international actorness elaborated above entails the question of how to discriminate between all these actors in order to specify the focus of this research. Keohane and Nye propose a taxonomy of “actors in world politics” that can be helpful in that regard.⁵⁹ First, they identify three categories: governmental, intergovernmental, and nongovernmental actors. This means that, despite the departure from a state-centric approach

⁵⁷ Bretherton and Vogler 1999, pp.37-38.

⁵⁸ Rosenau 1990, chap.6.

⁵⁹ Keohane and Nye 1971b, pp.730-732.

to international relations, “it is useful to retain the governmental-nongovernmental distinction.”⁶⁰ Within this taxonomy, the focus of this research, and of the analytical framework, is on the governmental and intergovernmental dimensions. Nongovernmental or private actors only matter indirectly, as environmental factors that constrain public entities.

Second, Keohane and Nye distinguish aggregate actors, like states and international organisations or transnational corporations on the private side, from their respective sub-units. Their roles in world politics are indeed very different. Aggregate actors stand for themselves, representing entire collective entities, made up of a population, member states or even shareholders and business partners. Their sub-units, by contrast, cannot stand by themselves and owe their role in international relations to their being part of an aggregate actor, regardless of whether they pursue their own narrow organisational interests or those of the larger entities they belong to.

States continue to distinguish themselves among the many types of international actors, in that the most elaborate legitimising mechanisms converge on them and in that they dispose of the most remarkable concentrations of coercive power. To some extent, international organisations, as entities founded by states, also benefit from this authority, although they usually do not match states in the scope of their action.

This difference in the quality of actorness between states and international organisations is reflected in international law. Aside from states, international legal personality is attributed to international organisations, yet only to the extent required by the purposes for which they have been established. In the words of the International Court of Justice (ICJ): “Whereas a State possesses the totality of international rights and duties recognized by international law, the rights and duties of an entity such as the Organization [i.e. the United Nations] must depend upon its purposes and functions as specified or implied in its constituent documents and developed in practice.”⁶¹ This means that the legal personality of international organisations is limited, and variable, according to the goals of each specific organisation, and never as complete as that of states. It is important that legal personality, in this sense, is implicit to the functions an international organisation is entrusted with, and it does not have to be spelled out explicitly in the constituent treaty.⁶² Also, it has an objective character, i.e. valid not only for the members of the international organisation in question states but also for outsiders. The ICJ states that “fifty States, representing the vast majority of the members of

⁶⁰ Keohane and Nye 1974, p.41.

⁶¹ International Court of Justice 1949, p.10; the reasoning behind this affirmation is elaborated on pp.9-10.

⁶² Nguyen Quoc, Daillier, Pellet 1999, p.586.

the international community, had the power [...] to bring into being an entity possessing objective international personality.”⁶³ Yet the effective treatment of regional organisations suggests that this has become extendable to other, and possibly all, international organisations.⁶⁴

(iii) Sub-Units as Bureaucratic Agents

The distinction between states and international organisations as aggregate actors on the one hand, and their sub-units on the other, is of crucial importance for my analytical framework. After all, the focus of the research is precisely on the activities of those sub-units and not on the aggregate actors themselves. In order to emphasise this distinction, I have chosen to use the term “international actors” mostly for states and international organisations while the decision-making units in their respective administrative structures are referred to as “bureaucratic agents.” Individual officials, listed separately by Rosenau, can be subsumed into this latter category.

Given that the focus of this research is on bureaucratic agents, one may wonder why aggregate international actors should be of any relevance whatsoever. An easy answer to this would be that the policies of which the implementation gives rise to transnational bureaucratic interaction are attached to aggregate actors. Yet even the policy-making process can be interpreted as rooted in the activities of bureaucratic agents. Aggregate actors nevertheless play a very important role, as they define difference and sameness in transnational bureaucratic contact and are therefore constitutive of meaning in the interaction. World politics swarm with an almost infinite number of bureaucratic agents, yet what determines the meaning of their interactions is their respective belonging to larger international actors. A bureaucratic interaction is of a totally different nature if it is between two departments of two different French ministries rather than between a department of the Italian foreign ministry and the Asia Directorate of the Commission’s DG Relex or between a Chinese and a British unit. This is to say that bureaucratic interaction, for the purposes of this research, is only meaningful once we know that the involved units have different identities, usually as part of distinct international actors.

In the case of states, the identification of the bureaucratic agents is rather straightforward, leading directly to a set of decision-making units within the central

⁶³ International Court of Justice 1949, p.15.

⁶⁴ Nguyen Quoc, Daillier, Pellet 1999, p.587.

government. Geographical entities within a state, like regions or provinces, may very well develop international activities, and may be considered international actors based on the general definition proposed above, yet their role in the making of their state's foreign policies is generally minimal. In the case of an international organisation the situation is more complicated. There are bureaucratic entities, e.g. a secretariat or some specialised agencies, but aside from this, there are only the member states below – who are aggregate international actors themselves.

The question is then whether member states can be considered as bureaucratic agents of an international organisation and therefore units of analysis in the analytical framework I am proposing, or whether I will have to move down to bureaucratic entities below the member states in order to be consistent with regard to the level of analysis. I argue that, for the purposes of this research, member states can be bureaucratic agents and units of analysis, i.e. decomposition into smaller units is not necessarily required – although it may be helpful and insightful in some cases. Whether or not an entity is itself an aggregate international actor does not really matter. It becomes bureaucratic agents as soon as its role in a certain situation is defined by its being part of another such actor, which then constitutes the general context of the interaction that confers meaning, or, put differently, that defines inside and outside. From a more general perspective on the hierarchies of social organisation, one could argue that bureaucratic agency of a social entity is not linked to its qualities as such but results from its relationship with others. This means that the framework could also be applied at lower levels of social organisation, e.g. with regard to the contact between the sub-units of two different ministries in the same state.

1.2.2 Explaining Modes of Engagement and Their Reception

The question is now how to explain, on the one hand, the pattern of engagement, developed by international actor A towards international actor B, and, on the other hand, B's reception and potential conditioning of it. In my framework these are processes I and II. A variety of complex dynamics has to be accounted for. In the easiest case, both engagement and reception may be based on simple routines of the bureaucratic agents in charge. This would be the case, for example, when a trade policy matter is discussed between the competent ministries of two states. But bureaucratic agents may decide to reconsider their routine and develop a new kind of engagement or reception. Also, on both sides, several

bureaucratic agents may be involved, each possibly preferring different types of interaction. And in each administration there may be competition on which entity should be in charge and which diplomatic strategy for engagement or reception to choose.

(i) Organisational Logic and Bureaucratic Politics

In order to analyse the decision-making behind such patterns of engagement and reception, I suggest resorting to a fundamental distinction between two types of mechanisms, proposed by Graham Allison as alternatives to the classical model of the state as unitary, rational agent, summarised in his “Organizational Process Model” and the “Bureaucratic Politics Model.”⁶⁵ The presentation of these models triggered an intensive debate, which inspires foreign-policy analysts until today, and Allison received substantial criticism, some of which will be discussed below. Nevertheless, the two alternative models are useful in that they capture the two basic features of foreign-policy seen as a public decision-making process, or two “fundamentally different constraints on rationality.”⁶⁶

The Organizational Process Model focuses on the organisational routines that constrain the decision-making process, as they result from the “standard operating procedures” of the various entities that make up an administration.⁶⁷ One of Allison’s examples concerns the routines of US reconnaissance flights over Cuba that partly determined when the missile build-up was recognised.⁶⁸ Another example could be the EU’s decision to work towards recognising Mongolia as a market economy. Although no actor in the EU’s foreign policy process is opposed, market economy status has not yet been granted because Mongolia has not been able to provide formal evidence that it conforms to the EU’s criteria for a market economy.⁶⁹ The Bureaucratic Politics Model, by contrast, emphasises the constant bargaining for influence on policy decisions among the many entities within an administration. “The necessary decentralization of decisions required for action on the broad range of foreign policy problems” has the effect that “power is shared” and leads to “bureaucratic politics: bargaining along regularized channels among players positioned hierarchically within the government.”⁷⁰ For Allison the factors determining the outcomes of such bargaining are

⁶⁵ Allison 1969; later elaborated in a monograph, see Allison 1971, as well as the second revised edition Allison and Zelikow 1999.

⁶⁶ Welch 1992, p.118.

⁶⁷ Allison 1969, p.700.

⁶⁸ Allison 1969, pp.703-705.

⁶⁹ Interview EU 20 (Q3 2007); interview with diplomat of an EU member state who has worked on Mongolia prior to China.

⁷⁰ Allison 1969, p.707.

essentially the positions of the persons involved and their personalities.⁷¹ Allison uses the example of the discussions within Kennedy's Executive Committee (ExCom) during the Cuban Missile Crisis, but one could also refer to the fierce bargaining among the Chinese ministries concerned by negotiations towards WTO accession.⁷²

For the purposes of this research, both of these mechanisms can be considered to operate in all phases of decision making, i.e. during the formation of options, the actual moment of decision, and the implementation of the decision. In a review of Allison's models, David A. Welch argues that the organisational model shows how "organizational routines constrain the formation of options" and "how routines affect implementation" but "does not operate at the moment of decision."⁷³ This is definitely true for major foreign policy decisions. The choice of one of the options on the table of the ExCom clearly was not a matter of routine, and neither was the Chinese decision to pressure the EU towards reconsidering its arms embargo on China. Yet with regard to the decisions on who "on the other side" to engage and how, decisions may very well be based on organisational routines, unless of course there is a conscious design of a new approach. For the bureaucratic politics model, Welch recognises that it operates during all three phases of decision making.⁷⁴

(ii) The Degree of Central Control

Both of Allison's models emphasise, in different ways, the divisions within the administrative structure of an international agent. What he neglects, though, is that in addition to these "centrifugal" tendencies, as one could call them, there is a "centripetal" force, represented by hierarchies and central authority. This has also been pointed out by some of his critiques. Welch notes that the presence of clear hierarchies limits the validity of the bureaucratic politics model, in that they reduce the room for bargaining or turn it into competing efforts of persuasion towards the higher ranking official.⁷⁵ He also recalls that routines are not only a negative constraint on decision-making but positive and indispensable tools of governance in complex situations, and that they can be modified, often quickly and effectively.⁷⁶ Stephen D. Krasner points to the great potential influence of the top leadership in the entire process from option formation, to the actual decision and on to its

⁷¹ Allison 1969, p.709.

⁷² See Pearson 2001.

⁷³ Welch 1992, p.117.

⁷⁴ Welch 1992, p.118.

⁷⁵ Welch 1992, pp.132-133.

⁷⁶ Welch 1992, pp.124-127.

implementation.⁷⁷ In his analysis of US politics, the president can modify, and sometimes override, the constraints of both organisational routines and bureaucratic politics.⁷⁸

A good way of combining the centrifugal and centripetal logics and linking them to transnational bureaucratic interaction is proposed by Keohane and Nye. They discuss the influence of “conflict of interest among sub-units” of an administration and “the degree of central control by top executive leaders” on transgovernmental coalition building.⁷⁹ On the one hand, conflict of interest within a certain administration creates motivation for transnational bureaucratic interaction in that it encourages bureaucratic agents to search for allies outside instead of within the administrative structure of their own international actor. In Keohane and Nye’s analysis, for this to happen a bureaucratic agent “must perceive a greater common interest” with a bureaucratic agent of another international actor “than with at least one pertinent agency” within the administrative structure of its own international actor.⁸⁰ On the other hand, executive control determines whether there is the opportunity to engage in transnational bureaucratic interaction. To allow for it to happen “control must be loose enough to permit this perception [of common interest] to be translated into direct [transgovernmental] contacts.”⁸¹

Fig. 2.2 shows this graphically, in a slightly adjusted version of Keohane and Nye’s graphical representation. Moving from the top left to the bottom right quadrant conflict within the concerned administrative structure diminishes and central control increases, which means that both the motivation and the opportunity for transnational bureaucratic interaction decrease, making it less and less likely. In between, and including the bottom left and top right quadrants, there is a zone with an open mix of motivation and opportunity.

The distinction between centrifugal and centripetal forces in policy making and transnational bureaucratic interaction is far more than an analytical technicality and highly consequential. In fact, it points to a profound dilemma that faces virtually any official engaged in interaction with bureaucratic agents of another international actor. As Keohane and Nye put it, “[e]ven in democratic societies, the borderline between legitimate transgovernmental behavior and treason may be unclear.”⁸²

⁷⁷ See Krasner 1972.

⁷⁸ Krasner 1972, p.169.

⁷⁹ Keohane and Nye 1974, p.48.

⁸⁰ Keohane and Nye 1974, p.48.

⁸¹ Keohane and Nye 1974, p.48.

⁸² Keohane and Nye 1974, p.49.

Fig. 2.2:

Administrative structure (AS) and transnational bureaucratic interaction (TBI)			
Degree of conflict among bureaucratic agents	High	AS: policy fragmentation TBI: motivation and opportunity	AS: nationally contained conflict TBI: motivation but no opportunity
	Low	AS: national coalition TBI: no motivation but opportunity	AS: hierarchical structure TBI: no motivation, no opportunity
		Low	High
		Degree of central control within administrative structure	

Adjusted from Keohane and Nye 1974, fig.1, p.49.

This scheme does not pretend to deliver the key to predicting transnational bureaucratic interaction. Its main virtue is to complement Allison's models with the influence of central control. Specific outcomes can only be explained in a detailed analysis of organisational routines and bureaucratic bargaining as well as the precise role of central control. Careful consideration of this latter factor is particularly important since, unlike Keohane and Nye, I include contacts between top leaders in transnational bureaucratic interaction.

In all this there may be important differences between crisis situations and "business as usual." Intuitively, one could suspect that the top leadership becomes deeply involved in all aspects of a certain issue only when it becomes an emergency situation of the highest priority, as for example in the case of the Cuban Missile Crisis which both Allison and Krasner discuss in much detail. Under normal circumstances, by contrast, both organisational routines and bureaucratic politics have a stronger impact. But the logic also works the other way, as Krasner points out: "In crises when time is short the President may have to accept bureaucratic options which could be amended under more leisurely conditions."⁸³ This means that the actual impact of perceived emergency will have to be assessed carefully on a case-by-case basis.

In summary, in processes I and II of the framework, the mechanisms based on Allison's organisational and bureaucratic bargaining logics combine to determine in international actor

⁸³ Krasner 1972, p.176.

A the pattern of engagement towards international actor B, and to shape in B the reception and conditioning of it. In addition to Allison's models, these processes also consider the role of hierarchies and central control, and how they may constrain tendencies towards transnational bureaucratic interaction. It is important to emphasise the validity of these mechanisms for explaining both the pattern of engagement and its reception. Literature in the tradition of foreign-policy analysis has mostly concentrated on the active rather than the passive dimension of foreign policy, i.e. the development of policies *towards* the outside and not the reaction to approaches *from* the outside.⁸⁴ Yet Allison's models are also applicable when analysing the reception of a specific mode of engagement. For example, organisational routines may determine whether a specific issue is dealt with by the diplomat who was first approached or passed on to a colleague, a subordinate or a superior, or possibly even to another ministry. Bureaucratic politics may intervene in determining which ministry will have the honour (the obligation) to be in the press with a popular (unpopular) official visitor. And central control constrains both mechanisms.

1.2.3 Direct Relations between Bureaucratic Entities

Unlike the analysis of decision-making inside international actors discussed in the previous sub-section, this third dimension of the framework, or process III, does not consider the positions and activities of certain bureaucratic actors within their respective polities. It rather takes their direct relations with their counterparts on the outside as a factor explaining the modalities of interaction between international agents.

(i) Preferences, Worldviews and Personal Relations

To get a grip on this complex reality, I will start from Keohane and Nye's treatment of transgovernmental relations, yet without following their distinction between transgovernmental policy coordination versus coalition building. In my view, these are simply different points on a continuum from loose to ever more intensive transnational bureaucratic interaction. In fact, Keohane and Nye themselves state that "transgovernmental policy coordination *shades over* into transgovernmental coalition building."⁸⁵ They also introduce a third kind of transgovernmental relationship, namely "transgovernmental elite networks", a

⁸⁴ Frankel 1963 is an exception in that he distinguishes "initiative" from "reaction" in foreign policy; pp.178ff.

⁸⁵ Keohane and Nye 1974, p.46, my emphasis.

potential result of “widespread” policy coordination, but without much further discussion and without clearly positioning such networks with respect to the other two types.⁸⁶ This indicates that the concentration on these concepts risks to be limiting rather than enriching, even to the point of distorting real phenomena when forcing them into a limited number of specific categories. Instead, my goal is to use Keohane and Nye’s analysis to identify factors that explain why transnational bureaucratic interaction may emerge and intensify at times, or weaken, even to the point of disruption, at others.

Keohane and Nye point out that “bureaucracies find [...] they must deal with each other directly” and that “[c]ommunications among governments increase”, including “direct contacts among officials of what were once considered primarily domestic government agencies.”⁸⁷ “[I]nformal communication among working level officials of different bureaucracies” for them is “the most basic and diffuse form of transgovernmental policy coordination.”⁸⁸ For me this is simply one end of the continuum of increasingly close transnational bureaucratic interaction, and in a way also a precondition for any stronger form of cooperation. What are the factors that make interaction move away from this pole and along the continuum? Keohane and Nye mention the role of “common interest, professional orientation, and personal friendship” in creating transgovernmental elite networks.⁸⁹ This indicates a three factors that promote strengthening transnational bureaucratic interaction, namely shared preferences, matching worldviews, and good personal relations. The perception of overlapping interests can be considered a necessary condition for any strengthening of transgovernmental cooperation. It is obvious that this is facilitated by commonalities in worldviews, i.e. basic “assumptions” including “images of other actors in the world, causal beliefs about how they interact with one another, and prescriptions about appropriate courses of action.”⁹⁰ Equally intuitive is the positive impact of compatible personalities and the resulting constructive dynamics in personal relations. As has already been pointed out above, this includes for this research also relations between top officials, contrary to Keohane and Nye’s view.

In their discussion of transgovernmental coalition building, i.e. particularly close transnational bureaucratic interaction in which “sub-units of different governments [...]

⁸⁶ Keohane and Nye 1974, p.46. Their reference to “transgovernmental elite networks” anticipates Slaughter’s idea of “government networks” developed about three decades later.

⁸⁷ Keohane and Nye 1974, p.42.

⁸⁸ Keohane and Nye 1974, p.44.

⁸⁹ Keohane and Nye 1974, p.46,

⁹⁰ Mowle 2003, p.562.

jointly use resources to influence governmental decisions,”⁹¹ the authors also mention another factor, namely that the bureaucratic agents “must be able to combine their resources effectively.”⁹² At first sight, the condition that “political resources (such as funds, prestige, information, and consent – where required, for instance, by the rules of an international organisation) of actors outside a government must be valuable to at least some actors within it”⁹³ may seem again quite intuitive. Yet at the same time, this is probably the rule rather than the exception. At least if we assume that usually transgovernmental relations, based on matching preferences and worldviews as well as good personal relations, develop between units or persons working on similar issues at similar levels, then the very fact that the counterpart is in the place he or she is in implies a multitude of valuable resources.

So far the discussion has only covered instances of cooperative behaviour. In fact, Keohane and Nye completely disregard discord and conflict.⁹⁴ Yet transnational bureaucratic interaction may very well worsen, and this in function of the same factors that explain their strengthening. Conflicting preferences or worldviews, or problems in personal relations can bring transnational bureaucratic interaction down the continuum towards the simplest forms of communication, or even completely interrupt the relationship. This can initiate a dynamic of changing patterns in transnational bureaucratic interaction as bureaucratic agents start looking for new counterparts in the international actor that is the target of their policy. In terms of the substance of foreign policy such irritations are likely to render reaching the policy target far more difficult. In the worst case, if a relationship is disrupted and no new bureaucratic contact can be established, it may compromise the entire policy.

(ii) The Role of Perceptions

An important element in explaining the modalities of transnational bureaucratic interaction is perceived reality. Keohane and Nye do not treat this explicitly since they concentrate on objective factors, a strategy that promises clearer explanatory statements. Stating that “A and B cooperate because they share the same interests” is more straightforward, after all, than saying that “A and B cooperate because their perceptions of their interests are similar.” Nevertheless, in explaining behaviour of groups or individuals, what shapes decisions about courses of action, such as for example whether or not to interact

⁹¹ Keohane and Nye 1974, pp.46-47.

⁹² Keohane and Nye 1974, p.49.

⁹³ Keohane and Nye 1974, p.49.

⁹⁴ Keohane and Nye 1974, p.44.

with a certain bureaucratic agent of another international actor, are perceptions about objective facts rather than objective facts themselves. This should not be seen to imply that perceptions are necessarily wrong or deviate from objective facts. Perceptions that turn out to be wrong may very well be adjusted, and often perceptions may be close to observable reality from the beginning. But it is important to see that perceptions and objective facts are analytically distinct.

The impact of all factors treated above as determining the evolution of transnational bureaucratic interaction, i.e. the match in preferences and worldviews, the quality of personal relations, and the compatibility of political resources, can all be linked to perceptions. Matching preferences depend on how each bureaucratic agent perceives its own interests and those of its counterparts. Worldviews are entirely about perceptions. And personal relations hinge on the perceptions of a counterpart's personal qualities, like reliability, respect for others, tastes, etc. This shines through when Keohane and Nye talk about the "perception" of common interests,⁹⁵ or when they discuss the negative impact on transnational bureaucratic interaction when "in a xenophobic society foreign resources are heavily devalued, or regarded negatively."⁹⁶

Yet the question of perceptions merits a more thorough discussion. Three types of perceptions can be identified as shaping transnational bureaucratic interaction. First, it matters how bureaucratic agents perceive themselves, their role in the administrative structure they are part of, and the international actor they belong to. This means in particular which role they ascribe themselves not in the formal hierarchy but with regard to their substantial relevance on specific issues, which type of activity they think they are doing, especially whether political, technical or representative, how they feel their role in the administration is perceived by their colleagues in other units of the same administration, and whether they feel underestimated or disrespected by their peers. Second, there are the perceptions of their counterparts, their role in their administrative structure, and the international actor these counterparts are representing. All this influences the factors discussed by Keohane and Nye, i.e. a bureaucratic agent's views on its interests and on the interests of the international actor it belongs to, the perception of overlapping interests with their counterparts, their worldviews, the potential for positive personal relations and whether they perceive political resources as compatible and combinable.

⁹⁵ Keohane and Nye 1974, p.48.

⁹⁶ Keohane and Nye 1974, p.49.

If consideration of these first two types of perceptions is simply a way of getting a more accurate view of the factors proposed by Keohane and Nye and already discussed above, the third type is of a different nature in that it concerns perceptions of issues. Issues can be seen as “particular items over which states negotiate.”⁹⁷ While “it would be a mistake to believe that issues represent fundamental units of international relations which are discrete and clearly defined”, their definition depends instead “on agreement among the states involved.”⁹⁸ This means for instance that in US-EU relations at one time the EU’s Common Agricultural Policy may be an issue while at another the policies on banana imports of the EU become an issue in their own right. The agreement between two international actors on what is an issue in the relations between them does not imply, however, that both sides also share the same views on the nature of the issue. Here one could cite the example of the Iranian nuclear programme. It is beyond doubt that both Iran and the US agree that this is an issue between them, yet for the US it is mostly a matter of regional security and non-proliferation while for Iran sovereignty and national prestige play a considerable role.

For transnational bureaucratic interaction it is crucial how bureaucratic agents perceive the nature of a certain issue as these perceptions are directly linked to the logic the agent follows when trying to solve problems that arise with regard to the issue in question. If bureaucratic agents on both sides share the same issue perceptions they are likely to approach problems based on the same logic. This may facilitate solutions despite differences in interests. By contrast, when there is a mismatch in issue perceptions, the involved entities are likely to approach the issue each with a different logic, communication and mutual understanding will be troublesome and problem-solving very difficult. To illustrate one can think of a trade dispute. If the bureaucratic agents from both sides agree on the purely commercial nature of the problem and that it has to be resolved with reference to WTO rules, their interaction will be different from a case in which one of the two side considers it a political issue that rather than application of rules requires a bargained agreement between the involved parties.

The interplay of issue perceptions in transnational bureaucratic interaction is highly complex and defies any simple classification. Yet for heuristic purposes one can distinguish two dimensions of issue perceptions and from there sketch out some typical interactive dynamics (see fig.2.3). On the one hand, perceptions may vary with regard to the political significance attached to the issue. This can be seen as a continuum between a purely technical

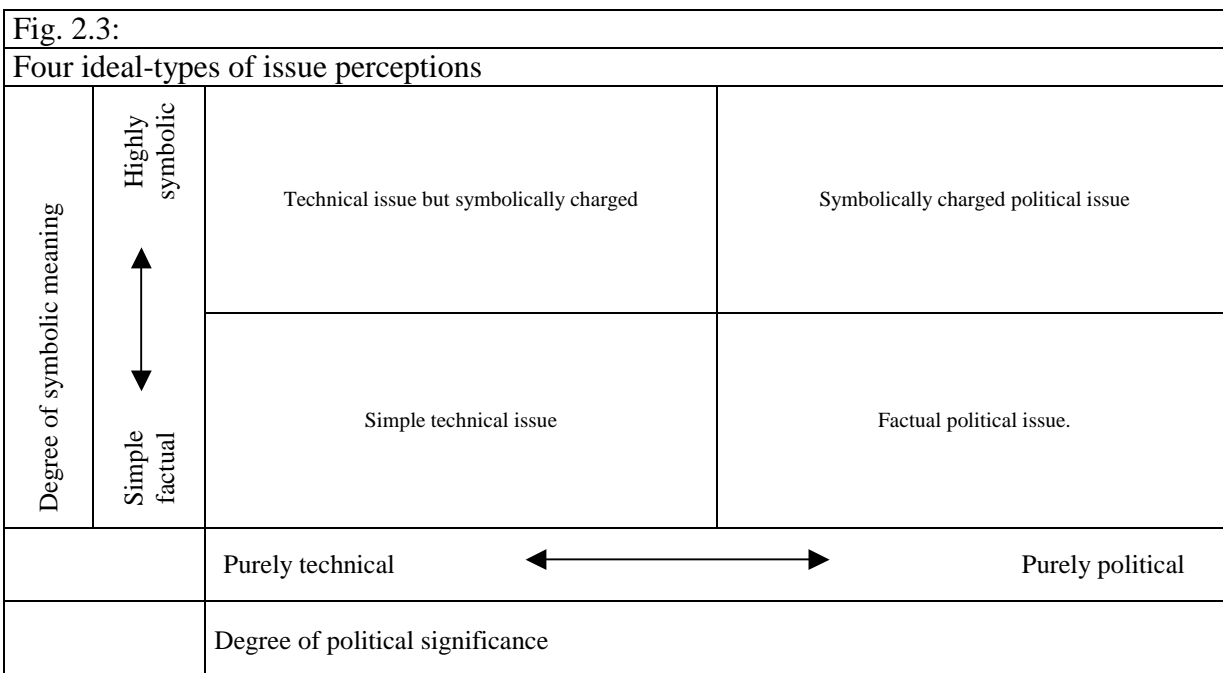
⁹⁷ Snidal 1981, p.35.

⁹⁸ Snidal 1981, p.36.

and a purely political pole. Perception of an issue as technical in nature implies that problems should be solved with reference to generally accepted rules or on the basis of objective expert knowledge. The example above of a dispute considered as commercial in nature and to be resolved through application of WTO rules is a good illustration of this. Another example could be a dispute on territorial waters which is considered of legal nature and therefore submitted to an international court. If an issue is perceived as of a political nature, it means that solutions to problems can be found through bargaining and mutual concessions. An example could be a dispute on territorial waters in which a party sees vital interests at stake and wants to make it part of a larger bargained settlement that balances pay-offs for both sides.

On the other hand, there are the varying degrees of symbolic connotations to an issue, i.e. one can imagine a second continuum between a pole of simple, factual issues and one with a great symbolic charge. The symbolic dimension tends to amplify the interests of involved bureaucratic agents and therefore reduces their readiness for compromise, be it in the context of a rules-based settlement or in a bargaining situation. The integration of the EU air transport market can be taken as an example for a symbolically-charged technical issue.⁹⁹ On the one hand, it is a complex technical process of merging and simplifying regulation in order to allow for profitability, while on the other hand it touches on national prestige since it puts at risk the continued existence of flag carriers, thus complicating and prolonging the entire process. The conflicting claims over islands in the South China Sea can serve as an example of a symbolically-charged political issue. While there may be room for a bargained solution, as the issue is perceived as linked to national sovereignty it is difficult for all parties to agree on compromises.

⁹⁹ See Woll 2006.



How does transnational bureaucratic interaction evolve in case of matching or mismatching issue perceptions by the involved bureaucratic agents? There is no sense in discussing in detail all possible combinations of these different types of issue perceptions, themselves more illustrative than exhaustive. Yet a few general points are in place. If the bureaucratic agents on both sides share the same perception of the issue in terms of its technical versus political nature, they are likely to approach it in similar ways, which is conducive to the continuation and the strengthening of interaction. This means that similar issue perceptions facilitate interaction and cooperation in solving any problems, but it does not imply that cooperation and solutions can be taken for granted. In the case of technical issues, the parties will still have to agree on the applicable set of rules and their interpretation, or bargain a final deal on political issues. If there are divergences as to the technical or political nature of an issue, communication becomes more difficult with growing room for misunderstandings on problem-solving approaches and maybe on the nature of the problems themselves. This is likely to create tensions in transnational bureaucratic interaction, and possibly even lead to the complete interruption of contact between the involved bureaucratic agents.

The situation in which matches or mismatches with regard to the symbolic dimension of issue perceptions occur is harder to summarise. Generally speaking, a situation of few symbolic connotations for all involved bureaucratic agents, or even none at all, is most conducive to smooth transnational bureaucratic interaction, *ceteris paribus*. Symbolic connotations in the perceptions of an issue tend to be culturally determined and case-specific,

which means their effect on interactive behaviour is hard to predict. For sure, they introduce an element of uncertainty in the relationship between bureaucratic agents and increase the likelihood of miscommunication. This implies that, as soon as an issue gains a symbolic dimension, it is better for transnational bureaucratic interaction if this is the case in the perceptions of only one of the involved agents. For example, the interaction of the Chinese and Japanese ministries of foreign affairs on the issue of the contested Diaoyu Island would probably be easier if one side would *not* see it as a matter of indivisible sovereignty and national prestige. Lastly, interaction is generally most difficult if an issue is symbolically charged for both sides, although this may greatly vary depending on degrees and types of symbolism.

In summary, the independent dynamics of transnational bureaucratic interaction depend first and foremost on the factors identified by Keohane and Nye, i.e. the degree of overlap in preferences and worldviews, the quality and potential of personal relations, and the compatibility of political resources when considering closer forms of cooperation. This analytical picture can be completed by linking these factors to perceptions by the involved bureaucratic agents of themselves, the international actor they are part of and their counterparts. Finally, whether transnational bureaucratic ties continue, strengthen, worsen, or are interrupted also depends on matches or mismatches in the perceptions of the issues by those agents. In general, it is most conducive for continued contact if there is agreement on an issue in terms of its technical or political nature, with symbolic connotations as limited as possible.

1.3 Conclusion

In this chapter I first explored a number of existing theoretical approaches for the contributions they can make in answering the questions set out in the introductory chapter. I found that while some do have something to say about certain aspects of this research, none of them can cover all of its aspects. In a second section, I therefore developed a new analytical framework starting from the two most promising approaches discussed in the previous chapter, i.e. foreign policy analysis and the literature on transgovernmental relations. This framework proposes to analyse transnational bureaucratic interaction between any two international actors by distinguishing three separate processes. First, the policy-making process in international actor A determines how its bureaucratic agents initially approach their

counterparts in the administrative structure of international actor B. Second, the policy-making process in B shapes the reception of this initial approach, especially whether it is accepted as it is or transformed. For both of these processes, I suggested to explain the outcomes, i.e. A's initial approach and B's reaction, with reference to three different logics, namely an organisational logic focusing on standard operating procedures, a bureaucratic politics logic that points to bargaining among decision-making units within an administration, and lastly the logic of hierarchy and central control that counteracts to some extent the other two. The third process concerns the independent dynamics of direct interaction between bureaucratic agents of A and B, in particular the continuation, strengthening, weakening or disruption of transnational bureaucratic interaction. Here I concentrate on two logics. First, the matching preferences and worldviews, the quality of personal relations, and compatibility of political resources between bureaucratic agents of the two international actors, and how this relates to their perceptions of themselves, their international actor and their counterparts. Second, I consider a logic of interaction as it results from perceptions of the nature of issues and their match or mismatch between the bureaucratic agents of A and B.

Transnational bureaucratic interaction, or the modalities of interaction between the administrative structures of two international actors, plays a significant role in determining to what extent policy goals can eventually be achieved. It is not the primary goal of this research to explain success or failure in foreign policy, but the following chapters will all try to make suggestions about links between patterns of transnational bureaucratic interaction and performance with regard to the substance of policies. Whether one picks the "right" counterpart or not when initially approaching another international actor may have a decisive impact on the entire policy – just as the reaction by this counterpart may go far in determining which side can further promote its interests. The direct contact between bureaucratic agents also contributes to the shaping of substantial outcomes. Keohane and Nye point out that even rather simple forms of transgovernmental relations may lead to "changes in attitudes" and "will at least marginally change policy and affect its implementation."¹⁰⁰ And they add that "[e]ven where attitudes are not fundamentally affected and no major deviations from central policy positions occur, the existence of a sense of collegiality may permit the development of flexible bargaining behavior in which concessions need not be required issue by issue or during each period."¹⁰¹

¹⁰⁰ Keohane and Nye 1974, p.45.

¹⁰¹ Keohane and Nye 1974, p.46.

Before moving on to the next chapter, it is important to point to the influence of the larger international environment, although it has no direct influence the modalities of interaction between the bureaucratic agents of two international actors. Yet the policy processes of the involved polities and the dynamics of relations between bureaucratic entities may very well be influenced by other international actors and the relations between them. The international environment may influence the making of foreign policy within each polity by changing interests, beliefs, etc., it may affect the ties between decision-making units and individuals by creating norms, supplying (or possibly interdicting) certain venues for encounters, etc. and it may impact perceptions. Albeit indirect, this is an important factor, and the case studies in chapters V and VI will highlight such international influences at various points.

Chapter II. Fitting China and the EU into the Framework

After the more theoretical discussions of the previous chapter, the question arises of how the analytical framework matches the international actors that are the focus of this research and their interactions. Therefore in this chapter I attempt to fill the abstract categories it proposes with substance from what is generally known about foreign-policy making in China and in the EU and about the relations between the two. The goal is to demonstrate the applicability of the analytical framework and its variables and causal mechanisms before moving on to the empirical chapters of the thesis.

The first section below introduces the Chinese foreign-policy process, i.e. process I of the analytical framework, and elaborate how organisational logic, bureaucratic bargaining and the degree of central control shape Chinese approaches of the EU. Due to the opaqueness of decision making in China, I devote substantial space to the identification of the bureaucratic agents involved and their role in the process. The second section will then do similarly for EU foreign policy, or process II of the framework, and try to elucidate the EU's reception of Chinese approaches. As there is some more transparency in the EU's foreign-policy process as well as more previous research available, this section is kept more concise. The third section will consider how process III of the framework, the independent dynamics of direct transnational bureaucratic contacts, may play a role in defining patterns of interaction between China and the EU.

2.1 The Chinese Foreign-Policy Process

For a variety of reasons, it is difficult to understand the nature of the Chinese foreign policy process. First, the political system it is embedded in is relatively young. After the end of imperial rule in 1911, it took almost four decades of revolution and civil war before relative stability returned with the founding of the PRC in 1949. Since then there has been constant tension between institutionalisation and personal rule, with recurrent crises. This means that the political system of the new state could not mature and find a sustainable balance in the decades following its establishment, as has been the case for other states founded after the Second World War, like for example the Federal Republic of Germany. It

was only after the Cultural Revolution, which can be considered a crisis of extreme personal rule, that an evolution began which has led the political system more or less continuously to the present situation.

Second, even these developments of the reform era have been slow, very much in line with Deng Xiaoping's step-by-step approach to reform, as reflected in his quote on feeling the rocks while crossing a river (摸着石头过河 – mōzhe shítou guòhé). This means we are still faced with a system that is to some extent “in the making”, where decision-making processes, including on foreign-policy, are still maturing and sometimes changing. Third, although this evolution of the past 30 years can be considered as having a strong component of institutionalisation, personalities and personal networks still play an important role in Chinese politics, and the course of reform, including in particular the pace and direction of political and administrative innovation, depends largely on which faction manages to have its members in the right places at the right time. Fourth, the Chinese political system is all but transparent.

As a result, apart from referring to literature on the Chinese political system and foreign-policy making, which has difficulties keeping pace with the evolution, it is indispensable to use as many additional clues as possible to get an understanding of the process during the period this research is focussing on. The following sub-sections therefore take some pain in elaborating on the membership of various top decision-making bodies, since this can provide important hints on the relevance of both the organs in question and the persons involved. This is all the more important as the period focussed here, i.e. 2002-2007, begins with a leadership transition, from Jiang Zemin and Zhu Rongji to Hu Jintao and Wen Jiabao as the leadership duo formed by the party General-Secretary and the State Premier.

As China is a state, it is beyond doubt that it qualifies as an international actor in the context of the theoretical framework developed in the previous chapter. Yet with regard to bureaucratic agents, things may look a bit confusing initially, as China is an enormous country where politics happens on many levels, from the centre down to villages. And indeed, the room for external activities by local government, especially provinces, has grown since the beginning of reform policy in the late 1970s. They now play a role in the implementation of certain policies towards the outside, and some of them actively lobby the central foreign-policy apparatus for their preferred policies.¹ However, “the formulation of foreign policy, defense policy, and foreign economic policy still rests with the central authorities.”²

¹ Cheung and Tang 2001. pp.93-94.

² Cheung and Tang 2001, p.97.

Therefore, the focus in the entire section will be exclusively on the central political level in Beijing.

The first sub-section below will give a brief overview of literature on Chinese foreign policy, followed by a general introduction to the institutional structure of policy making in China. I then turn to the bureaucratic agents involved in the making of foreign policy, in particular with regard to the EU. Lastly, I analyse the role of these agents in the foreign-policy processes based on the three dimensions proposed in the analytical framework, i.e. organisational logic, bureaucratic bargaining and the degree of central control. In all this the focus is clearly on the central level.

2.1.1 Studying Chinese Foreign-Policy Making – But Not Towards the EU

If there is a lacuna in the literature on EU foreign policies concerning how outsiders deal with a “big power” EU, and good reasons for choosing China’s policy towards the EU to get a better understanding of the issue, this effort can also close a significant gap in the literature on Chinese foreign policy. Due to the nature of the political system, the making of Chinese foreign policy is particularly difficult to research. Understanding of political processes during Mao Zedong’s lifetime was rather limited, and only afterwards did the beginning of reform and opening up make possible more thorough investigations.³ Throughout the 1990s a growing number of books and articles on the policy processes in China, including on foreign policy, was published, although with a clear dominance by Anglo-Saxon, and in particular American, scholars.⁴ In general, the greater density of China hands in the US than in Europe has led to a more abundant and more informed literature on China-US relations than on Sino-European relations.⁵ With regard to the question of foreign policy processes, this has biased the selection of cases towards those that are significant within transpacific relations rather than for Europe.⁶

This does not mean that there are no writings at all on Sino-European relations – in fact, the next sub-section will provide a detailed review of what has been written on the topic. Also

³ Good examples for thorough post-Mao research include Lieberthal 1984 and Barnett 1985.

⁴ See for example Lieberthal and Lampton (eds.) 1992, and part 1 in Robinson and Shambaugh (eds.) 1994.

⁵ See for example Lampton 2001, Shambaugh 2000 and 2002.

⁶ See for example the contributions to Lampton (ed.) 2001, or also the up-to-date and concrete contributions to the *China Leadership Monitor*.

it would be wrong to think that there is no expertise on Chinese policy processes in Europe.⁷ However, this expertise has not yet been applied to furthering our understanding of how Chinese foreign policy towards Europe is made, and how Chinese decision makers deal with the complexities for European integration.

By contrast, some literature, although limited, does exist on how the Chinese elite perceives Europe. It is mostly based on reviews of open sources. Most noteworthy is the effort by Stefan Friedrich, who reviews all issues of three Chinese academic journals over almost ten years.⁸ Comments by other authors suggest certain changes over time in the perceptions. Initially in the 1980s “China’s leaders consistently over-estimated the trend to unity within the European Community,”⁹ and they expected a united Western Europe to balance not only against the USSR but also against the US.¹⁰ In the early 1990s, it seems that Chinese analysts started to perceive the EU more as a tool of the particular interests of big members, most prominently France before German unification and Germany since then.¹¹ Overall, however, the specific role of these perceptions in the policy making process remains unspecified and unclear.

2.1.2 The Basic Policy-Making Structures in China

Generally the Chinese political system can be divided into three main pillars or “vertical systems:”¹² the Communist Party of China (CPC),¹³ the government or state institutions in general, and the People’s Liberation Army (PLA). Each of these pillars has its own organisational structure, permeating all administrative levels, from the grassroots of Chinese society to the very top. Party and state are often organised in parallel, with organs from each side covering similar functional fields at the same level.¹⁴ In the military, there is a similar

⁷ See in particular publications by Sebastian Heilmann, and contributions to the online working paper series *China Analysis*.

⁸ Friedrich 2000.

⁹ Yahuda 1994, p.267.

¹⁰ Shambaugh 1996, pp.13-14.

¹¹ See Möller 2002, in particular p.19, but also Pillsbury 2002, p.10. For more on Chinese attitudes towards Europe see the literature review in section 2b below.

¹² Lu 2001, p.39.

¹³ In many texts the party is referred to as “Chinese Communist Party” and abbreviated CCP; since this will be used to designate the Common Commercial Policy of the EU I use “Communist Party of China” and CPC instead.

¹⁴ See Heilmann 2004, pp.90-92, especially the graph, p.91.

vertical structure as in state and party, yet with the “military region” as additional level above the province; functionally it is more narrowly focussed on the security sector.¹⁵

(i) Intertwined Systems

CPC, state and PLA are not three separate institutional edifices. Instead, they are tightly and intricately connected, with a pre-eminent role for the party. First, party committees within all state organs can direct activities to a considerable extent and dispose of a *de facto* veto power.¹⁶ This dominance of the CPC with regard to the state is also reflected in the numerous references to the “leadership of the Communist Party of China” in the preamble to the constitution of the PRC.¹⁷ Second, there is an “organizational framework for the exercise of political controls” in the PLA, consisting of “party committees, political commissars, and political departments which run parallel to the military chain of command.”¹⁸ Also, the Law on National Defence of 1997 explicitly places the PLA under the leadership of the party,¹⁹ thus reflecting the party constitution which states that “[t]he Communist Party of China persists in its leadership over the People’s Liberation Army and other armed forces of the people.”²⁰ Third, virtually all top positions in both government and PLA are filled with party members.²¹

In the 1980s, the reformist and liberal-minded state premier and later CPC general secretary Zhao Ziyang envisaged a separation of the party from the state, or at least a strengthening of state *vis-à-vis* party organs, including an effort to emancipate government entities from the dominance of the party committees within them.²² His mentor Deng Xiaoping was not generally opposed to political reforms of this kind, yet his support was lukewarm and not consistent over time, partly because of his misgivings about “bourgeois liberalization,” and partly because he did not want to become too vulnerable to the critique of his reform course by conservative elements within the party leadership.²³ In the end, fairly little of this effort at separating party and state survived the demise of Zhao Ziyang in the

¹⁵ Lu 2001, p.39; Heilmann 2004, pp.156-159.

¹⁶ Heilmann 2004, pp.90-92.

¹⁷ See 1982 Constitution of the PRC, available at <http://english.peopledaily.com.cn/constitution/constitution.html> (consulted 17/08/2009); see also Heilmann 2004, p.75.

¹⁸ Joffe 1999 [in Mulvenon and Yang (eds)], p.40.

¹⁹ Heilmann 2004, pp.153.

²⁰ “General Programme”, i.e. preamble, of the party constitution.

²¹ On concurrent positions and affiliations among the current top leadership, see Miller, H.L. 2003a and 2003b, and Miller A. 2008a and 2008b; see also Table 3.1 below for a summary.

²² On reform efforts in the 1980s see Baum 1993, especially pp. 386-390 and 412-415 on efforts at political reform.

²³ Baum 1993, pp. 390-393 and 406.

context of the repression of 1989. One effect has been a mitigation of the parallel structures of party and state in the field of economic policy where government bureaucracies have become the key decision making units.²⁴ At the same time the creation of state entities in functional fields where previously only party organs were present has multiplied phenomena of “one organ, two nameplates” (一个机构两块牌子 – yīge jīgòu, liǎngkuài páizi), meaning that the identical group of persons staffs the parallel party and state bodies.²⁵

There has also been slow change in the relationship between the party and the military. In the face of growing aspiration to military professionalism in the PLA, opposition to tight political control has been mounting among Chinese officers.²⁶ This does not mean that political and ideological education in the PLA has stopped, but there has been a “downgrading” of party committees and political commissars, indicating a “growing organizational separation” of the military from the party and “its continued transformation into a professionally oriented institution.”²⁷

(ii) The Party as the Backbone

The CPC can be considered the backbone of the Chinese political system.²⁸ Leaving aside its organisation at provincial level or below, arguably of minor influence in the foreign-policy process, one can discern a distinctive pyramidal structure of the central party institutions. At the basis there are the periodical National Party Congresses, held now every five years, yet less regularly during Maoist times.²⁹ The number of delegates has been constantly growing, with more than 1000 already in the decades right after the founding of the PRC, more than 1500 since the late 1970s, and more than 2000 at the last three congresses, i.e. the 15th in 1997, the 16th in 2002 and the 17th in 2007.³⁰ The party congresses are major events of great significance for the political situation of the whole country and its evolution until the next congress. First and foremost, this influence stems from the fact that top party leaders, i.e. the top leaders of China, are selected or confirmed in the context of National

²⁴ Heilmann 2004, p.92.

²⁵ Lu 2001, p.46, fn.18; also mentioned in Shambaugh 2008b, p.837.

²⁶ Joffe 1999, p.40.

²⁷ Joffe 1999, pp.40-41.

²⁸ Unless noted otherwise, the following paragraphs on party organisation are based on Heilmann 2004, pp.80-95, and Lieberthal 1995, pp.159-162.

²⁹ See table in Heilmann 2004, p.86.

³⁰ See the official government website <http://www.china.org.cn/english/congress/225868.htm> (consulted 18/04/2009).

Party Congresses. Second, the congress discusses major issues of ideology and policy and may decide ideological adjustments or fundamental policy shifts.

Yet in these activities of the party congress, there is not much room for spontaneous initiatives or input from the party basis. With regard to leadership selection, its role is, in principle, to elect the Central Committee (CC) and the Central Discipline Inspection Commission (CDIC).³¹ Yet, in practice, most CC and CDIC members are simply the first- and second-ranking officials of a number of important party, government and military bodies.³² This does not mean that membership is for all of them an automatic privilege of their office: candidates are handpicked in a long process of consultation among party leaders. At the last two party congresses a few candidates to each organ did actually get eliminated during preliminary elections,³³ but competition nevertheless remains very limited. Similarly, decisions on ideology or policy simply constitute endorsements of the result of lengthy preparatory work and deliberations at the top of the party. The outcomes of party congresses, therefore, do not usually come as surprises, or if they do, it is only for outsiders, due to the secrecy of intra-party decision-making processes.

Above the party congresses, halfway up the pyramid of central party organisation, is the CC. Over the past 40 years its membership has been close to 200, or slightly above, representing party, state and military organs from central level and below.³⁴ The CC meets about once or twice a year. In its first session, right after its constitution by the party congress, the new CC proceeds to the election of all higher party officials, including the General Secretary and the members of the Politbureau (PB), the Politbureau Standing Committee (PBSC), the Secretariat, as well as of the party's Central Military Commission (CMC).³⁵ In reality, very much like for the election of the CC itself by the party congress, nominations have usually been agreed on beforehand. The CC resembles a party congress also in that its meetings "discuss and announce policies rather than decide them."³⁶ It can be understood as the highest legitimising organ between the party congresses, dealing typically with major policy issues that are potentially controversial but not so fundamental as to need endorsement by the full party congress. For example, a contested reform of state-owned enterprises was

³¹ Art.19 of the party constitution; see government website <http://www.china.org.cn/english/features/49109.htm> (consulted 18/04/2009).

³² See government website china.org.cn, 21 Oct. 2007, "Central Committee increases women and minority alternate members", <http://www.china.org.cn/english/congress/229152.htm> (consulted 19/04/2009).

³³ See government website china.org.cn, 20 Oct.2007, "8% of nominees eliminated in primary elections", <http://www.china.org.cn/english/congress/229028.htm> (consulted 19/04/2009).

³⁴ See table in Heilmann 2004, p.86.

³⁵ Art. 22 of the party constitution; see government website <http://www.china.org.cn/english/features/49109.htm> (consulted 18/04/2009); see also Miller, H.L. 2003a and Miller, A.L. 2008a.

³⁶ Lieberthal 1995, p.160.

discussed and endorsed in a slightly softened version at the 4th plenum of the 15th CC in September 1999.³⁷ Similarly, the 17th CC in October 2008 discussed the controversial reform of land rights and in the end produced a fairly moderate final document.³⁸ Under the CC there are a number of commissions and offices with a functional focus, somewhat similar to ministries in a government, like for example the General Office, providing administrative support for the CC, the CDIC, the Politics and Law Commission, the Propaganda Department, etc. The CC's Leading Small Groups (LSG) play a particular role in the policy process and will be discussed below.

The next body above the CC is the PB. Almost all of its members “are among the twenty-five to thirty-five people [...] who form the top power elite.”³⁹ The PB of the 16th party congress in the fall of 2002 had 24 full plus one alternate member, of which nearly about a fourth were party secretaries from provincial level and two generals of the PLA.⁴⁰ The 17th party congress in the fall of 2007 nominated a PB of 25 members with no alternate member, with the same proportions for representatives from the provinces and the military.⁴¹ In the first decades after the foundation of the PRC, regular PB membership tended to be around 20 plus a few alternate members, but after Mao's death there was an upsurge in regular membership to about 30, but it was brought down to 15 in the late 1980s, from where it has slowly increased to the current levels.⁴² For most of the period since the foundation of the PRC, public information about the frequency of PB meetings and the issues debated has been scarce. During periods of increased transparency, i.e. the late 1980s before the violent crackdown in 1989 and since the last leadership transition, there is evidence that the full PB is meeting about once per month.⁴³ The full PB does discuss and decide many top policy issues, yet it is not usually, nor necessarily, involved in all regular decision-making or in handling urgent issues that require immediate attention, in part because many of its members have other tasks besides top central leadership and are not based in Beijing.⁴⁴ To some extent, it

³⁷ Willy Wo-Lap Lam, South China Morning Post, 29 Sept. 1999, “WTO strategy holds clues to reform”.

³⁸ 覃爱玲(Tán Àilíng), 南方周末(Nánfāng Zhōumò – Southern Weekend),

“30年：从人的解放到土地的解放, 争议“新土改”(30 nián: cóng rén de jiěfàng dào tǔdì de jiěfàng, zhēngyì “xīn tǔgǎi” – 30 years: from the liberation of people to the liberation of land, debating the “new land reform”).

³⁹ Lieberthal 1995, p.161.

⁴⁰ See Miller, H.L. 2003a.

⁴¹ See Miller A.L. 2008a.

⁴² For a listing of PB membership since the founding of the PRC, see the annex of MacFarquhar (ed) 1993.

⁴³ Miller, H.L. 2004a, pp.2-3; Miller H.L. 2004c, p.1.

⁴⁴ Lu 2001, p.42; see Miller, H.L. 2003a, 2004c, 2008a, and 2008b for name lists and functions in the PBs of the 16th and 17th party congresses.

simply ratifies decisions that come from the next higher party organ, the PBSC, but it may also serve as a legitimising body for issues on which the officials at the very top are divided.⁴⁵

Constant effective leadership is left to the PBSC, at the pinnacle of the pyramid of party organisation, the “decision-making core group among the top leadership.”⁴⁶ The evolution of its membership since the last PBSC under Jiang Zemin’s leadership is represented in Table 3.1. Both the 16th and 17th party congresses designated nine members of the PB to be part of this powerful body, excluding in both cases the representatives from the provincial level as well as the generals, and with all its members residing in Beijing.⁴⁷ For most of the history of the PRC it has been composed of six or seven members, with a peak at ten and above during the Cultural Revolution.⁴⁸ Each member of the PBSC usually concentrates on one large policy field. These responsibilities are not published but they can either be derived from concurrent positions or they emerge from the themes of the officials’ public appearances⁴⁹. Concerning the frequency or contents of PBSC meetings, there has never been much publicity, nor is there now. Based on occasional references to such meetings in the Chinese press, it appears that it meets far more frequently than the full PB, possibly as often as once a week.⁵⁰ The PBSC takes final decisions on all policy issues that do not need legitimisation by the PB, or even the CC, and manages major emergencies.

Table 3.1: Members of PBSC and their concurrent positions in party and state			
Other positions or functional responsibility in PBSC:	Person (and rank order) on 15th PBSC	Person (and rank order) on 16th PBSC	Person (and rank order) on 17th PBSC
General secretary of the CPC (formally of the CC) President of the PRC Chairman of the CMC	Jiang Zemin (1)	Hu Jintao (1)	Hu Jintao (1)
Chairman of the NPC (formally of the NPCSC)	Li Peng (2)	Wu Bangguo (2)	Wu Bangguo (2)
Premier of the State Council	Zhu Rongji (3)	Wen Jiabao (3)	Wen Jiabao (3)
Chairman of the CPPCC	Li Ruihuan (4)	Jia Qinglin (4)	Jia Qinglin (4)
Executive secretary of CC Secretariat Vice-president of PRC President of Central Party School	Hu Jintao (5)	Zeng Qinghong (5)	Xi Jinping (6) ^b
Secretary/chairman of CDIC	Wei Jianxing (6) ^a	Wu Guanzheng (7)	He Guoqiang (8)
Executive vice-premier of State Council	Li Lanqing (7)	Huang Ju (6)	Li Keqiang (7) ^c
Member in charge of ideology and propaganda	[No separate appointment]	Li Changchun (8)	Li Changchun (5)
Member in charge of state security	[No separate appointment]	Luo Gan (9)	Zhou Yongkang (9)
Notes:			
a) also member of the secretariat.			
b) not formally designated as vice-president of PRC.			
c) explicitly put in charge of macroeconomic policy.			
Sources:			
Miller, H.L. 2003a and 2004c, and Miller, A.L. 2008a and 2008b.			

⁴⁵ See Miller, H.L. 2004a, pp.7-8.

⁴⁶ Miller, H.L. 2004a, p.7.

⁴⁷ See Miller, H.L. 2003a; and Miller, A.L. 2008a.

⁴⁸ See the annex of MacFarquhar (ed) 1993.

⁴⁹ See Miller H.L. 2004c and Miller, A.L. 2008b.

⁵⁰ Miller, H.L. 2004a, pp.3-4.

The PB and the PBSC are assisted in their work by the Secretariat of the CPC which “plans and supervises the implementation of decisions made by the Politburo.”⁵¹ After the 15th and 16th party congresses it consisted of eight officials, most recently only seven, including the general secretary of the party and one other member of the PBSC who oversees its work.⁵² Formally, the Secretariat belongs, like the PB itself, to the CC of the party. Its real political influence has been fluctuating over time.⁵³ During the civil war and the early years of the PRC it was the supreme decision-making body, much like the PBSC today. The 8th party congress in 1956 then made the Secretariat an executive agency at the service of the PB involved in the management of the party, the state and the military. During the Cultural Revolution it was abolished, but revived in the late 1970s by Deng Xiaoping in order to outmanoeuvre his more conservative opponents in the party leadership. At the 12th Party Congress in 1982, general secretary Hu Yaobang managed to enthrone a particularly powerful Secretariat with twelve members, almost all of whom had parallel positions in the State Council. This effort at minimising the role of the aging PB proved to be not very successful. Also, the structure was at odds with state premier Zhao Ziyang’s goal of separating party and state. Therefore, Hu’s purge at the 13th Party Congress in 1987 triggered a downsizing and considerable reduction of the Secretariat’s political weight, largely in favour of the PBSC.⁵⁴ Since then the Secretariat has mostly been limited to providing staff support to the PB and managing internal party issues, with no sign of any durable comeback so far.⁵⁵

Among the numerous other party bodies, the Central Discipline Inspection Commission deserves mention, the task of which is to enforce respect of party rules and to investigate cases of violations.⁵⁶ It has been most prominently involved in anti-corruption investigations, including at the very top of the leadership. This puts it in a rather powerful position within the CPC, which is reflected in the fact that its secretary is usually a member of the PBSC. The CDICs elected at the last two party congresses have had between 120 and 130 members.⁵⁷ Lastly, it should be noted that there is an official rank order of top officials which shows that

⁵¹ Lu 2001, p.43.

⁵² See the “Who’s Who of the Party Leadership” on the official website of the 17th congress, available at <http://www.china.org.cn/english/congress/227112.htm>; the page includes links to similar information from the two previous congresses.

⁵³ For a short summary see Lu 2001, pp.42-44.

⁵⁴ Hamrin 1990, pp.190-191 and 239.

⁵⁵ Lieberthal 1995, p.161, Lu 2001, p.44.

⁵⁶ Lieberthal 1995, pp.162-163.

⁵⁷ See the listings on the official website; see <http://www.china.org.cn/english/features/48800.htm> for the CDIC of the 16th party congress in 2002, and <http://www.china.org.cn/english/MATERIAL/229165.htm> for that of the 17th in 2007.

a hierarchical structure based on individuals and their personal authority transcends the distribution of officials on different leadership organs.

(iii) State Organs and Their Connection to the Party

A similar pyramid of organs can be found in the state pillar of the Chinese political system.⁵⁸ At its base is the main legislative organ, the National People's Congress (NPC). The NPC convenes once every year, usually in March, for about two weeks. During most of the history of the PRC, a new NPC has been constituted every five years, with the exception of the Cultural Revolution period.⁵⁹ Since the late 1970s the first assembly of a newly elected NPC is held at the beginning of the year following a National Party Congress, i.e. the 9th NPC first convened 1998, the 10th in 2003 and the 11th in 2008.⁶⁰ Membership has been around 1200 for the first two NPCs in 1954 and 1959, yet since the 1960s it has been mostly around 3000.⁶¹ Within the NPC the military is over-represented and the body as a whole is dominated by the party.

The NPC has the power to elect and recall the top officials of all executive organs of the state, in particular the President and the Vice-President, upon nomination by the President the State Premier, and upon nomination by the latter the Vice-Premiers, State Councillors and Ministers.⁶² These elections take place at the constitutive meeting of every new NPC. However, much like in the case of the party congress, there is no truly competitive election process, and the NPC mostly confirms previously established nominations. Most of the top positions in the government are filled *de facto* when the party leadership is confirmed and portfolios distributed in the context of the preceding party congress. For any positions that may have been left open, consultations within the new party leadership are likely to determine the future office holders before the NPC.

With regard to the NPC's legislative functions, budget power, and review of national development plans,⁶³ the NPC mostly ratifies decisions that have already been prepared (and *de facto* taken) in advance by its Standing Committee (NPCSC). Due to the enormous size of

⁵⁸ Unless noted otherwise, the following paragraphs on the structure of state organs are based on Heilmann 2004, pp.95-102 and 133-143, Lieberthal 1995, pp.162-163, and *Central Government Directory of the People's Republic of China*, issues 2006-2007 and 2007-2008.

⁵⁹ See also art. 60 of the Constitution of the PRC.

⁶⁰ See the government website http://www.npc.gov.cn/englishnpc/History/node_2870.htm for historical information as well as http://www.npc.gov.cn/englishnpc/Organization/node_2846.htm for the current NPC (both consulted 21/04/2009).

⁶¹ See table in Heilmann 2004, p.135.

⁶² Art.62 and 63 of the Constitution of the PRC.

⁶³ Art.62 of the Constitution of the PRC.

the full NPC and its short annual meeting period, the bulk of activity is located in the NPCSC. In fact, the constitution stipulates that the legislative power of the state is exercised both by the NPC and the NPCSC, although the former has the (theoretical) option to “alter or annul inappropriate decisions” by the latter.⁶⁴ During the last two legislatures, the NPCSC has consisted of between 170 and 180 delegates.⁶⁵ Membership is a full-time position and not compatible with any other government offices.⁶⁶ The NPCSC convenes approximately every two months. Overall, the influence of the top leadership on the NPC is considerable. However, since the beginning of reform policies in the late 1970s the influence of the NPCSC has grown considerably, in part due to the growing legislative activity.⁶⁷

In parallel to the NPC, the Chinese People’s Political Consultative Conference (CPPCC) is also meeting annually during the same time period. It started with a relatively limited membership of a few hundred in the early days of the PRC but quickly grew to over 1000 members by 1959 and consistently a little over 2000 over the past 25 years.⁶⁸ It is considered a “united front organization”, i.e. including non-communist parties and groups alongside the CPC, like for example a number of recognised parties, ethnic groups, representatives from Taiwan, Hong Kong, Macao, and some overseas Chinese. It would be wrong to conceive of them as real opposition groups though, as everything happens “[u]nder the leadership of the CPC.”⁶⁹ Therefore the CPPCC is largely a consultative institution debating certain issues that may later feed into central or local policies. It originated in the mid-1940s as an effort to promote cooperation among contending political groups in China and prevent civil war, and was maintained in the early years of the PRC as a tool to provide wider legitimacy to the new regime.⁷⁰ The Cultural Revolution interrupted the activities of the CPPCC but sessions resumed in the 1980s, including some strong pro-democracy activism prior to 1989.⁷¹

The executive organs of the central government are usually referred to as the State Council. They can be roughly divided in two: first, the “Inner Cabinet” consisting of the State Premier at the head, four Vice-Premiers, and five State Councillors; second, the “Outer Cabinet” comprising currently 28 ministerial level bureaucracies, including most notably the

⁶⁴ Art.58 and 62 of the Constitution of the PRC.

⁶⁵ See Heilmann 2004, p.134 for the CC of the 10th NPC; for the 11th NPC see government website http://www.npc.gov.cn/englishnpc/Organization/node_2847.htm (consulted 21/04/2009).

⁶⁶ Art.65 of the Constitution of the PRC.

⁶⁷ On the changing role of the NPC, see Tanner 1998.

⁶⁸ See the official CPPCC website, http://www.cppcc.gov.cn/English/brf_intro/jianjie_2.htm, on “Composition of the CPPCC” (consulted 21/04/2009).

⁶⁹ Official CPPCC website, http://www.cppcc.gov.cn/English/brf_intro/jianjie_1.htm on “Nature and Position of the CPPCC” (consulted (21/04/2009).

⁷⁰ Hamrin 1990, p.230; Teiwes 1993, p.26-27.

⁷¹ Hamrin 1990, p.230.

Ministry of Foreign Affairs (MFA), the Ministry of Commerce (MOFCOM), the National Development and Reform Commission (NDRC), the People's Bank of China, i.e. the central bank, the Ministry of Defence, the Ministry of State Security, which is involved in intelligence work, and many other ministries and commissions. The Inner Cabinet is assisted by the State Council General Office, a purely administrative organ. As in the case of the PBSC, each member of the Inner Cabinet concentrates on specific policy fields that are not publicised and have to be inferred from concurrent positions, background, or public appearances. In the Outer Cabinet the responsibilities of minister-level officials are implicit to the body they are heading.

The Inner Cabinet is tightly connected with the party's PBSC and PB (see Table 3.2). Since the 9th NPC, first convened in March 1998, both the State Premier and the Executive Vice-Premier have been members of the PBSC, and overall about two-thirds of the positions in the Inner Cabinet are held by members of the PB, i.e. all Vice-Premiers and one or two State Councillors⁷². Accordingly, functional responsibilities of top officials are coordinated between these three organs. This means that aside from the State Premier and the Executive Vice-Premier with overarching leadership tasks, the other members of both the Inner Cabinet and the PB cover the same policy fields in both organs. One of the remaining State Councillors serves as State Council Secretary General with the mostly administrative task of heading the State Council General Office. The others are assigned additional functional fields. In terms of political power and status the Inner Cabinet, although top organ of the State Council, remains below the top body of the party, in particular the PBSC, confirming the general rule of CPC leadership *vis-à-vis* the state. The higher position of the PBSC is also visible from the career paths of some officials.⁷³

⁷² In the State Councils of the 9th and 10th NPCs it was seven out of ten members of the Inner Cabinet, in the current State Council it is six out of ten. Before that only the State Premier was in the PBSC and less PB members held positions as Vice-Premiers or State Councillors.

⁷³ For example, Luo Gan became State Councillor in 1998 and moved on to be a member of the PBSC in 2002; Zhou Yongkang became State Councillor in 2003 and moved to the PBSC in 2007; there is no evidence of movement in the opposite direction.

Table 3.2: Members of the State Council's Inner Cabinet and their responsibilities			
Position in Inner Cabinet	9 th NPC (1998-2003)	10 th NPC (2003-2008)	11 th NPC (2008-)
State Premier	Zhu Rongji (PBSC)	Wen Jiabao (PBSC)	Wen Jiabao (PBSC)
	Overall economic management Foreign affairs in general	Overall economic management Foreign affairs in general	Overall economic management Foreign affairs in general
Executive Vice-Premier	Li Lanqing (PBSC)	Huang Ju (PBSC)	Li Keqiang (PBSC)
	Economic management	Economic management International and domestic finance State-owned enterprises	Economic management Macroeconomic policy Finance
Vice-Premier	Qian Qichen (PB)	Wu Yi (f) (PB) Minister of Public Health	Hui Liangyu (PB)
	Foreign affairs Taiwan Affairs	Foreign economic relations Public health	Agriculture and rural affairs
Vice-Premier	Wu Bangguo (PB)	Zeng Peiyan (PB)	Zhang Dejiang (PB)
	State-owned enterprises Three-Gorges Project	Macroeconomic policy Environmental policy Development of western region Revitalization of the northeast Industry and energy	Industry and energy
Vice-Premier	Wen Jiabao (PB) Member of CPC Secretariat	Hui Liangyu (PB)	Wang Qishan (PB)
	Macroeconomic policy Finance	Agriculture and rural affairs	International finance Foreign economic relations
State Councillor	General Chi Haotian (PB) CMC Vice-Chair, Minister of Defence	Zhou Yongkang (PB) Member of CPC Secretariat	Liu Yandong (f) (PB)
	External security, military, defence	Internal Security Legislation	Private sector
State Councillor	Luo Gan (PB) Member of CPC Secretariat	General Cao Gangchuan , (PB) CMC Vice-Chair, Minister of Defence	General Liang Guanglie Member of CMC, Minister of Defence
	Internal security Legislation	External security, military, defence	External security, military, defence
State Councillor	Wu Yi (f) (alternate member of PB)	Tang Jiaxuan	Ma Kai State Council Secretary-General
	Foreign economic relations	Foreign relations Taiwan affairs	Government administration
State Councillor	Ismail Amat	Hua Jianmin State Council Secretary-General	Meng Jianzhu Minister of Public Security
	Ethnic affairs Minorities	Government administration	Internal security Legislation
State Councillor	Wang Zhongyu State Council Secretary-General	Chen Zhili (f)	Dai Bingguo
	Government administration	Education Science and technology Cultural affairs.	Foreign affairs Taiwan affairs
Sources: <i>Central Government Director of the PRC</i> , 2006-2007 and 2007-2008; official leadership biographies on government website www.china.org.cn ; biographies on Hong Kong-based web service www.chinavivae.com ; Miller, H.L. 2003a; Miller, H.L. 2003b; Miller, H.L. 2004b; Miller H.L. 2004c; Miller, A.L. 2008a; Miller, A.L. 2008b; 人民日报 (Rénmín Ribào – People's Daily), 19 March 1998, “九届全国人大一次会议举行第六次全会 决定新一届国务院组成人员 (Jiǔjiè quánáguó réndà yīcì huìyì jùxíng juédìng xīn yījiè Guówùyuàn zǔchéng rényuán – 9 th NPC, 1 st annual meeting, holds 6 th plenary session and decides new State Council staff”.			

(iv) The Military Hierarchies

On the military side, the Central Military Commission (CMC) is “the country’s highest-level military organ” and “responsible for the making and coordination of defense policy”, approaching in power and status the PBSC and the State Council.⁷⁴ It is chaired by China’s

⁷⁴ Cheung 2001, pp.61-62 and 68.

top political leader, in the reform period first Deng Xiaoping during the 1980s, who handed this position to Jiang Zemin in 1989, who then, in turn, ceded his place to Hu Jintao in 2004.⁷⁵ The two generals of the PLA with seats on the PB serve as Vice-Chairmen. One of them, typically with a background at the head of the PLA's General Staff Department (GSD), concentrates on top security issues and military strategy, as the "chief warfighter", while the other serves as "chief military politician", representing the PLA's interests among the top leadership in Beijing.⁷⁶ Either the latter or another top officer on the CMC also holds the positions of State Councillor and Minister of Defence. Hu Jintao's tenure as civilian Vice-Chairman between 1999 and 2004 was unusual but can be understood as part of the training for succession to Jiang as Chairman.⁷⁷ A similar set-up may well repeat itself in the context of the next major shift to a younger top leadership around 2012-2013. Likewise, the nomination of Xu Caihou as third Vice-Chairman in 2004 may have been intended to support the "chief military politician" Cao Gangchuan and prepare Xu to take over the role in 2007.⁷⁸

Historically, membership of the CMC has fluctuated considerably, with a peak of more than 60 in the late 1970s.⁷⁹ Since the 15th party congress in 1997 the number has been varying between seven and ten. With the exception of the civilian top leader at the helm, and possibly a successor-in-the-making as Vice-Chairman, all members of the CMC are high military officers. Apart from two PB members and one State Councillor and Minister of Defence, the CMC usually includes the holders of the following military positions: the directors of the PLA's four general departments, i.e. GSD, the General Political Department (GPD), the General Logistics Department (GLD), and the General Armaments Department (GAD), as well as, since 2004, the Commanders of three service branches of the PLA, namely the Air Force, the Navy and the Second Artillery which controls the strategic missiles.⁸⁰ Aside from this institutional distribution, a pattern emerged in the 1990s that balanced political officers, i.e. with careers as political commissars or leading members of party committee in the PLA, and operational officers on the CMC.⁸¹ Yet the decision to add the three service branch commanders in 2004 seems to reflect a growing emphasis on an operational background.⁸² In

⁷⁵ Cheung 2001, pp.62-68; see also Mulvenon 2005.

⁷⁶ Mulvenon 2003, p.23.

⁷⁷ See Miller, H.L. 2005 and Mulvenon 2005.

⁷⁸ Mulvenon 2005, p.7.

⁷⁹ Cheung 2001, pp.62-64; see also Caprice 2008.

⁸⁰ Caprice 2008, p.3; Mulvenon 2005, p.6.

⁸¹ Caprice 2008, p.2.

⁸² Caprice 2008, p.3.

addition, a common theme of most CMC members over the past decade seems to be experience relevant either conflict with Taiwan or counter-terrorism.⁸³

The CMC meets once a week, mostly without attendance of its chairman, i.e. including only members from the military.⁸⁴ In addition there are enlarged conferences of the CMC, attended by “several hundred top commanders from around the country”, with two possible functions: either as “year-end review sessions”, in a way parallel to the plenary sessions of the party’s CC, or as “extraordinary meetings to unveil major initiatives” that take place only “once or twice every decade.”⁸⁵ During the weekly meetings “[d]ecisions on major military and defense issues are often made and later ratified at enlarged CMC gatherings.”⁸⁶

Over the past decades, “there has been a noticeable effort by the Chinese leadership to coincide changes in CMC membership with the National Party Congresses.”⁸⁷ Nevertheless, additional shifts do occur, which accounts, at least in part, for the fluctuating membership. For example, in 1999 top leader Jiang Zemin introduced his designated successor Hu Jintao as Vice-Chairman to the CMC, and also added two generals as ordinary members, probably in preparation of the massive retirement of older members that could be expected for 2002.⁸⁸ The shifts of 2004, which saw Hu Jintao take over the chairmanship from Jiang Zemin, Xu Caihou advance from an ordinary member to be Vice-Chairman, and the commanders of the three service branches added, increased the number of CMC members from eight to ten.

The CMC is today one of the cases of “one organ, two nameplates.”⁸⁹ Originally a pure party organ, a parallel state CMC was founded in 1983 in the context of Zhao Ziyang’s efforts of strengthening the state, but it could not gain any significant influence. Today all members of state and party CMC are identical.

The CMC is assisted by the General Office, a largely administrative body with a staff of two to three hundred.⁹⁰ While it is not directly involved in policy-making, “it wields considerable influence by controlling the flow of information and documents, as well as organization and agendas of key CMC meetings.”⁹¹ Below the CMC, the most important

⁸³ Mulvenon 2003, p.24; Mulvenon 2006, p.4.

⁸⁴ Cheung 2001, p.71.

⁸⁵ Cheung 2001, p.72.

⁸⁶ Cheung 2001, p.71.

⁸⁷ Caprice 2008, p.1.

⁸⁸ Mulvenon 2003, p.22.

⁸⁹ See Cheung 2001, pp.64 and 69.

⁹⁰ Cheung 2001, p.69.

⁹¹ Cheung 2001, p.70.

organs of the PLA are its four general departments and the service branches.⁹² As the key executive arm of the CMC, the GSD is the most powerful among them. Through its various Intelligence Directorates the GSD is involved in information gathering and analysis, while its Operations Directorate draws up operational plans for security contingencies. Aside from this direct impact on the making of security, and by extent foreign, policy, the GSD is also the key implementing agency of security policy, in particular with regard to force management.

Table 3.3: CMC members and concurrent positions			
15 th CPC Congress (1997-2002)	16 th COC Congress (2002-2007)		17 th COC Congress (2007-)
Jiang Zemin , Chair CPC General Secretary PRC President Member, PBSC	Jiang Zemin , Chair (until 2004)	Hu Jintao , Chair (since 2004) CPC General Secretary PRC President Member, PBSC	Hu Jintao , Chair CPC General Secretary PRC President Member, PBSC
Hu Jintao , Vice-Chair (1999-2004) Executive Secretary, CPC Secretariat PRC Vice-President Member, PBSC	Guo Boxiong , Vice-Chair Member, PB		Guo Boxiong , Vice-Chair Member, PB
Zhang Wannian , Vice-Chair Member, PB Member, CPC Secretariat	Cao Gangchuan , Vice-Chair State Councillor Minister of Defence Member, PB		Xu Caihou , Vice-Chair Member, PB
Chi Haotian , Vice-Chair State Councillor Minister of Defence Member, PB	Xu Caihou , Vice-Chair (since 2004) Director GPD (2002-2004) Member, CPC Secretariat		Liang Guanglie State Councillor Minister of Defence
Fu Quanyou Director, GSD	Liang Guanglie , Director, GSD		Chen Bingde Director, GSD
Yu Yongbo Director, GPD	Li Ji'nai , Director, GAD (until 2004) Director, GPD (since 2004)		Li Ji'nai Director, GPD
Wang Ke Director, GLD	Liao Xilong		Liao Xilong Director, GLD
Wang Ruilin Deputy Director, GPD	Chen Bingde (member since 2004) Director, GAD (2004-2007)		Chang Wanquan Director, GAD
Cao Gangchuan Director, GAD	Qiao Qingchen , (member since 2004) Commander, Air Force		Jing Zhiyuan Commander, 2 nd Artillery
Guo Boxiong (member since 1999) Executive Deputy Director, GSD (since 1999)	Zhang Dingfa (member since 2004) Commander, Navy		Wu Shengli Commander, Navy Deputy Director, GSD
Xu Caihou (member since 1999) Executive Deputy Director, GPD (since 1999)	Jing Zhiyuan (member since 2004) Commander, 2 nd Artillery		Xu Qiliang Commander, Air Force
Sources: <i>Central Government Directory of the PRC</i> , 2006-2007 and 2007-2008; official leadership biographies on government website www.china.org.cn (consulted 22.04.2009); biographies on Hong Kong-based web service www.chinavivae.com (consulted 22.04.2009); biographical information on website http://www.globalsecurity.org/military/world/china/pla.htm (consulted 22.04.2009); Mulvenon 2003; Mulvenon 2005; Mulvenon 2006; Fong Tak-ho, AsiaTimes, 2 Oct. 2007. "China reshuffle sends message to Taiwan".			

The GPD is primarily responsible for party control over the PLA, especially by overseeing the political commissars. Its Liaison Directorate, originally in charge of contact with nationalist forces during the anti-Japanese war in the 1930s, "has a special role in gathering and analysing political and economic intelligence concerning Taiwan."⁹³ The GAD

⁹² The comments PLA organs below the CMC are based on Heilmann 2001, pp.157-159 and Cheung 2001, pp.79-84 unless noted otherwise.

⁹³ Cheung 2001, p.82.

is responsible for arms procurement and research as well as the import and export of military material, while the GLD takes care of PLA infrastructures. The service branches, in particular Air Force and Navy, have played a considerable role in military modernisation and doctrinal changes since the late 1980s. Their increased influence is reflected in the accession of their commanders to the CMC in 2004.

2.1.3 The Bureaucratic Agents of China's Foreign Policy

The Chinese foreign-policy process cuts across these three pillars, involving most importantly party and state, but also the military to a certain extent. It also includes several levels of central policy making, in particular the central leadership, a set of intermediate coordinating bodies, and some of the central state bureaucracies.⁹⁴ The following paragraphs will discuss these different horizontal layers of the foreign-policy process.

(i) The Central Leadership

According to Lu Ning, a Chinese diplomat-turned-scholar who provides the most detailed accounts of China's foreign-policy making, in the Chinese political system the notion of "central leadership" (中央领导 – zhōngyānglǐngdǎo) is rather strictly defined.⁹⁵ It comprises the paramount leader, the leadership nuclear circle, the members of the Politburo Standing Committee, and the other members of the Politburo "particularly those who live in Beijing and those who work in the Secretariat."⁹⁶ This means that the most powerful spheres in China still gravitate around party organs, although, as the previous sub-section has demonstrated, state and party may often be hard to distinguish, especially at the very top.

Paramount leaders in China have primarily distinguished themselves by their obvious *de facto* authority and influence rather than simply by their formally held positions. Even after passing State Presidency to Liu Shaoqi in the wake of the disastrous Great Leap Forward, Mao still retained supreme authority. Similarly, Deng Xiaoping was considered paramount leader for almost twenty years although he held no top party or state position except for the chairmanship of the CMC. Among the other top officials the paramount leader tends to

⁹⁴ See Lu 1997 and 2001. The following discussion of the main actors in Chinese foreign policy making draws heavily on his detailed analysis of the process.

⁹⁵ Lu 2001, p.40, fn.4.

⁹⁶ Lu 2001, p.41.

designate on an informal basis one or two persons who surround him as a leadership nuclear circle, involving generally the State Premier or the General Secretary of the CPC, or both.⁹⁷ As the personal authority of the paramount leader has been declining since Mao, the nuclear circle also seems to have lost influence, in favour of the other elements of the central leadership.⁹⁸

Who then is dealing with what in the central leadership? Lu Ning distinguishes six functional “systems” (系统 – xìtǒng) in the Chinese governing structure, each of which is assigned to one member of the PBSC.⁹⁹ In his analysis, these six systems cover: first, military affairs and defence; second, legal affairs and internal security; third, administrative affairs, “which is responsible for industrial and agricultural production, finance and commerce, foreign affairs, health, education, science, sports, and so on”; fourth, propaganda, including “media and cultural affairs”; fifth, “United Front” issues, a heading that is understood as covering everything related somehow to the idea of all-Chinese unity, including in particular “non-communist political parties, religion, and minorities, as well as Taiwan, Hong Kong, and Macao affairs”; and sixth, mass organisation affairs, i.e. “unions, youth, women’s organizations, and other associations.”¹⁰⁰ Verification of this division in six functional policy fields and respective responsibilities at the top is all but obvious, as the tasks of top leaders are not publicised. Yet a careful analysis of the current and past positions held by members of the central leadership and the themes of their public appearances suggests a more diversified picture, with further divisions of policy fields and a wider distribution of responsibilities.

For the leadership teams after the 15th, 16th and 17th party congresses this is partly visible in tables 3.1, 3.2 and 3.3.¹⁰¹ Looking only at the period at the centre of this research, i.e. 2002-2007, security strategy, military affairs and defence were certainly an important part of the general leadership responsibility of Hu Jintao, especially since 2004 when he was promoted from Vice-Chairman to Chairman of the CMC. Yet as number one leader he had many other tasks, and the two Vice-Chairmen of the CMC on the PB, generals Guo Boxiong and Cao Gangchuan, took care of this policy field in a more continuous fashion. By contrast, two members of the PBSC were active in the second of Lu Ning’s systems, legal affairs and internal security. On the one hand, Wu Bangguo, involved in the legislative process as Chairman of the NPCSC, on the other hand Luo Gan, who was concurrently secretary of the

⁹⁷ Lu 2001, p.41.

⁹⁸ See Lampton 2001, p.2, on declining power of the top leader, and Lu 2001, p.41, on the involved of all parts of the central leadership in foreign and defence policy making under Jiang Zemin.

⁹⁹ Lu 2001, pp.39-40.

¹⁰⁰ Lu 2001, p.40.

¹⁰¹ Unless noted otherwise, the sources for the following paragraphs are the same as for the tables.

CC's Politics and Law Commission and wielded significant influence both in legislative and enforcement matters. Two regular PB members supported them, respectively, Wang Zhaoguo, executive Vice-Chairman of the NPCSC, and Zhou Yongkang, State Councillor and Minister of Public Security.

Lu Ning's administrative affairs system, in which he lumps together a large number of very different policy fields, was distributed among many top officials in various positions. Aside from the State Premier Wen Jiabao's leadership role in the management of the economy, PBSC member and executive Vice-Premier Huang Ju was deeply involved in questions of finance and the reform of state-owned enterprises. In this he was assisted by regular PB member and Vice-Premier Zeng Peiyan who was also focussing on specific government policies to revitalise the industries of the northeast, to develop western China and in the field of environmental protection. PB member Hui Liangyu was in charge of agriculture and rural affairs while Ms. Wu Yi, his colleague on the PB, was specifically responsible for foreign economic relations, but had also been put in charge of health issues in the aftermath of the SARS problem in 2003. Foreign affairs, as well as issues related to Taiwan, were an important aspect of both Hu Jintao's and Wen Jiabao's remit as PRC President and State Premier respectively, but again only one part of their many tasks. Yet no-one else in the PB was in charge of this policy field, the highest ranked official with a foreign and Taiwan affairs remit being State Councillor Tang Jiaxuan. Similarly, education and science were not taken care of by any of the PBSC or PB members, but rather by State Councillor Ms. Chen Zhili.

Ideology and propaganda were indeed covered by one of the PBSC members, supported, however, by PB member Liu Yunshan who was also director of the party's Propaganda Department. United Front issues were also the focus of the work of PBSC member, Jia Qinglin who was concurrently chairman of the CPPCC, the main United Front body. Lastly, Lu Ning's sixth system, mass organisation, had no presence on the PBSC, but seems to have been the responsibility of PB member Wang Zhaoguo who was also president of the All China Federation of Trade Unions (ACFTU).

Since Lu Ning proposed his analysis in 2001, the perceptions and priority of some issues may have changed, like for example Taiwan affairs with the election of president Chen Shui-bian who favoured formal independence of the island. Nevertheless, the division of policy fields and the distribution of responsibilities within the central leadership appears more complicated than suggested by him. Also, he leaves out the question of internal party matters, an important dimension of the work of the top leadership. In addition to Hu Jintao, for whom

a supervisory role in this policy comes with his position as CPC General Secretary, this is the focus of the work of two other PBSC members, Zeng Qinghong, who directs the work of the party Secretariat and Wu Guanzheng who heads the party CDIC. In addition, alternate PB member Wang Gang is also involved in party affairs as Secretary of the CPC's General Office.

It is conspicuous that during this period there was no-one at the very top of the Chinese political hierarchy, i.e. in the PBSC, with an exclusive focus on foreign affairs. For both PRC President Hu Jintao and State Premier Wen Jiabao this policy field was part of their overarching leadership responsibilities, for Hu probably more its strategic dimension, for Wen rather the economic aspects. PBSC member Huang Ju was involved with regard to international economic issues, especially the financial side. A clear external focus only appears at the level of regular PB member and Vice Premier Ms. Wu Yi who concentrated on foreign economic relations. The security dimension of international affairs was also covered in the PB, by the two generals, whereby it appears that Guo Boxiong was involved in strategic planning while Cao Gangchuan covered import and export of armaments and respective negotiations. By contrast, general foreign affairs work was being taken care of only outside the PB by State Councillor Tang Jiaxuan.

This distribution of responsibilities among the top central leadership has a number of implications for foreign-policy making. First, day-to-day work on foreign affairs in general happens below the central leadership, with no direct oversight by the PB and with no direct access to it. Second, the economic dimension of external relations is directly supervised by a member of the PB. This may reflect, at least in part, the priority given to this specific aspect of foreign affairs. It certainly ensures that international economic issues can be directly brought to the attention of the central leadership. Third, for both general foreign affairs and external economic relations the assignation to members of the State Council rather than members of the CPC Secretariat indicates a relatively strong position of the state bureaucracies in foreign-policy making and relatively marginal role of party bodies. This does not mean, however, that *within* the state bodies, like for example the MFA, the CPC committees do not play a crucial role. This is in line with observations by Lu Ning.¹⁰²

At the same time, however, the PBSC and the full PB most certainly do treat foreign-policy matters. Public statements on the agenda of PB meetings never mention foreign affairs,

¹⁰² See Lu 2001, pp.44 and 53.

except insofar as they may be part of “other matters.”¹⁰³ But the regular PB study sessions, whose themes are public, regularly cover international affairs.¹⁰⁴ Also, it seems that the thin foreign policy expertise, in particular in the PBSC, is balanced to some extent by a team of diplomatic advisors working directly for the General-Secretary, most of whom have a background in the MFA, and including, in particular, a group of former ambassadors to European countries for EU-related issues.¹⁰⁵ All this suggests that, as indicated by Lu Ning, the final decision-making power on all major foreign affairs issues lies with the PBSC, while the PB discusses issues that need a stronger legitimacy.¹⁰⁶

(ii) Intermediate Bodies: Coordination or Policy-Making?

Below the central leadership, a set of intermediate coordinating bodies is involved in foreign-policy making, the so-called Leading Small Groups (LSG) (领导小组 *lǐngdǎoxiǎozǔ*).¹⁰⁷ LSGs do not only exist in the foreign-policy area but in virtually any policy field. They may be attached to a variety of bodies, most prominently the State Council, the PLA or the CPC CC and they are often focussed on very specific problems, short term issues, or emergencies.¹⁰⁸ Their precise role in the policy process is not entirely clear though. “At the time for their creation in 1958, the functions of the LSGs were not very well defined.”¹⁰⁹ In 1987, a reform of CPC CC institutions classified them as “decision-making consulting bodies.”¹¹⁰ Their actual influence may depend very much on the circumstances: the personal status of LSG members, the issue in question, and whether it is routine or a crisis situation.¹¹¹ The assessment of their role is made even more difficult by the fact that, with very few exceptions, names of LSG members are officially publicised.¹¹² As in other cases, however, inference from past practice and compilations of references in various types of media can give a rough idea of LSG membership.¹¹³

For the making of foreign-policy in general, i.e. not with a specific economic focus, the CC’s Foreign Affairs LSG (FA LSG) plays a crucial role. It has been in existence since 1958,

¹⁰³ Miller; H.L. 2004c, pp.2-4.

¹⁰⁴ Miller; H.L. 2004c, pp.7-8.

¹⁰⁵ Interview China 8, Q3 2007.

¹⁰⁶ Lu 2001, p.42.

¹⁰⁷ Most of the following discussion of the LSGs is based on Lu 1997, pp.11-13, Lu 2001, pp.45-49 and Miller 2004, p.11.

¹⁰⁸ On the variety of LSGs, see Miller A.L. 2008c, pp.1-3.

¹⁰⁹ Lu 2001, p.45.

¹¹⁰ Lu 2001, pp.45-46.

¹¹¹ Hamrin and Zhao 1995, pp.xxxiii-xxxiv.

¹¹² Miller, H.L. 2004c, p.11.

¹¹³ For an ambitious attempt, see Miller A.L. 2008c.

with an interruption during the Cultural Revolution.¹¹⁴ Vice-Premier and Foreign Minister (and PB member) Chen Yi served as its director, but since the beginning of reform this position has been held by officials from higher levels of leadership.¹¹⁵ For a while the PRC President was at its head, with the State Premier among his deputies, but from 1988 State Premier Li Peng held the post of director, while one of the Vice-Premiers (who was also PB member) and the Foreign Minister served as deputies. When Zhu Rongji replaced Li Peng as State Premier in 1998, Jiang Zemin took over the directorship of the FA LSG, with Zhu and Vice-Premier (and PB member) Qian Qichen as his deputies. There are hardly any indications concerning which people were filling top positions after the 16th party congress in 2002, but probably Hu Jintao took over as director.¹¹⁶ Inferring from the previous patterns, it seems likely that State Premier Wen Jiabao served as his deputy. He may have been the only one, since the highest official in charge of foreign affairs, State Councillor Tang Jiaxuan, was not member of the PB and did probably not have sufficient political status. Since the 17th party congress, his designated successor, Xi Jinping, member of the PBSC and PRC Vice-President, may have become deputy director.¹¹⁷

For the period under study, evidence on the membership of the FA LSG is particularly scarce, but some inferences can be made from the limited information on the periods before and after. For the period from 1998 to 2002,¹¹⁸ Foreign Minister Tang Jiaxuan was among the members, as the second highest foreign affairs official below the group's deputy head Qian Qichen. This would suggest that after the 2002-2003 leadership transition, Tang, who had become State Councillor, was joined by new Foreign Minister Li Zhaoxing. Ms Wu Yi, who was promoted from alternate member to regular member of the PB in 2002 and from State Councillor to Vice-Premier in charge of foreign economic relations, is likely to have continued on the LSG. It is possible that in both periods she was joined by the responsible minister, i.e. Minister of Foreign Trade and Economic Cooperation Shi Guangsheng before the transition and Minister of Commerce Bo Xilai afterwards.¹¹⁹ Furthermore, General Cao Gangchuan, who replaced General Chi Haotian on the PB, as State Councillor and as Defence Minister, probably also took his post on the FA LSG. Xu Yongyue remained Minister of State Security and most likely continued on the group.

¹¹⁴ Lu 2001, p.45; Miller A.L. 2008c, pp.8.

¹¹⁵ On the directors and deputy directors of the FA LSG, see Lu 2001, p.45, and Miller A.L. 2008c, pp.8-10.

¹¹⁶ Miller, H.L. 2004c, p.11; Miller A.L. 2008c, pp.9-10.

¹¹⁷ Miller A.L. 2008c, p.10.

¹¹⁸ See Lu 2001, p.45.

¹¹⁹ On the reorganisation in 2003 of the ministry in charge of foreign trade, see Heilmann 2004, p.98.

These deductions from previous membership are supported by the more ample evidence on FA LSG membership since the reshuffle of top leadership positions in 2007-2008.¹²⁰ Both the new State Councillor with a foreign affairs remit, Dai Bingguo, and the new Foreign Minister, Yang Jiechi, are members. There is no longer a PB member and Vice-Premier with the exclusive focus on external economic relations like Wu Yi, but Minister of Commerce Chen Deming appears to be on the LSG, just like the new Minister of State Security, Geng Huichang. The new State Councillor and Minister of Defence, Liang Guanglie, who unlike his predecessor is not in the PB, also appears to be a member. The listing for this latest period also includes top officials from the propaganda and United Front policy field. They are plausible but not corroborated by previous evidence. On one post evidence is contradictory: the Director of the CPC International Liaison Department has recently been included, although his predecessor had reportedly lost membership in 1998 as a consequence of the diminishing role of the party in foreign affairs.¹²¹ A reversal of such a decision is not impossible.

The FA LSG is “not a standing institution and has no permanent staff,” and it relied, in the past, on the State Council Foreign Affairs Office¹²² for administrative support. This put the office in a rather influential position, reflected by the ministerial rank of its head.¹²³ Yet after a failed attempt to expand this influence, in 1998 the office was moved from the State Council to the party’s CC where it concentrated on policy consulting, and since then the FA LSG is assisted by MFA staff.¹²⁴

The CC’s Finance and Economy LSG (FE LSG) is a parallel institution, with a similar gatekeeper and supervision function, although, unlike the FA LSG, it nominates its Secretary General and deputies from among its members, thus solving the problem of administrative support.¹²⁵ Its predecessors date back to the late 1950s. Compared to the FA LSG they all had higher-profile leading members, including Chen Yun and Zhou Enlai as Directors, both PBSC members, and with several deputy directors and members who were in the PB.¹²⁶ Yet it was only after the beginning of reform and opening-up policies in the late 1970s that the FE LSG

¹²⁰ See Miller A.L. 2008c, p.10.

¹²¹ Lu 2001, p.53.

¹²² Lu 1997, p.12.

¹²³ Lu 2001, p.46.

¹²⁴ Lu 2001, p.47.

¹²⁵ Miller A.L. 2008c, pp.13-14.

¹²⁶ All observations on the leading positions in the FE LSG are based on the membership listings assembled in Miller A.L. 2008c, pp.12-14.

“has [...] become an increasingly important locus for the making of China’s foreign economic decisions and for their coordination and implementation.”¹²⁷

For most of the 1980s the FE LSG was headed by PBSC member Zhao Ziyang. While he was State Premier he had one of the Vice-Premiers as his deputy, presumably the one focussing on economic issues. After he became CPC General Secretary in 1987, his deputies were his two colleagues on the PBSC State Premier Li Peng and Vice-Premier Yao Yilin (who had already been in this position in the early 1980s. Jiang Zemin probably took over as FE LSG director shortly after Zhao’s fall. From 1994 on a strange leadership constellation put Zhu Rongji, Vice Premier in charge of economic reform and PBSC member, at the head, with two deputies: State Premier Li Peng, also on the PBSC, and Vice-Premier and PB member Wu Bangguo. When Zhu became State Premier in 1998, there was no change of personnel at the top of the FE LSG, except for the departure of Li. After the 2002-2003 central leadership transition, the new State Premier Wen Jiabao, who had previously acted as the group’s Secretary-General, took over as its director, initially with Ms. Wu Yi as his deputy. After her retirement in 2007 she was replaced by Li Keqiang, Vice-Premier, PBSC member and designated successor of Wen.

In terms of general membership of the FE LSG, once more the evidence is particularly scarce for the period under review.¹²⁸ But unlike for the FA LSG, here the indications from the periods before and after suggest a considerable upgrading, both in terms of political status and functional relevance. With regard to political status, the director Zhu Rongji was the only PBSC member in the group in the period after the 15th party congress, while after the latest reshuffle there are two of them. Functional relevance of the FE LSG members under Zhu limited, since many of its members were high officials with financial or economic experience in the past but current positions in the NPC and CPPCC, i.e. no direct involvement in the economic policy. The members with most direct exposure to related policy making were the Vice-Premier responsible for economy and finance, Wen Jiabao, the Minister in charge of the National Development and Reform Commission (NDRC), and the Director of the CC Finance Office. Currently the group includes three Vice-Premiers, focussing respectively on agriculture, industry and energy, and finance and foreign trade, the State Council Secretary General, who had previously been Minister of the NDRC, the current Minister of the NDRC, his colleague from the Ministry of Finance, the Governor of the People’s Bank of China, as well as the heads of various financial regulators. From these very

¹²⁷ Lu 2001, p.47.

¹²⁸ Miller A.L. 2008c, p.14.

different situations it is difficult to infer the composition of the FE LSG between 2002 and 2007. Since the change in personnel was probably related to the leadership transition 2002-2003, one could suppose that it was close to the current situation. In any case, foreign economic relations enjoyed a prominence they had neither before nor after due the position of Ms. Wu Yi as Deputy Director.

Two other LSGs that no longer exist deserve short mention. The WTO LSG had been operating from 1993 to 1998 but was abolished when State Premier Zhu Rongji personally took over leadership on the WTO issue. Its abolition is interpreted as an attempt to undermine the influence of its chairman who appeared overly pro-WTO.¹²⁹ There has also been a LSG dealing with military sales abroad, created in 1989. Yet it was abolished during the leadership reshuffle of 1998, and its functions were shifted to the Commission of Science, Technology, and Industry for National Defence (COSTIND). This latter had previously been “under the dual leadership of the CMC and the State Council,”¹³⁰ but since then has only been part of the Outer Cabinet of the State Council.

(iii) The Central Bureaucracies

Below the LSGs, foreign-policy making involves a number of ministries of the State Council, most notably the MFA, “the most important foreign affairs institutions in the formulation and implementation of China’s foreign policy.”¹³¹ Among the bureaucracies involved in foreign relations it plays a dominant role, including handling sensitive issues and relations with countries on behalf of the central leadership, whose prerogative these questions are in principle.¹³² The MFA is headed by a minister, six or seven Vice-Ministers and several Assistant Ministers, all of which are usually career diplomats who moved up the hierarchies of the MFA. The Vice-Ministers and Assistant Ministers divide oversight of the various MFA departments among them. As in most foreign ministries departments may either specialise on a functional policy field or on a region. Policy towards the EU is dealt with by the Europe Department, and in particular its EU Division. Between 2003 and 2008 the Vice-Minister in charge was Zhang Yesui. The MFA manages China’s embassies abroad, including in the EU where China has one in every member state as well as a separate mission to the EU in Brussels.

¹²⁹ Pearson 2001, pp.348-349.

¹³⁰ Lu 2001, p.49 fn.32.

¹³¹ Lu 2001, p.50; see also Yang 1995, p.91.

¹³² Lu 2001, p.51.

Apart from the MFA, the most important ministry is the MOFCOM, dealing with foreign economic relations. Unlike in the case of the MFA, not all of its ministers have developed their careers entirely within the ministry. Their backgrounds tend to look more like those of the top officials in the PB, and they seem to have more of a chance to move up than their colleagues in the MFA. Both Bo Xilai, minister between 2003 and 2008, and his successor Chen Deming have held top positions in the provinces before their nomination at the head of MOFCOM. Ms Wu Yi, minister from 1993 to 1998, had held top positions in the petroleum industry until a few years before she entered the MOFCOM, but like Bo Xilai she managed to enter the PB. Only Shi Guangsheng, who held the post between 1998 and 2003, had spent most of his professional career in the MOFCOM. Otherwise the administrative division is similar as in the case of the MFA. Yet aside from the Europe Department, two other units seem to be influential in policy making towards the EU: the Fair Trade Department, which is dealing with the growing number of WTO disputes between China and the EU, and the Foreign Trade Department, which is concerned with trade policy formulation and trade diplomacy in general.¹³³ Many Chinese embassies include a commercial section staffed by MOFCOM personnel as well as sometimes officials from the NDRC. In the EU this is the case for the embassies in most of the bigger member states, and also the mission to the EU.

Compared to the MFA and MOFCOM other bodies at a similar level play only minor roles.¹³⁴ The Ministry of State Security has competences that are strictly confined to the intelligence field. The CPC International Liaison Department is in charge of relations with other Communist Parties around the world. It was influential prior to 1989, but it has been declining since then.¹³⁵ With regard to organs of the PLA, it should suffice to point out that the military's influence on foreign policy is strictly limited to the "defense and national security arenas" where, in turn, it "retains a powerful voice."¹³⁶ Within the PLA's general departments the particular interests of different departments (intelligence, arms purchase, etc...) are coordinated by the Foreign Affairs Bureau of the GSD.¹³⁷

¹³³ Interview China 1, Beijing Q2 2007.

¹³⁴ Yang 1995, p.91.

¹³⁵ Lu 2001, p.53.

¹³⁶ Cheung 2001, p.61.

¹³⁷ See Lu 2001, pp.54-55 and Cheung 2001, pp.80-82.

2.1.4 Analysing China's Foreign Policy Process

Since the beginning of the reform era in the late 1970s, the Chinese policy process has changed substantially. During the lifetime of Mao Zedong, it was highly centralised, gravitating around himself as the dominant figure, in particular with regard to foreign policy. At the same time, especially during his latter years, the tidal changes of infighting between the different factions around him periodically bore through on policy making, including with regard to major issues of foreign policy.¹³⁸ Yet in 1985, less than ten years after Mao's death, it could be observed that "the basis for making major policy decisions has been considerably broadened," with day-to-day policy-making shifting away from the Politburo and its Standing Committee to state and party bureaucracies.¹³⁹ In addition, efforts were made to improve coordination among different entities involved in policy-making with a new emphasis on professionalism.¹⁴⁰

The study from which these remarks are taken is also an indicator of the growing openness of the Chinese leadership towards the efforts of foreign researchers. The author, US scholar A. Doak Barnett, was one of the first foreigners to get permission and support to do a series of interviews with high officials in Beijing in 1984, including State Premier Zhao Ziyang. Up until the beginning of reform, beyond the central role of Mao and the changing influence of different factions, little was known on details, including for example the precise roles of influential Prime Minister Zhou Enlai or of the central party bodies.¹⁴¹

Admittedly, Barnett's study falls into a special phase of the reform period, with a particularly strong CPC Secretariat, ongoing efforts at political and administrative reform, and no major social frictions yet.¹⁴² But the most recent in-depth study of Chinese foreign-policy making shows that the trends observed by Barnett have been continuing and deepening since then, and despite the crisis of 1989 and situations of internal and external tension. This collective effort, edited by David M. Lampton, covers a wide variety of specific issues, ranging from public opinion to the influence of international regimes, and draws on access to policy makers and documents unimaginable at the times of Barnett's study. In his introduction, Lampton elaborates two general trends from the contributions to the volume: first, the elite directly involved in the making of foreign policy is "thickening", second,

¹³⁸ See Lieberthal 1984, pp.47-55; see also Goldstein 1990.

¹³⁹ Barnett 1985, pp.2-3.

¹⁴⁰ Barnett 1985, pp.3-4.

¹⁴¹ Barnett 1985, pp.7-8; see also Lieberthal 1992, p.1.

¹⁴² Reform-related social tensions erupted for the first time in 1985; see Baum 1993, pp.381-386.

individuals and entities which are not directly part of the process “have more space to act internationally”, and therefore “generate issue and problems and exert pressures to which the central foreign policy elite must respond.”¹⁴³ Reminiscent of Barnett’s analysis, he sees “four ‘-izations’” behind these “twin developments,” namely “professionalization, corporate pluralization, decentralization, and globalization.”¹⁴⁴

(i) The Organisational Logic in Chinese Foreign-Policy Making

Not many details are known about organisational routines within the Chinese governing bodies, and the few available descriptions are mostly older than ten years. Yet while the role, composition and relative power of various bureaucratic agents in the foreign-policy process have been changing frequently, it is unlikely that the internal rules and procedures of organs that nevertheless existed continuously underwent similar transformations. In fact, in some cases, recent evidence from interviews confirms certain organisational processes.

Starting from the top, i.e. the PBSC and the PB, we do have recent indications about the frequency of their meetings, as already mentioned above. Given that foreign policy is just one of many policy areas the PBSC is dealing with, and not the exclusive focus of any of its members, it is likely that the weekly meetings do not leave much time for in-depth debate on related issues. This is even truer for the PB, which meets only on a monthly basis. In addition, there are accounts from the 1980s on how top party bodies proceed in making final decisions.¹⁴⁵ The emphasis is on collective discussion towards consensus where votes only serve to assess the degree of dissent among the members. For the PB, and most likely for the PBSC as well, the agenda is set by the General-Secretary and circulated beforehand, along with documentation on the various agenda items. During the meeting for each agenda item, the member who proposed it speaks first, followed by other members with experience in the same field. Then a discussion follows in which those with doubts about the proposal speak up and others may try to persuade them. The General-Secretary speaks last, usually in favour of the proposal since he agreed to have it on the agenda. His opinion weighs heavier than those of the other members. At the end a vote is called. If it is unanimous, or close to, the proposal is adopted, if not decision is postponed. There are no simple rules as to how many dissenting voices can be tolerated for a decision to be adopted. It depends on how strong the opposition is and on whether it includes members directly working on the issue. This collective,

¹⁴³ Lampton 2001, p.4.

¹⁴⁴ Lampton 2001, p.4.

¹⁴⁵ The following points are based on Miller, H.L. 2004a, pp.4-7.

consensual mode of decision-making seems to have endured through the eras of Deng Xiaoping and Jiang Zemin, as visible in various comments on party reform.¹⁴⁶

While the State Council does not play a separate role in foreign-policy decision making, the LSGs do. According to Lu Ning, the FA LSG serves as a “forum for the members of the central leadership in charge of foreign affairs – the politicians – to meet face to face with the leading officials of the various party, government and military foreign affairs institutions – the top bureaucrats.”¹⁴⁷ He calls it a “central processing unit”, where the bureaucracies in party, government and military submit all issues that need to be decided by the central leadership and from where all foreign affairs activities of the PRC are coordinated.¹⁴⁸ This position provides it with considerable influence. Although it does not make any decisions by itself, “its policy preferences and recommendations are likely to have an important impact on the final outcomes of the decision-making process,” whereby “ratification [...] by the central leadership is sometimes simply a formality.”¹⁴⁹ This key role of the FA LSG was confirmed by a European interviewee based in Beijing, who emphasised its *de facto* influence, especially in light of the limited foreign-policy expertise among the members of the PB and PBSC.¹⁵⁰ There are no such detailed accounts on the work of the FE LSG, but it most likely fulfils a similar gatekeeper function with regard to external economic relations. One interviewee pointed out that the FE LSG collects input from bureaucracies at ministerial level and also organises wide consultations with concerned governmental bodies, interest groups, academic experts, etc. prior to any big decisions by the central leadership.¹⁵¹

Below the LSGs, the central bureaucracies, with their pool of experts on specific foreign-policy issues, also play a substantial role with regard to the preparation of policy proposals and even more so in policy implementation. In the MFA, “a vigorous system of strict discipline and hierarchic grading is applied”, with “clear channels and procedures for policy consultation and decision.”¹⁵² This means that the communication from working level towards the higher levels of hierarchy is strictly regulated.¹⁵³ First, documents are submitted by the administrative unit, i.e. the department or the ministry, not by individual officials. Second, they only contain one proposal or evaluation with no options offered, i.e. the

¹⁴⁶ Miller, H.L. 2004a, p.6.

¹⁴⁷ Lu 2001, p.46.

¹⁴⁸ Lu 2001, pp.46-47; see also Lu 1997, p.12.

¹⁴⁹ Lu 2001, p.46.

¹⁵⁰ Interview EU 25, Beijing Q3 2007.

¹⁵¹ Interview China 16, Beijing Q4 2008.

¹⁵² Yang 1995, p.95.

¹⁵³ For this and the next paragraph, see Lu 2001, pp.31-32 as well as Yang 1995, pp.95-96.

involved officials have to reach a consensus on what to recommend through discussion and consultation.

Third, this leads to a characteristic process by which issues travel up and down the hierarchies. It starts with the desk officer directly responsible for the matter who drafts a document based on instructions from the heads of his or her division and in consultation with other concerned officials of the department. After approval and signature by leading officials of the department, it is sent up to the responsible Vice-Minister or Assistant Minister, and possibly further up, depending on the issue. If a matter concerns more than one department, inter-departmental consultations take place prior to the drafting, and the signature of the heads of all involved departments are required before the lead department sends the document up. The Vice-Minister in charge of the lead department then consults the colleagues responsible for the other involved departments before deciding how to pursue. Fourth, how high a document travels depends on whether the policy issues it contains fall within existing policy guidelines for a certain level or not. For it to move up it needs the signatures of at least two leading officials, e.g. the director of a department and the deputy in charge of the issue and similarly at the ministerial level for matters that are outside the existing instructions for the ministry. If there is disagreement the document is handed back down with the views of the higher level officials.

There are no similarly detailed accounts for other ministries but procedures probably look very similar. In fact, some of the workings described above may point to general patterns in Chinese politics. One Chinese interviewee with a background in the General Administration of Customs, a bureaucracy at ministerial level under the State Council, described the “Chinese meeting style” like this: during a given period of time everyone present has the opportunity to speak; then the Chair summarises, concludes and decides; if an issue is too controversial the decision is postponed.¹⁵⁴ This looks like a simple version on the consensual decision-making based on collective discussion mentioned above, although possibly with less discipline at lower levels of hierarchy. Similarly, the procedure for preparing documents we have seen in the MFA corresponds roughly to the way central political documents are prepared in successive steps: selection of a group of drafters, instructions from above, collective drafting by the group, check by the leader and revision if necessary, submission to the competent authority for approval, and lastly, dissemination¹⁵⁵. The impact of a policy proposal may depend significantly on how far and to whom the

¹⁵⁴ Interview China 4, Beijing Q2 2007.

¹⁵⁵ Wu 1995, pp.27-30.

document is circulated. In this process personal contacts may play a crucial role,¹⁵⁶ as well as the personal initiative of top leaders.¹⁵⁷

When a matter is primarily in the area of competence of a bureaucracy other than the MFA, it deals with it independently, unless it has sensitive political implications or falls outside pre-existing foreign policy guidelines, in which case the MFA has to be consulted.¹⁵⁸ If more than one bureaucracy is involved, for example MFA, MOFCOM and the PLA's GAD on trade in military materials, or MFA and MOFCOM on major commercial issues, a similar process as described before at the departmental level happens at the level of the ministries, whereby inter-ministerial consultations at working level shape the drafting and signatures of all concerned ministers are necessary for a document to move higher up.¹⁵⁹

All this suggests that the flow of policy proposals up and down the hierarchies should be rather slow in the Chinese foreign-policy process. The many horizontal divisions that put the central leadership, who makes final decisions, at enormous distance from the working level of bureaucracies, where the bulk of policy preparation is happening, are reinforced by significant procedural obstacles, in particular the need to arrive at a consensus among all involved officials at all levels. By contrast, vertical divisions, i.e. between different functional fields, like between ministries or various departments within a ministry, certainly exist but should be expected to be bridged to some extent by the constant consultations.

(ii) Bureaucratic Politics: Fragmentation and Bargaining

Yet the dynamics of the Chinese foreign-policy process go beyond procedures. They are not caught in the organisational logic. In fact, the generalised rule of consensus through consultation provides for bargaining venues at all levels of the decision-making process, in which the involved entities may pursue, at least to some extent, their separate interests. This can mean different things, depending on the context, like not being excluded from a certain policy, impose the point of view of one's own organisation, or become the entity in charge of some initiative. It may occur in the consultations between a functional and a regional department of the MFA, when MOFCOM, MFA and GAD are trying to find agreement on military exports, as well as in the discussions among the members with different institutional backgrounds in the LSGs and the top leadership bodies.

¹⁵⁶ Yang 1995, p.95.

¹⁵⁷ See the examples in Ming 1995.

¹⁵⁸ Yang 1995, pp.95-96.

¹⁵⁹ Lu 1997, pp.32-33.

Such bargaining dynamics in Chinese politics have been studied extensively and described as “fragmented authoritarianism.” This model was initially developed in the late 1980s with regard to economic policy in post-Mao China, but was later applied to other policy fields, including foreign policy. According to Kenneth Lieberthal, one of the main proponents of this approach,

“[t]he fragmented authoritarianism model argues that authority below the very peak of the Chinese political system is fragmented and disjointed. The fragmentation is structurally based and [...] grew increasingly pronounced under the reforms beginning in the late 1970s [...] Structurally, China's bureaucratic ranking system combines with the functional division of authority among various bureaucracies to produce a situation in which it is often necessary to achieve agreement among an array of bodies, where no single body has authority over the others.”¹⁶⁰

Specifically, the decentralisation of budget authority and personnel management in the early years of reform, the “general decline in the use of ideology as an instrument of control” as well as the “encouragement given to many organs to become increasingly self-supporting through bureaucratic entrepreneurship” have all contributed to strengthening the “tendency of bureaucratic units to work vigorously to promote and protect their own interests in the policy-making process.”¹⁶¹ This fragmentation is “most severe in the domain from the ministries through the provinces”, while “[a]bove the ministries and below provinces” the system is still “characterized by extraordinary concentrations of power.”¹⁶² A key implication of this increased fragmentation is “increased bargaining in the Chinese bureaucratic system” since “a search for consensus among various organs” is necessary “in order to initiate and develop major projects.”¹⁶³ Overall, “[t]he reforms since the late 1970s have produced only very limited progress toward institutionalizing the political system.”¹⁶⁴

Certainly, there has been ongoing institutionalisation in the nearly two decades since fragmented authoritarianism was first proposed. Its key assertions seem to remain valid though. With regard to foreign-policy making, a more recent comment describes fragmented authoritarianism as a system in which “a complex matrix of relevant bureaucracies and interests [produces] decisions through extensive bargaining and coordination; efforts to gain

¹⁶⁰ Lieberthal 1992, p.8; this piece provides a comprehensive overview of the fragmented authoritarianism approach.

¹⁶¹ Lieberthal 1992, pp.8-9.

¹⁶² Lieberthal 1992, p.20.

¹⁶³ Lieberthal 1992, p.9.

¹⁶⁴ Lieberthal 1992, p.21.

consensus dominate.”¹⁶⁵ The same author also provides an example of an extended bureaucratic bargaining process, namely the final phase of China’s WTO negotiations, when the contradictory interests of the many ministries prevented a consensual solution, a deadlock that could only be overcome through intervention of the central leadership.¹⁶⁶ This means that fragmented authoritarianism “remains an apt description of much of the political process in China despite twenty years of unprecedented change.”¹⁶⁷

In such processes of bargaining for influence, personal relations may matter a great deal. In fact patron-client networks are pervasive at all levels of Chinese politics, a point elaborated by literature on elite and factional politics.¹⁶⁸ Yet it is virtually impossible to trace such networks consistently through all administrative level involved in policy-making. Consequently this approach has mostly been used to analyse politics at the top and to account for major policy changes, purges of high leaders or leadership transitions.¹⁶⁹ Nevertheless it represents a factor that has to be borne in mind when analysing bureaucratic bargaining.¹⁷⁰

(iii) The Role of Central Control

If the concentration of political power has decreased in the years since the beginning of reform, the central leadership remains the powerful sphere of Chinese politics – as visible for example in its exclusive privilege to make final decisions on major foreign policy issues. How does this power articulate itself in the era of reform then?

It is first and foremost the power to define the fundamental directions and goals of foreign policy. Lu Ning suggests a military metaphor in this connection. The central leadership makes *strategic* decisions which “often consist of no more than a vague concept, basic policy orientation, broad policy guideline or long-term policy goal – just ‘the bones’ of

¹⁶⁵ Pearson 2001, p.346.

¹⁶⁶ See Pearson 2001.

¹⁶⁷ Mertha 2007, p.1.

¹⁶⁸ See for example Nathan 1973; Pye 1981; Dittmer and Wu 1995.

¹⁶⁹ For a recent attempt, see Dittmer 2001.

¹⁷⁰ The treatment of the long illness and death of Huang Ju offers an interesting glimpse on factions and personnel politics at the central leadership level. When Jiang Zemin stepped down in 2002 he managed to appoint a majority of his allies into the Politburo to maintain influence and balance against the new leadership of Hu Jintao. Among them, Huang Ju was known as one of his closest supporters. His death shortly before the 17th party congress in fall 2007 threatened to anticipate precipitously the sensitive question of his replacement. First reports of his death were officially denied in early May 2007 but his passing away was officially confirmed on June 3 – with a directive requiring all mainland news media to run only the text of the official news agency Xinhua. See Fewsmith 2003 on the politics behind the appointments to the PB and PBSC in 2002, as well as Jane Macartney, *The Times*, 9 May 2007, “China denies death of Vice-Premier”; and Josephine Ma, *South China Morning Post*, 3 June 2007, “Huang Ju dies in PLA hospital”.

policy.”¹⁷¹ By contrast, government bureaucracies at lower levels, in particular relevant ministries, then decide the *tactics*, i.e. “work out detailed plans for realization of leadership’s policy goals, adding the ‘flesh and blood’ to China’s foreign policy.”¹⁷² There is therefore a certain degree of freedom for the central bureaucracies in policy implementation, even to the degree of allowing space for “subversion” on the part of dissenting bureaucracies as Lu Ning sees it.¹⁷³ This may come in various ways, like consciously preparing ambiguously worded policy proposals, creative interpretation of policy guidelines, or slightly biasing reports on policy effects. From this point of view, decisions on how to engage the EU should probably be considered tactical issues with a comparatively high degree of discretion at the level of the ministries.

Yet the central leadership still gets involved in various ways. First, “[t]he highly centralized decisionmaking power has created much inertia in the bureaucratic foreign affairs establishment toward taking initiatives in the formulation of major foreign policies”, and as a result “[m]ost major foreign policy initiatives have originated from the top.”¹⁷⁴ This reluctance to use the possibility to propose policies to higher levels may also be related to the procedural obstacles. Second, given the fragmented nature of the policy process in China, it may occur that the involved decision-making units at the level of the central bureaucracies cannot reach an agreement through bargaining. Then, if the central leadership values progress in the respective field, it will *have* to intervene. This may happen in several ways, with distinct effects.

In a first scenario, such an intervention of the central leadership may simply take the form of an arbitration between different policy proposals. An example for this would be the decision-making around China’s adhesion to the Comprehensive Test Ban Treaty (CTBT) as discussed by Bates Gill.¹⁷⁵ While the MFA argued that “China’s international stature and image as a responsible great power were at stake and required a constructive position on the CTBT” the PLA and the “defense-industrial community [...] argued that China was ‘not technically ready’ to sign.”¹⁷⁶ There was direct bargaining between the two involved bureaucracies but “the Chinese leadership was convinced by the MFA arguments and decided against the military’s recommendation for continued testing.”¹⁷⁷

¹⁷¹ Lu 2001, p.50.

¹⁷² Lu 2001, p.50.

¹⁷³ Lu 1997, p.35.

¹⁷⁴ Lu 1997, p.33.

¹⁷⁵ See Gill 2001.

¹⁷⁶ Gill 2001, pp.263-264.

¹⁷⁷ Gill 2001, p.265.

In a second scenario, the intervention of the central leadership may lead to an upward migration of the policy issue, away from the central bureaucracies to the central leadership, especially if the latter becomes aware, at a given moment, of the high strategic ramifications of an issue. In principle such a situation might occur even without a bargaining problem at the working level. In this case, the “tactics”, e.g. the choice of who to engage in the EU and how, would be almost entirely back in the offices of the foreign-policy officials in the central leadership. The respective ministries would still have an important advisory and facilitating function (e.g. the MFA through its network of diplomatic missions) but most decisions would be made at the top.

A third scenario would be a combination of the first two. On the one hand, the central leadership has to intervene in a deadlocked internal bargaining process, and the concerned entities continue their work in accordance with the authoritative decision from above. On the other hand, the issues also travels to the top, either because the Chinese leadership has recognised its importance or because international partners have raised the issue at the top leadership level, in which case decisions about the modalities of engagement would have to be made both at the ministry-level and at the very top. It is likely that in such a situation LSGs play a particularly important role. As example one could refer to the WTO negotiations between China and the US.¹⁷⁸ Due to the large scope of the WTO-related issues and the divergent interests of concerned ministries, the internal bargaining got stuck. Once speedy WTO membership had become an issue of strategic importance to the Chinese leadership, it intervened in favour of the pro-WTO MOFCOM (MOFTEC at that time, i.e. Ministry of Foreign Trade and Economic Cooperation) against more protectionist ministries (like for example the Ministry of Information Industries). This enabled the WTO Department of the MOFTEC to pursue its own approach, but it also resulted in a direct involvement of the top leadership in negotiations with the US: State Premier Zhu Rongji himself delivered a generous offer to the US leadership during an official visit.¹⁷⁹

Lastly, one can distinguish two different basic modes of policy making in contemporary Chinese politics. Under the normal mode “decision making is shaped by experts and external policy advisors, with participation of a variety of different internal actors, the shifting of important administrative competences to lower levels of government, as well as multiple types of international cooperation.”¹⁸⁰ This mode corresponds to the strategic-tactical

¹⁷⁸ See Pearson 2001.

¹⁷⁹ Pearson 2001, pp. 363-364.

¹⁸⁰ Heilmann 2004, p.43.

metaphor above, with a certain leeway for the central bureaucracies. By contrast, under the crisis mode, decision making becomes highly centralised with a dominant role for the highest leaders, somewhat reminiscent of the policy process in Mao's times. This mode will typically kick in as a reaction to situations that are perceived as a threat to the stability of the political system, like for example the repression of 1989 or the Taiwan Strait Crisis of 1996. It does not necessarily touch decision making in all policy fields but may be limited to the arenas from which the threat is emanating, like in the case of the reaction of the SARS epidemic of 2003 after the initial attempt of a cover-up had become public. However, in relations between China and the EU during the period studied here no such crises have occurred.

2.1.5 Conclusion

This section has presented process I of the analytical framework developed in the previous chapter, i.e., in the context of the present research, the Chinese foreign-policy process. I have introduced the basic structures of the Chinese political system, discussed in some detail the bureaucratic agents involved in foreign-policy making, and analysed the foreign-policy process based on the three causal mechanisms proposed by the framework, namely organisational logic, bureaucratic bargaining and central control.

The Chinese foreign-policy process includes elements from all three main pillars of the political system, i.e. party, government and military, and it develops across a long ladder of hierarchy, reaching from the working level of central bureaucracies to the very top of central leadership. While the power to make final decisions is firmly concentrated at the top, the preparation of policy proposals as well as policy implementation is largely done in the relevant ministries, although LSGs and possibly even higher levels may be involved. Organisational factors, in particular procedures for preparing documents and sending them towards higher levels of authority, appear to deepen the horizontal divisions in this process, there is ample room for bureaucratic bargaining, and the central control over the activities of the central bureaucracies may vary depending on the situation.

2.2 The Foreign-Policy Process in the EU

This section presents the foreign-policy process of the EU. In the analytical framework introduced in the previous chapter this corresponds to process II, as it determines the reception, and possibly modification, by the EU of the initial approach by China. The political system of the EU has been slowly but constantly changing since the early years of European integration, including with regard to foreign policy, a process that is still ongoing. In fact, with the Lisbon Treaty ratified by the large majority of member states, although with politically complicated situations in some of the remaining ones,¹⁸¹ further changes in decision-making on the EU's external relations are likely over the next few years. This means the EU is a political system still “in the making”, much like China, although for very different reasons.

The similarities do not go much further though. Unlike China, the EU is an international organisation not a state, whose actorness in international relations is not equally all-encompassing. Instead its competences, including with regard to external relations, are defined in or derived from the founding treaties in their current version. These treaties also establish rigid procedures as to how policies in the different fields of EU external action are made. At the same time, a multitude of bureaucratic agents is involved in the EU foreign-policy process, even more than in China and with a less rigid hierarchy, which gives rise to variable patterns of policy making. In this, personal relations certainly do matter, but not in the same way as in Chinese politics. The top leadership is far less coherent than in China, including Brussels-based *fonctionnaires*, political nominees from the member states in EU positions, as well as administrative and political personnel representing the members in Brussels. Career patterns like in China, where officials move up slowly but steadily in the central hierarchies, sometimes to the very top, are close to impossible in Brussels – which also implies that the tracing of careers and concurrent positions is far less meaningful.

In the first sub-section I will present an overview of the literature on EU foreign policies. This will be followed by a general introduction to the EU's political system, including certain external as well as internal aspects. The third sub-section will then turn to

¹⁸¹ At the moment of writing, ratification is not complete in the Czech Republic, Germany, Ireland, and Poland; in Ireland a second referendum will be held on the Lisbon Treaty in autumn 2009, after a first referendum turned out negative in June 2008; in the Czech Republic the euro-sceptic President is waiting for the outcome in Ireland before signing the ratification instrument; the German President is waiting for a verdict from the Constitutional Court before signing it; the Polish President also has not yet signed the ratification instrument; see website http://europa.eu/lisbon_treaty/countries/index_en.htm# (consulted 16 May 2009).

the distribution of foreign-policy competences within the EU and the basic rules and procedures for foreign-policy-making. Lastly, I will analyse the EU's foreign-policy process through the lenses proposed by the analytical framework, i.e. differentiating between organisational logic, bureaucratic bargaining, and the role (or absence) of central control.

2.2.1 Studying EU Foreign Policies – But Not From the Perspective of Outsiders

The growing impact of the EU in contemporary international affairs has been affirmed in a growing body of literature, including on issues of traditional “high politics”. In his 2001 study Roy Ginsberg makes the point that the EU is not only an economic power but can also have a more general political impact on the outside world. Through intensive case studies of the EU's policies on the conflict in former Yugoslavia, towards the Middle East and towards the US, he comes to the conclusions that the EU is “a complex, partial, *sui generis*, and evolving international political actor capable of having different degrees of political impact even in the absence of a fully formed CFSP within a political union.”¹⁸²

If Ginsberg is explicitly emphasising the special nature of the EU, not comparable with any other phenomenon in international relations, Charlotte Bretherton and John Vogler apply a more general concept to the EU, namely international actorness, and verify the EU's actorness in a number of case studies. In the end, they carry Ginsberg's point even further: the EU has capabilities, an international presence and opportunities to act, in part due to expectations from third actors. It even exercises international leadership on certain issues, “is urged to act, is blamed for its immobility, and is frequently told to resist US hegemony.”¹⁸³ The general picture of an EU that has impact in international affairs over a wide array of issue-areas, although to a varying degree, is confirmed in other volumes and studies.¹⁸⁴ The literature on the EU as a “civilian power” also supports the argument that the EU has not only an economic but a political impact on the world at large.¹⁸⁵

The policy making processes behind this impact of the EU on international affairs have been a subject of academic research for longer already – and have at times themselves created

¹⁸² Ginsberg 2001, p.21.

¹⁸³ Bretherton and Vogler 2006, pp.2-3; see also Bretherton and Vogler 1999.

¹⁸⁴ See the contributions to Mahncke, Ambos and Reynolds (eds.) 2004, in particular the case studies in part 2, and Marsh and Mackensteen 2005.

¹⁸⁵ See Manners 2002 for a good overview of the literature. See also Cremona 2004 for a wider discussion of the normative influence of the EU in the world.

doubt about the potential of actual EU influence in the world.¹⁸⁶ The basic formal rules for foreign-policy making result directly from the treaties,¹⁸⁷ and how they function in practise for the different external policies of the union, i.e. CCP, development cooperation and CFSP, has been described by various scholars,¹⁸⁸ including also detailed analyses of different voting regimes on EC external relations.¹⁸⁹ With regard to CFSP, its extra-treaty origins in the European Political Cooperation (EPC), the resisted communitarisation of non-EC “high politics” during the Maastricht negotiations, and the role of the Commission, which has nevertheless been growing in these issues, have been the subject of detailed analysis, for example by Simon Nuttall.¹⁹⁰ Michael E. Smith has gone further in arguing that a fairly integrated institutional foreign policy framework has evolved, despite the formal exclusion of CFSP from the densely regulated Community sphere, with even a considerable degree of “legalisation.”¹⁹¹

At the same time, other scholars emphasise the importance of informal processes in European foreign-policy making. Thus, it has been argued that a new integrative dynamic has resulted from the institutionalisation of CSFP through so-called “Brusselisation.”¹⁹² Despite the avoidance of the Community method, in the Brussels-based institutions a new elite is emerging, closely cooperating among each other and thinking “European” rather national. But also the continuing informal influence of individual member states has been studied. Catherine Gegout, for example, has pointed out the strong influence by big member states in close consultation with the US.¹⁹³

The complex overlap of processes at the common, European level and of the continuing national foreign policies in individual member states has also been researched.¹⁹⁴ Brian White, suggests to analyse European foreign policy as an interactive foreign policy system with three subsystems: member states foreign policy, a supranational Community foreign policy, i.e. the CCP and development cooperation under the first pillar, and an intergovernmental Union foreign policy, i.e. the CFSP under the second pillar.¹⁹⁵ Others have

¹⁸⁶ See for example the thorough review of treaty provisions on CFSP in Hill 1993 and 1998.

¹⁸⁷ For details on the making of European foreign policies see chapter 4.

¹⁸⁸ Among the more recent examples, see Vanhoonacker 2005 and Marsh and Mackenstein 2005, in particular pp.57-61.

¹⁸⁹ See for example Jupille 1999, Meunier 2000 and 2005.

¹⁹⁰ See Nuttall 2000, in particular chapter 3, and Nuttall 1996 in the role of the Commission.

¹⁹¹ See Michael E. Smith 2004, and especially Michael E. Smith 2001 on legalisation.

¹⁹² See Allen 1998 and Müller-Brandeck-Bocquet 2002.

¹⁹³ Gegout 2002.

¹⁹⁴ See especially Carlsnaes, Sjursen and White (eds.) 2004.

¹⁹⁵ White 2001; chap.1 succinctly introduces his overall conceptual framework; see also White 2004.

observed processes of European socialisation, or Europeanisation, whereby national foreign policies align themselves with an emerging common European position.¹⁹⁶

What emerges from this literature, despite the different emphases, is the considerable complexity of foreign-policy making in the EU, and especially the multitude of institutional actors who legitimately represent the EU, or part of it, towards the outside: the organs of the Presidency, the High Representative (HR) for CFSP and the Council Secretariat, the different DGs of the Commission, ministries of member states, etc... How do outsiders deal with an EU that has a growing influence as an integrated entity but maintains complex and fragmented decision-making processes? So far, neither academic nor more policy-oriented literature provide any satisfying answers to this question. In academia, the writing on the EU's consistency in external relations is the closest one can get.¹⁹⁷ This literature is indeed concerned with the face, or better the many faces, the EU is showing to the world. Yet while it assesses the issue, analyses its reasons and often makes suggestions on how to improve consistency, it does not focus on how outsiders deal with the complexities and inconsistencies of EU foreign policy.

In policy-oriented writing, the most ambitious effort in this direction has been the volume *Global Views on the European Union*, edited by Martin Ortega for the Institute for Security Studies. It provides a wide array of outside impressions and assessments of the EU in international affairs, but the contributors only give marginal evidence of the process of engaging such a complex polity.¹⁹⁸

2.2.2 Grasping a Complex International Organisation

The current political order of the European integration scheme is the result of more than five decades of continuous evolution starting shortly after the end of the Second World War. As much of the remainder of this section will deal with complexities in European foreign policies that emerged as a result of the tortuous paths of European integration, this sub-section will begin with a brief overview of the history of European integration. In a next step, I will turn to the issue of EU's international actorness. For the EU this is a more tricky question than for China. As a state, China's quality as international actor can hardly be contested, and no

¹⁹⁶ See, for example, Tonra 2001 on small member states' foreign policy and Wong 2005.

¹⁹⁷ For a recent summary of the debate see Nuttall 2005.

¹⁹⁸ Ortega 2004.

further discussion on this issue was warranted in the previous section. In the case of the EU, however, literature has not been unanimous on its actorness, and few comments are in place on how the definition of international actors suggested in chapter II applies to the EU. Lastly, this will lead to a discussion of the EU's main bureaucratic agents and some general features of the EU's political system.

(i) The Origins and Evolution of the EU

The history of European integration looks in many ways like a textbook example for the historical institutionalist claim that the growing cost of revising institutions in a path-dependent process leads to a layered institutional structure.¹⁹⁹ The current EU has four predecessors in the form of older international organisations for regional integration in Europe, and all of them continue to exist today under the roof of the EU. The European Coal and Steel Community (ECSC) was established by the Treaty of Paris (signed April 1951, in force July 1952), and the European Economic Community (EEC) as well as the European Atomic Energy Community (Euratom) by the two Treaties of Rome (both signed March 1957, in force January 1958)²⁰⁰, all of them with Belgium, Germany, France, Italy, Luxemburg, and the Netherlands as members.

The fourth organisation, the Western European Union (WEU), has been developed out of the Brussels Treaty of Economic, Social and Cultural Cooperation and Collective Self-Defence, signed in March 1948 (in force August 1948) by Belgium, France, Luxemburg, the Netherlands and the UK.²⁰¹ In August 1954 the French National Assembly rejected the treaty on a European Defence Community on which the members of the ECSC had agreed in May 1952.²⁰² As a reaction, the original signatories together with Germany and Italy agreed on the accession of the latter two to the Brussels Treaty and decided a number of amendments that led to the creation of the WEU. These measures were contained in the Paris Agreement of October 1954, strangely enough the result of a conference in London. It remained a marginal organisation, often in the shadow of the more impressive North Atlantic Treaty Organisation (NATO), and was only rediscovered as a useful institutional container for the defence dimension of European integration in the 1990s.

¹⁹⁹ See Pierson and Skocpol 2002.

²⁰⁰ See the table in Nugent 2006, pp.138-140.

²⁰¹ This and following sentences on origins of the WEU are based on the documents and useful summary of early WEU on its official website; www.weu.int (consulted 15 May 2009).

²⁰² Nugent 2006, p.41.

The 1960s and 1970s saw important developments. With regard to the ECSC, EEC and Euratom, more institutional integration was achieved through the Treaty Establishing a Single Council and a Single Commission of the European Communities, also known as Merger Treaty, which was signed in April 1965 and entered in force in July 1967.²⁰³ By July 1968, the customs union was completed,²⁰⁴ and by implication, the EEC had to be “a single entity in global trade.”²⁰⁵ Shortly thereafter, the Davignon Report, adopted at the meeting of Foreign Ministers Luxemburg in October 1970, started foreign policy cooperation on traditional “high politics”. It created a pattern of consultation and coordination outside the treaties that would come to be known as European Political Cooperation (EPC). The 1970s then saw important developments in the Communities towards more supranational governance, i.e. expanding roles for the Commission and the European Court of Justice (ECJ).²⁰⁶

The next major step in European integration was the Single European Act (SEA) (signed in February 1986, in force in July 1987). At that time, the membership of the Communities had grown from the original six, i.e. Belgium, France, Germany, Italy, Luxemburg, and the Netherlands, to twelve members, as Denmark, Ireland and the UK had accede to the treaties in 1973, followed by Greece in 1981, and Spain and Portugal in 1986. The SEA included amendments to the treaties of the three Communities, ECSC, EEC, and Euratom, along with EPC provisions.²⁰⁷ From the point of view of the Communities, the SEA expanded the use of qualified majority voting (QMV) in Council decisions, increased the role of the EP, created the Court of First Instance to alleviate the burden of overstretched ECJ, and, most importantly, up the specific target of completing a common internal market by 1992²⁰⁸. With regard to foreign-policy, it “did little more than consolidate previous EPC practices, but it was significant that they were included in an instrument that also amended the Treaty of Rome.”²⁰⁹ This means the SEA gave a formal treaty basis to EPC, without however integrating it into the Communities.

The Treaty of Maastricht, or Treaty on European Union (TEU) (signed in February 1992, in force in November 1993) brought significant changes in many ways. Most visibly, it created the European Union (EU), as a general roof for all integration efforts that have evolved out of the original Communities. Like the SEA, it also amended the treaties of the

²⁰³ Nugent 2006, p.79.

²⁰⁴ See Commission 1968

²⁰⁵ Peterson and Bomberg 1999, p.91.

²⁰⁶ See Alter 1998, Stone Sweet and Caporaso 1998, Fligstein and Stone Sweet 2001.

²⁰⁷ Title II of the SEA contains “Provisions Amending the Treaties Establishing the European Communities” while Title III spells out “Treaty Provisions on European Co-operation in the Sphere of Foreign Policy”.

²⁰⁸ Nugent 2006, pp.80-81.

²⁰⁹ Nuttall 1997, p.22.

Communities, and dealt in a separate title with general foreign policy cooperation, re-named Common Foreign and Security Policy (CFSP) instead of EPC.²¹⁰ Another title was devoted to cooperation on Justice and Home Affairs (JHA), a new field of cooperation, covering issues like asylum and immigration policy, judicial cooperation, and police cooperation.²¹¹ In this way the TEU created the characteristic three-pillar structure of the EU that can still be observed, i.e. with the Communities as the first, CFSP the second, and JHA the third pillar.

More concretely, with regard to the Communities, the Treaty of Maastricht renamed the old EEC European Community (EC), and the related treaty, which had taken on far wider scope than the more specialised ECSC and Euratom treaties, therefore became the Treaty Establishing the European Community (TEC). At the same time, it also provided for some innovation on procedures and policies, e.g. by extending the use of QMV, strengthening the roles of the EP and ECJ, and expanding the policy areas covered by the Communities, most importantly through the creation of the Economic and Monetary Union (EMU).²¹² In the field of cooperation on foreign policy in general, the new CFSP provided a more ambitious framework than the old EPC, for example by defining specific policy instruments.²¹³

The TEU signed in Maastricht mentioned the WEU as “an integral part of the development of the Union”, and requests it “to elaborate and implement decisions and actions of the Union which have defence implications.”²¹⁴ In a declaration annexed to the treaty, members of the WEU, in the meantime nine after accession of Spain and Portugal in 1990, stated that “WEU will be developed as the defence component of the European Union and as a means to strengthen the European pillar of the Atlantic Alliance.”²¹⁵ The declaration specified that “WEU is prepared, at the request of the European Union, to elaborate and implement decisions and actions of the Union which have defence implications” and, for this purpose, provided for a number of measures to ensure close cooperation between the institutions of EU and WEU.²¹⁶ To enhance WEU operations, institutional innovations were initiated, like a “WEU planning cell”, semi-annual “meetings of WEU Chiefs of Defence

²¹⁰ SEA titles II-IV amend the three treaties of the Communities, title V contains CFSP provision.

²¹¹ SEA title VI; see also Nugent 2006, pp.90-91.

²¹² See Nugent 2006, pp.86-89.

²¹³ TEU (Maastricht) Art.J.2 and J.3.

²¹⁴ TEU (Maastricht) Art.J.4(2) (current TEU Art.17).

²¹⁵ Treaty of Maastricht, Declaration on Western European Union, par.2.

²¹⁶ Treaty of Maastricht, Declaration on Western European Union, section A “WEU’s Relations with European Union”.

Staff”, “military units answerable to WEU”, or “enhanced cooperation in the field of armaments with the aim of creating a European armaments agency.”²¹⁷

The following treaties, i.e. the Treaty of Amsterdam (signed in October 1997, in force in May 1999) and the Treaty of Nice (signed in February 2001, in force in February 2003), left the basic institutional structures unchanged but introduced amendments in all three pillars. The Treaty of Amsterdam expanded the use of QMV, transferred certain JHA issues into the first pillar, and strengthened the institutional setting for CSFP, most visibly by creating the post of the High Representative for CFSP.²¹⁸ With regard to WEU, the treaty defined for the first time for what ends its operation capabilities might be used, namely “humanitarian and rescue tasks, peacekeeping tasks and tasks of combat forces in crisis management, including peacemaking.”²¹⁹ These were the so-called Petersberg Tasks, listed for the first time in June 1992 by the WEU.²²⁰ The Treaty of Nice was mostly about anticipating enlargement and adjusting the institutions accordingly, in particular the weighted votes in the Council.²²¹ Since the Treaty of Maastricht Austria, Finland and Sweden had joined the EU in 1995. The further expansion with the accession of Cyprus, Czech Republic, Estonia, Hungary, Lithuania, Latvia, Malta, Poland, Slovakia, and Slovenia in 2004, and lastly Bulgaria and Romania in 2007, was already foreseeable.

In the defence field, the British-French agreement of Saint-Malo in December 1998 had cleared the way for further cooperation.²²² Subsequently the Helsinki European Council in December 1999 set up what came to be known as the European Security and Defence Policy (ESDP), including in particular the projected commitment of military capabilities from member states and the establishment of an EU Military Staff and EU Military Committee, the former to implement military activities of ESDP, the latter as a military policy making body.²²³ At the Nice European Council meeting these measures were confirmed²²⁴ and the reference to the WEU as “an integral part of the development of the Union” taken out of the TEU.²²⁵

The latest attempts to change the treaty base of European integration are linked to the efforts of the European Convention, meeting between February 2002 and July 2003, at

²¹⁷ Treaty of Maastricht, Declaration on Western European Union, par.5; see also Vanhoonacker 2005, pp.78ff.

²¹⁸ See Nugent 2006, pp.95-102.

²¹⁹ TEU Art.17(2).

²²⁰ See Vanhoonacker 2005, p.78ff.

²²¹ Nugent 2006, table pp.108-109.

²²² Schake, Bloch-Lainé and Grant 1999, p.22.

²²³ European Council, Helsinki, December 1999, Presidency Conclusions, Annex IV.

²²⁴ European Council, Nice, December 2000, Presidency Conclusions, Annex VI.

²²⁵ See TEU Art.17(1) before and after the Treaty of Nice.

drafting a constitutional document for the EU. The main merit of the resulting Constitutional Treaty, signed by the member states in October 2004, was the integration of all European treaties in one and the clarification of competences and procedures, including with regard to CFSP as will be discussed below. After its failure in referenda in France and the Netherlands during May and June 2005, most of its provisions were incorporated into the Lisbon Treaty which, however, takes the old, and confusing, approach of amending the existing treaties.

(ii) The EU as an International Actor

While investigating the nature of the EU as an entity in international relations, some scholars have voiced scepticism as to whether it can be considered a fully-fledged actor. In a pioneering study on the issue Gunnar Sjöstedt concludes, after a lengthy discussion of criteria for international actorness and related evidence in the European case, that “the Community [...] seems to be some sort of half-developed international actor.”²²⁶ It “performs actor behaviour irregularly and only under certain conditions” while “the structural prerequisites for the performance of actor behaviour are only fulfilled partially.”²²⁷ Christopher Hill adopts a similar perspectives when he states that the “dramas over the Gulf, the Uruguay Round and Yugoslavia seem to show that the Community is not an effective international actor, in terms both of its capacity to produce collective decisions and its impact on events”, and concludes that “a coherent [European foreign-policy] system and full actorness are still far from realization.”²²⁸

By contrast, Charlotte Bretherton and John Vogler, in a book entirely devoted to exploring EU actorness, come to the conclusion that “the EU is a global actor of some significance.”²²⁹ Not only do their specific criteria for actorness differ from the definitions by Sjöstedt or Hill, they also place more emphasis on the social dimension, i.e. how interaction with others can be constitutive of actorness. They account for this with the concepts of presence and opportunity: “Presence conceptualizes the ability of the EU, by virtue of its existence, to exert influence beyond its borders”, in particular “to shape the perceptions and expectations of others;”²³⁰ while “[o]ppportunity refers to the external environment of ideas and events that enable or constrain purposive action.”²³¹ Hill also refers to presence, “a

²²⁶ Sjöstedt 1977, p.112.

²²⁷ Sjöstedt 1977, pp.112 and 114.

²²⁸ Hill 1993, pp.306 and 318.

²²⁹ Bretherton and Vogler 1999, p.253.

²³⁰ Bretherton and Vogler 2006, p.5; see also Bretherton and Vogler 1999, pp.5-7.

²³¹ Bretherton and Vogler 2006, p.5; see also Bretherton and Vogler 1999, pp.7-8.

consequentialist notion which emphasizes outside perceptions of the Community and the significant effects it has on both the psychological and the operational environment of third parties,”²³² but in his analysis this leads to dangerously exaggerated expectations rather than to enhanced actorness.

Based on my definition of international actorness in the previous chapter, basically a simplified version of Bretherton and Vogler’s approach, there can be no doubt that the EU should be counted as an international actor. As will emerge from the next sub-section, the EU fulfils all three criteria as it actively formulates policies towards the outside, has policy instruments at its disposal, and can interact with other actors. Should it be treated as a separate type of actor, a category of its own? Hill suggests that it is “less than a state, but more than a conventional inter-governmental organization (IGO),”²³³ and Bretherton and Vogler conclude their book with the observation that the EU “remains [...] *sui generis*.”²³⁴ In my view it is not necessary to create a new category for the EU, as much as it may be true that it is unique among international organisations. The discussion of international actorness above has already pointed to the variety in the quality of actors in international relations. The actorness of international organisations is not necessarily of the same scope as that of states, and the EU certainly cannot match its members or any other state in this regard. At the same time, given the variability of purposes and functions of international organisations, the quality of actorness may also vary between them. From this perspective, the EU is probably “more of an actor” than most, if not all, other international organisations, due to wide range of its activities, but this does not mean it cannot be part of the larger group of international organisations.

International law can help grasp these different degrees of actorness. If states possess “the totality of international rights and duties recognized by international law,”²³⁵ the EU, as an international organisation, should be considered to have legal personality only to the extent this is needed for the pursuit of its purposes and functions as specified in its constituent treaties.²³⁶ Many of the goals and activities of the EU spelled out in the Treaty on European Union (TEU) can be interpreted as requiring legal personality to an impressive extent, in particular those of the Common Foreign and Security Policy (CFSP), including most

²³² Hill 1993, p.309.

²³³ Hill 1993, p.309.

²³⁴ Bretherton and Vogler 1999, p.258.

²³⁵ International Court of Justice 1949, p.10.

²³⁶ See International Court of Justice 1949, pp.9-10; Nguyen Quoc, Daillier, Pellet 1999, p.586.

importantly the conclusion of agreements with third states or international organisations,²³⁷ but also the Petersberg Tasks mention earlier. As legal personality can also be simply implicit, it should not be a major concern that the TEU does not mention legal personality explicitly. The matter appears in a different light when one considers that this was certainly a very conscious choice, given that the Treaty Establishing the European Community (TEC), predecessor of and continuing basis for the TEU,²³⁸ formally states that “[t]he Community shall have legal personality.”²³⁹ This means there is considerable confusion as to the precise legal status of the EU in international relations. The next revision of the treaties, probably based on the Lisbon Treaty, will clarify the situation and explicitly assign legal personality to the EU.²⁴⁰ In the meantime one could see a *de-facto* or “nascent” legal personality.²⁴¹ In practice, however, most formal activities are still carried out through the European Community (EC), as visible for example in that so-called “mixed agreements” with third parties, i.e. including a political dimension that falls under CFSP and therefore outside the reach of the TEC, are nevertheless concluded by the EC.²⁴²

In summary, the EU can be considered international actor for the purposes of this research. As an international organisation, it belongs to a category for which the scope of actorness cannot match that of states. For the EU, this is reflected in the current uncertainties concerning its legal personality. At the same time, however, the EU stands out from other international organisations in that it has a much wider range of activities and therefore a more complete type of actorness.

(iii) The Main Bureaucratic Agents of the EU

In the previous chapter I pointed out that the bureaucratic agents of an international organisation include both the institutional entities belonging directly to the organisation and the member states. In the case of the EU, bureaucratic agents at Union level have considerably

²³⁷ TEU, art 24.

²³⁸ TEU, art.1, par.3.

²³⁹ TEC, art.281.

²⁴⁰ Art.1(55) of the Lisbon Treaty provides for the insertion of an Art.46A into the TEU that reads: “The Union shall have legal personality”; the failed Treaty Establishing a Constitution for Europe contained the same phrase in art.I-7. On the debate of a “fourth legal personality”, i.e. for the EU as a whole, in addition to EC, ECSC and Euratom, see Tizzano 2002.

²⁴¹ Gauttier 2004, p.38, suggests that there is some evidence of a “nascent legal personality”.

²⁴² See for example the Economic Partnership, Political Coordination and Cooperation Agreement with Mexico, signed in 1997 and entered into force 2000; on the specific question of the human rights clause in mixed agreements concluded by the EC, see Cannizzaro 2002.

increased in number, especially in the field of CFSP as will be seen below. Yet the main entities have remained the same over the past decades.

At the top, as the highest political authority, there is the European Council, consisting of the heads of state or government of all member states and the President of the Commission, assisted by the Foreign Ministers and a Commission member. This entity had not been established in the original treaties that founded the communities. The final statement of the summit meeting in Paris in 1974 recognised “the need for an overall approach to the internal problems involved in achieving European unity and the external problems facing Europe” and that it was “essential to ensure progress and overall consistency in the activities of the Communities and in the work on political co-operation”, and therefore provided for a regular summit mechanism, “three times a year and whenever necessary, in the Council of the Communities and in the context of political co-operation.”²⁴³ The formal establishment of the European Council as part of the treaties only happened with the SEA in the mid-1980s, which also reduced the frequency of meetings to two instead of three per year.²⁴⁴ Under current treaty provisions it “shall provide the Union with the necessary impetus for its development and shall define the general political guidelines thereof.”²⁴⁵ The TEU and TEC also stipulate some more concrete functions of the European Council, like for example the nomination of the President of the Commission,²⁴⁶ and the decision of common strategies under CFSP.²⁴⁷ The treaty provisions are such that the “whatever interpretation the European Council gives to its role [...] it cannot be challenged by the Court of Justice.”²⁴⁸ Overall, the European Council has been powerful as “the guiding force of the European integration process”, but at the same time limited in its activities in that it only meets two or three times a year and takes decision by consensus.²⁴⁹

Hierarchically below the European Council is the Council of Ministers, or simply the Council. Since the beginning of European integration, it has been the key decision organ of the communities and later the EU. It consists of “a representative of each Member State at ministerial level, authorised to commit the government of that Member State.”²⁵⁰ Currently it meets in nine different formations, depending on the policy field under discussion; for instance, Foreign Ministers meet in the General Affairs and External Relations Council

²⁴³ “Communiqué of the Meeting of Heads of Government of the Community” (Paris). December 1974.

²⁴⁴ SEA Art.2.

²⁴⁵ TEU Art.4.

²⁴⁶ TEC Art.214(2).

²⁴⁷ TEU Art.13(2).

²⁴⁸ Nugent 2006, p.221.

²⁴⁹ Schoutete 2006, pp.54-55.

²⁵⁰ TEC Art.203.

(GAERC), Ministers of Economics and/or Finance in the Economic and Financial Affairs (Ecofin) Council, etc.²⁵¹ The Council Presidency rotates among member states, each holding it for six months.²⁵² Because of its numerous functions, instead of referring to single treaty provisions, it is more instructive to distinguish four basic aspects of the Council: first, it has a legislative function as it votes on all internal norms created by the EU as well as external agreements; second, it also works as an executive in that it intervenes in policy implementation by the Commission, the main executive body, through its numerous committees; third, it complements the European Council in defining the general orientation of the EU; lastly, it serves an arena in which cooperation in new policy fields can be discussed.²⁵³

The Council is directly assisted by two bodies. First, the Committee of Permanent Representatives of the member states (COREPER) “shall be responsible for preparing the work of the Council and for carrying out the tasks assigned to it by the Council.”²⁵⁴ In practice, there are two COREPERs and both hold weekly meetings.²⁵⁵ In one formation, national delegations are headed by the Permanent Representatives themselves, with responsibilities for the GAERC, the Ecofin and JHA Councils, or any other politically sensitive issues. The other formation deals with more technical matters, and consists of Deputy Permanent Representatives as leaders of delegations. Second, the Council Secretariat, a comparatively small bureaucracy with about 2500 officials, provides administrative support.²⁵⁶ It is headed by the Secretary-General who is concurrently High Representative for CFSP.²⁵⁷ The present Secretary-General of the Council, Javier Solana, is also Secretary-General of WEU although this is not stipulated in the treaties.²⁵⁸ The Deputy Secretary-General is responsible for running the Council Secretariat on a day-to-day basis.²⁵⁹ The Council Secretariat may have, at times, a certain influence in the policy process. On the one hand, there is staff from the Secretariat on the committees that intervene in the Commission’s work, on the other hand, some of its officials work directly for the Secretary-General which

²⁵¹ Nugent 2006, pp.195-197.

²⁵² TEC Art.203.

²⁵³ Hayes-Renshaw and Wallace 2006, pp.325.

²⁵⁴ TEC Art.207(1).

²⁵⁵ See on this Nugent 2006, pp.198-200.

²⁵⁶ Nugent 2006, pp.202-203.

²⁵⁷ TEU Art.18; TEC Art.207(2).

²⁵⁸ See WEU website www.weu.int (consulted 20 May 2009).

²⁵⁹ TEC Art.207(2).

allows for rather direct input foreign-policy matters or even an “executive role in the planning and organization of military and civilian crisis management operations.”²⁶⁰

The main executive organ of the EU is the European Commission. All EU legislation and virtually all other types of documents, statements, or agreements, are elaborated to a large extent by the Commission. At its top, there is the College of Commissioners, with 27 members, one from each member state.²⁶¹ Before the last two rounds of enlargement in 2004 and 2007, there were 20 Commissioners, including two from each of the five biggest members, i.e. France, Germany, Italy, Spain, UK, and one from the ten others.²⁶² The President of the Commission needs a unanimous nomination by the European Council and approval from the EP, whereas the full College of Commissioners requires qualified majority in the Council and approval by the EP.²⁶³ A Commissioner’s term of office is five years and is renewable.²⁶⁴ Each of the Commissioners is assigned a specific portfolio and in fulfilling the related tasks, he or she is assisted by the cabinet, a small team of at most six officials,²⁶⁵ intended “to act as a bridge between the college and the services, and thus between the political and the apolitical.”²⁶⁶ Below the cabinets is the Commission bureaucracy of more than 20000 officials, divided into more than 30 Directorate-Generals (DGs) and specialised services.²⁶⁷

The powers of EP have been continuously increasing since the beginning of European integration, especially as the use of the so-called co-decision procedure has been expanding.²⁶⁸ Based on this procedure, also known as Art.251 procedure, legislation not only needs parliamentary approval, but the EP also has the faculty to amend proposals.²⁶⁹ The EP’s membership has also been growing as a result of enlargement, from little over 500 at the time of the Treaty of Maastricht to well over 700 at present.²⁷⁰ Elections are held every five years.²⁷¹

The EU’s Courts, i.e. the ECJ and the Court of First Instance, are highly influential, though largely limited to matters of the Communities. They have been, and still are, a crucial

²⁶⁰ Hayes-Renshaw 2006, p.71.

²⁶¹ TEC Art.213(1).

²⁶² See TEU (Amsterdam), Art.213(1).

²⁶³ TEC Art.214(2).

²⁶⁴ TEC Art.214(1).

²⁶⁵ Nugent 2006, p.158.

²⁶⁶ Peterson 2006, p.95.

²⁶⁷ Nugent 2006, pp.1159-161.

²⁶⁸ See table in Shackleton 2006, p.106.

²⁶⁹ TEC Art.251; see also Nugent 2006, pp.407-413.

²⁷⁰ TEC (Maastricht) Art.138; TEC Art.189-190.

²⁷¹ TEC Art.190.

force that ensures implementation of EU legislation, and in doing so is contributing to deepening integration, sometimes against the resistance of member states.²⁷² In fact, the significant increase of cases in front of the Courts over the past 30 years can be considered one indicator of deepening in European integration.²⁷³

Aside from those mentioned thus far, there are other bureaucratic agents at Union level, yet mostly with more restricted areas of activity, like the Committee of Regions, the European Investment Bank, the Court of Auditors.²⁷⁴ The European Economic and Social Committee, a consultative body including representatives of employers and employees but also other interest groups, like consumers or environmentalists, works on a wide range of issues and tries to influence EU policy making.²⁷⁵ Its impact, however, is very limited. Some more specialised bureaucratic agents in the foreign policy field will be discussed in the next subsection.

This leaves us with a last but crucially important group of bureaucratic agents: member states. Formally they do not have a direct say as individual member states, but only as members of the Council and the European Council. In practice, however, these two organs play key roles in the EU's decision-making process which confers individual member states considerable influence over policy output. This is particularly clear in policy fields where the decisions are taken by unanimity.²⁷⁶ Yet even in the case of QMV individual member states can influence the outcome through their decision whether or not to join coalitions within the Council and thereby to create or destroy the necessary qualified majority.²⁷⁷ In addition, as member states maintain, being aggregate international actors in their own right, their own, independent contacts with third actors, they are likely to find themselves more often discussing EU issues with outsiders than any EU-level institution.

2.2.3 The Institutional Structures of EU Foreign Policy

EU foreign policies fall under two wider categories. First, there are those in policy fields within the scope of the EC, i.e. the first pillar. They include most prominently the Common

²⁷² See Alter 1998, Stone Sweet and Caporaso 1998; Schmidt 2000 analyses how the threat of bringing a case to court can help the Commission push its own projects ahead against member state resistance.

²⁷³ See table in Kennedy 2006, p.128.

²⁷⁴ See Peterson and Shackleton 2006 for historical overview of EU institutions.

²⁷⁵ Nugent 2006, pp.311-316.

²⁷⁶ See Aus 2008.

²⁷⁷ See König and Junge 2008.

Commercial Policy (CCP) and development cooperation. Second, there are the policies within the issue-areas covered by the CFSP, and located in the second pillar of the EU. The CFSP is supposed to cover the more sensitive political, strategic and security-related issues of traditional “high politics.”²⁷⁸ Policy-making procedures, and the respective formal role of EU-level institutions and member states ministries, are different for each of these EU foreign policies and so is the distribution of competences between the EU itself and its member states.

One crucial issue of the EU’s political system is how much power states entrust to collective decision-making, thereby giving up their faculty to make independent decisions by themselves. In practice, there is significant diversion between policy areas, including different aspects of EU foreign policy, as to the degree to which the member states maintain a voice or agreed to cede power to EU level. To make sense of this, one can refer to two models well established in the study of European integration, namely intergovernmentalism and supranationalism. Both have been used as theories explaining regional integration, but also as analytical categories describing modes of decision making. In this latter perspective, I suggest to interpret them as ideal-types of collective decision making. Intergovernmentalism then represents the ideal-type where decisions are made exclusively through direct negotiation among member states, while under supranationalism, the opposite ideal-type, decisions are made exclusively by supranational institutions. On the continuum between the two, the further one moves from the intergovernmental towards the supranational pole, the less member states determine the outcome of policy-making and the more supranational institutions will have an effective independent impact on it. This can help understand the differences between the different external policies of the EU.

(i) Foreign Policies in the First Pillar: Supposedly Technical

The CCP has been a feature of European integration since the EEC treaty of 1957, which already provided for a common external tariff. Overall, it is “by far the most integrated of the EU’s external policies,”²⁷⁹ i.e. it is the closest to the supranational ideal-type, as it accords greatest prominence to EU institutions and limiting most severely the influence and independence of single member states.

The CCP is based on “uniform principles, particularly in regard to changes in tariff rates, the conclusion of tariff and trade agreements, the achievement of uniformity in

²⁷⁸ For a conceptual discussion of different European foreign policies see White 2001, chap. 1.

²⁷⁹ Marsh and Mackensten 2005, p.57.

measures of liberalisation, export policy and measures to protect trade such as those to be taken in the event of dumping or subsidies.”²⁸⁰ In implementing the CCP the Commission disposes of an exclusive right of initiative, and the Council can accept Commission proposals by QMV.²⁸¹ By contrast, if the Council wishes to amend the proposal it needs to do so by unanimity.²⁸² This corresponds to the so-called consultation procedure, which takes its name from the consultation of other EU bodies, most importantly the EP, although in the case of the CCP this is not a formal treaty requirement.²⁸³

Agreements with third actors are an important part of the CCP. For this purpose the Commission serves as the central negotiator. During the negotiations it has to consult regularly with a special committee of the Council, the so-called Art.133 Committee.²⁸⁴ The specific powers of this committee are not spelled out in the treaty, but it can be understood as representing the Council, i.e. the authority that will eventually accept or reject a negotiation outcome. This puts it in a powerful position, allowing even for adjustments of the negotiation mandates, although “anything that is especially sensitive or political is normally referred to COREPER and, if necessary, the GAERC.”²⁸⁵ Both the negotiation mandate for the Commission and the final acceptance of the terms of the agreement generally follow the procedure outlined in the previous paragraph, i.e. the Council decides by QMV upon Commission proposal.²⁸⁶

In general, CCP is a field of exclusive EC competence, which has been established by relevant ECJ case law.²⁸⁷ This means that member states should never act on these issues except when in an EU function, like when holding the Council Presidency or simply as a member of the Council. They may pass legislation in these fields only when empowered or instructed to do so by the EU.²⁸⁸ There are limits to this, however, which are spelled out specifically with regard to trade-related agreements. As opposed to trade in goods, the negotiation and conclusion of agreements on trade in services and commercial aspects of

²⁸⁰ TEC Art.133(1).

²⁸¹ TEC Art 133(2) and (4).

²⁸² TEC Art.250(1).

²⁸³ Nugent 2006, pp.404-406.

²⁸⁴ TEC Art.133(3) par.2.

²⁸⁵ Nugent 2006, pp.489-490.

²⁸⁶ TEC Art.133(3) par.1.

²⁸⁷ There has been consistency in ECJ case law since Opinion 1/75 Local Costs 1975; after entry into force of the Treaty of Lisbon the new Treaty on the Functioning of the European Union, an amended version of the TEC, will explicitly list the CCP as exclusive competence of the EU in its Art.2B(1)(a); on this, see also Krajewski 2005, pp.108-119.

²⁸⁸ This will be rendered explicit after the entry into force of the Treaty of Lisbon in the Treaty on the Functioning of the European Union Art.2A(1).

intellectual property require unanimity in the Council.²⁸⁹ More generally, “[t]he Council shall act unanimously when the agreement covers a field for which unanimity is required for the adoption of internal rules.”²⁹⁰

The policy field of development cooperation and humanitarian aid is also fairly integrated, with the Commission as the main implementing agency. But, unlike for CCP, there are no limitations on independent activities by member states, meaning it is further away from the supranational ideal-type. In this area, decision making follows the co-decision procedure.²⁹¹ This means that the Commission still has the exclusive right to initiate policies, but adjustments in the initial draft are arranged between the Council and the EP, putting the Commission in a much weaker position than under the consultation procedure. The Council decides mostly by qualified majority voting, with very few exceptions.²⁹² With regard to development cooperation and humanitarian aid competences are mixed.²⁹³ The activities of the EU and its members states should be “complementary” and coordinated.²⁹⁴ In this, development cooperation differs from other areas of mixed competence, which are barred for member states once the EU has become active.²⁹⁵

(ii) The Second Pillar: How High the Politics?

The decision-making rules with regard to the second category, i.e. policies falling under the purview of the CFSP, appear simpler at first sight. Decisions on the instruments of CFSP generally require unanimity in the Council, with very few exceptions, and thus maintain a veto for each single member state.²⁹⁶ In CFSP, competence formally remains with the member states,²⁹⁷ and it can be considered the least integrated field of foreign policy since the

²⁸⁹ TEC Art.133(5) par.2.

²⁹⁰ TEC Art.300(2); see also TEC Art.133(6) which refers to Art.300.

²⁹¹ Development cooperation is contained in TEC, part 3, title XX; under this title Art.179(1) refers to Art.251 which establishes the co-decision procedure; on the co-decision procedure, see also Nugent 2006, 407-413, especially the graphical presentation on pp.410-411.

²⁹² TEC Art.251 stipulates that if the Council changes a proposal initially accepted by the EP, the latter, in a second reading changes the Council’s proposal, and the Commission gives a negative opinion on these changes by the EP, then the Council will need unanimity to adopt the proposal.

²⁹³ Marsh and Mackenstein 2005, p.59.

²⁹⁴ TEC Art.177(1) and Art.180(1).

²⁹⁵ See Marsh and Mackenstein 2005, p.59. The Treaty of Lisbon emphasises this; once it enters into force, the new Treaty on the Functioning of the European Union will state, in its article dealing with shared competences (Art.2C), that “[i]n the areas of development cooperation and humanitarian aid, the Union shall have competence to carry out activities and conduct a common policy; however, the exercise of that competence shall not result in Member States being prevented from exercising theirs”.

²⁹⁶ TEU Art.23(1); the exceptions listed in Art.23(2) have hardly been used.

²⁹⁷ The Treaty on the Functioning of the European Union, an amended version of the TEC provided for in the Lisbon Treaty, will not include CFSP in its Title I “Categories and Areas of Union Competence”; see also Cremona 2004, p.570 and p.572, fn.74.

formal influence of EU institutions is strictly limited.²⁹⁸ All this suggests a situation close to the intergovernmental ideal-type. Yet in practice the historical evolution leading up to the current CFSP has created numerous bureaucratic agents that participate in the preparation of policy options and in the implementation of policies, thus making the effective influence on policy output difficult to trace. Their intervention may move policy making in specific situations more towards the supranational pole of the continuum. The following sub-section will discuss to what extent such informal processes may actually matter. Here I will introduce the historical evolution of general foreign-policy cooperation and the various bureaucratic agents involved.

The Communities have never included provisions for foreign-policy cooperation in general. As a result, common external action of member states initially did not go beyond clearly defined technical fields, like for example trade in goods, aside from the limited defence cooperation within WEU. Yet efforts to extend cooperation to traditional “high politics”, i.e. politically sensitive or security-relevant issues, started as early as in the 1960s. Early attempts, including French plans for a political secretariat and the Fouchet Plans which were based on idea of regular meetings of heads of state or government, all failed, mostly because of resistance by smaller member states.²⁹⁹

Eventually in December 1969, a summit meeting in The Hague instructed Foreign Ministers “to study the best way of achieving progress in the matter of political unification.”³⁰⁰ The result was the Davignon Report, elaborated by Political Directors of the Foreign Ministries and adopted at the meeting of Foreign Ministers Luxemburg in October 1970, which proposed that “the Governments should decide to cooperate in the field of foreign policy”³⁰¹ and outlined the basic features of EPC, i.e. regular meetings of Foreign Ministers, the establishment of a Political Committee, consisting of the Political Directors of Foreign Ministries, as well as a network of European Correspondents, i.e. an official within each Foreign Ministry designated to liaise on EPC issues with counterparts in the other Foreign Ministries.³⁰² This structure was elaborated upon subsequently, e.g. with regard to frequency of meetings and cooperation among embassies in the capitals of third states, most

²⁹⁸ See Marsh and Mackensteen 2005, p.61.

²⁹⁹ M.E. Smith 2004, p.67.

³⁰⁰ “Communiqué of the Meeting of Heads of State or Government” (The Hague) 1969, par.15.

³⁰¹ “Davignon Report” 1970, part 2.

³⁰² See “Davignon Report” 1970; see also M.E. Smith 2004, pp.71-77.

importantly through the Copenhagen Report of July 1973 and the London Report of October 1981.³⁰³

Initially it was attempted to keep general foreign-policy cooperation strictly separated from the institutions, rules and procedures of the Communities. The Davignon Report only provided for regular consultation with and reporting to the EP,³⁰⁴ as well as consultation of the Commission “if the activities of the European Communities are affected by the work of the Ministers.”³⁰⁵ In practice, it turned out soon that a clear division between economic and technical issues, under the Communities, and political ones under EPC was not practicable.³⁰⁶ This led to a progressive rapprochement. The Copenhagen Report confirmed the participation of the Commission in meetings of Foreign Ministers that concerned “questions affecting the activities of the Communities.”³⁰⁷ The London Report then finally declared that the Commission is “fully associated with political cooperation, at all levels.”³⁰⁸ Nevertheless, foreign-policy cooperation never became part of the Communities, despite the inclusion of EPC in the SEA and its subsequent elaboration as CFSP by the Treaties of Maastricht, Amsterdam and Nice.

As created by the Treaty of Maastricht, the new CFSP was already considerably more ambitious than the old EPC. For the first time it defined instruments for common foreign policy: on the one hand, common positions, to which member states have to conform their national policies;³⁰⁹ on the other hand, joint actions, which “commit Member States in the positions they adopt and the conduct of their activity.”³¹⁰ Also, foreign policy was brought closer to the Communities. The Commission received a right of initiative,³¹¹ although not exclusive as for many policy fields under the Communities, and it was to participate in external representation of the EU on CFSP matters, together with the so-called Troika consisting of the past, present and future Presidency.³¹² The tasks of the EPC’s Foreign Minister meetings were now entrusted to the General Affairs Council which therefore became the General Affairs and External Relations Council (GAERC), and the previously separate working groups of the Communities and EPC were merged.³¹³ Decision making still required

³⁰³ See Copenhagen Report 1973 and London Report 1981.

³⁰⁴ “Davignon Report” 1970, part 2, section VI, and part 3, par.4.

³⁰⁵ “Davignon Report” 1970, part 2, section V.

³⁰⁶ Nuttall 1996, pp.132-134.

³⁰⁷ Copenhagen Report 1973, part 2, par.12 and Annex, par.6.

³⁰⁸ London Report 1981, par.12.

³⁰⁹ TEU (Maastricht) Art. J.2 (current TEU Art.15).

³¹⁰ TEU (Maastricht) Art.J.3 (current TEU Art.14).

³¹¹ TEU (Maastricht) Art. J.8 (current TEU Art.22).

³¹² TEU (Maastricht) Art. J.5(current TEU Art.18).

³¹³ See Vanhoonacker 2005, pp.78ff.

unanimity, with the exception that for the implementation of joint actions the Council could now decide by unanimity to take decisions on certain matters by QMV.³¹⁴

At the administrative level, the EPC Secretariat was merged with the Council's General Secretariat, within which a unit for CFSP was created.³¹⁵ The Political Committee of EPC retained its core function in CFSP, but in preparing the GAERC meetings it entered in conflict with COREPER. After some initial tensions over how to structure competences between the two it was agreed that the Political Committee would be responsible for the substance of foreign policy while COREPER was to take care of all institutional, legal, financial and Community aspects. In this COREPER was to be assisted by a group of foreign policy counsellors from member states based in the Permanent Representations who also participated in the meetings of the Political Committee.

The Treaty of Amsterdam elaborated upon the provisions on CFSP. First, to common positions and joint actions, it added a third policy tool: common strategies, "to be implemented by the Union in areas where the Member States have important interests in common" and which "set out their objectives, duration and the means to be made available by the Union and the Member States."³¹⁶ Second, for any decisions implementing previously adopted common strategies, joint actions or common positions, the amendments replaced voting by unanimity with "reinforced" QMV, i.e. requiring not only the usual number of favourable weighted votes, but also that these votes represent at least two thirds of member states.³¹⁷ Nevertheless, individual member states can still object to a decision by QMV on the grounds of "important and stated reasons of national policy", in which case the Council may decide by unanimity to refer the case to the European Council.³¹⁸ Third the Treaty of Amsterdam introduced the concept of constructive abstention, i.e. the possibility for any state to abstain from voting, with the result that it will not be bound by the decision but engages not to act against the policy.³¹⁹ As a result there is potentially a degree of flexibility in the scope of member states participating in specific CFSP activities. Not all of these innovations have been successful though, with only very few common strategies adopted and hardly any use of QMV or constructive abstention.³²⁰

³¹⁴ TEU (Maastricht) Art. J.3(2) (current TEU Art.14).

³¹⁵ This paragraph is based on Vanhoonacker 2005, pp.78ff.

³¹⁶ TEU Art.13.

³¹⁷ TEU Art.23(2); see also TEC 205 on QMV.

³¹⁸ TEU Art.23(2).

³¹⁹ TEU Art.32(1).

³²⁰ M.E. Smith, Crowe and Peterson 2006 [Peterson and Shackleton], p.258; Müller-Brandeck-Bocquet 2001, pp.267-270.

The changes the Treaty of Amsterdam introduced with regard to bureaucratic agents have been more visible. Aside from the creation of High Representative (HR) for CFSP, concurrently Secretary-General of the Council,³²¹ in a declaration attached to the treaty a Policy Planning and Early Warning Unit, later renamed the Policy Unit, was established under the responsibility of HR, with the task of monitoring and analysing developments relevant for CFSP and suggesting policy options.³²² Also, the Troika was reformed to include the Presidency, the HR, and the Commission, i.e. usually the Relex Commissioner, as well as the incoming Presidency, “if need be.”³²³

For the Nice European Council Summit in December 2000 CFSP was not on the agenda, and accordingly the Treaty of Nice contained few provisions in this field. It only introduced “enhanced cooperation”, i.e. the possibility for a group of at least eight member states to strengthen cooperation beyond the existing treaty provisions and for this purpose “make use of the institutions, procedures and mechanisms” of the EU, as long as it respects the objectives and norms of the EU and the rights of its member states.³²⁴ There was some minor change with regard to the Political Committee as well. As a result of the development of ESDP it was renamed Political and Security Committee (PSC) and put in charge of “political control and strategic direction of crisis management operations.”³²⁵ Subsequently, the composition of this committee has been modified, so that it now meets in two different formations: in the traditional formation, with attendance of Political Directors from national Foreign Ministries, it still gets together about five times a year; by contrast, a new Brussels-based formation meets far more frequently, at least twice per week, and consists of permanent delegates from member states’ Permanent Missions in Brussels as well as representatives of the Commission’s DG Relex and the Policy Unit in the Council Secretariat.³²⁶

This means that, aside from the GAERC as formal decision maker, at present the following bureaucratic agents participate in the EU foreign policy process under CFSP. First, the HR does not have any specific powers, but high visibility and direct access to top leaders from member states. Second, COREPER, with its special responsibility of preparing Council meetings, is involved in CFSP mostly with regard to institutional, legal, financial and Community aspects. Third, the PSC is in charge of policy substance, and the combination of high-profile sessions with Political Directors and the permanent Brussels formation promises

³²¹ TEU Art.18(3) and 26.

³²² Treaty of Amsterdam, Declaration on the establishment of a policy planning and early warning unit.

³²³ TEU Art.18.

³²⁴ TEU Art.43; Title VII is entirely devoted to Enhanced Cooperation.

³²⁵ TEU Art.25.

³²⁶ Müller-Brandeck-Bocquet 2001, pp.266-267; see also Vanhoonacker 2005, pp.78ff.

significant impact. Fourth, within the Council Secretariat the Policy Unit assists the HR and, therefore, plays a crucial role in the formation of policy options.

Fifth, the Commission also has considerable influence in the CFSP process. This is partly due to its formal association with CFSP, its right to initiate policies, its role in external representation, its presence in the PSC, and its strong position in the Community sphere which cannot be separated from “high politics”. At the same time, it is also related to the Commission’s role as central negotiator for all agreements the EU wants to conclude with third actors, i.e. not only in the field of CCP.³²⁷ Lastly, the EP may have an impact, although it has no formal function, as the democratic conscience of the EU, i.e. representing public opinion.

2.2.4 Analysing the EU Foreign Policy Process

This section has so far presented an unusual international actor with a foreign policy process that involves numerous bureaucratic agents based on complex rules and procedures. The challenge is now to dissect this process so as to evaluate how useful the three logics of policy making proposed in chapter II are in this context. Therefore I will examine the organisational logic, bureaucratic bargaining and the role of central control in the EU’s foreign-policy process.

(i) The Organisational Logic in the EU

The organisational logic already manifests itself in some of the basic policy-making procedures outlined above. Most importantly, with regard to CCP the procedural norms provide the Commission with the powerful tool of what has been called formal agenda-setting.³²⁸ As Commission proposals can be accepted by the Council with a qualified majority but revised only with unanimity, the alternatives are at best a long bargaining process among member states in the Council or possibly no policy at all, if no consensus can be reached. If the Commission is considered a liberal player in trade politics, a fair assumption since it is less subject to particular national interest groups than governments, this decision-making mode tends to produce more progressive outcomes since more conservative member states are

³²⁷ TEC Art.300.

³²⁸ On agenda-setting, see Garrett and Tsebelis 1996.

outvoted with regard to both the negotiating mandate and the final outcome.³²⁹ Yet this effect depends very much on the majorities among member states. In cases where there is no clear qualified majority in favour of change there have been instances of strong pressure by certain member states on the Commission.³³⁰

The procedural dimension is not confined to the treaty-based roles of the various EU bodies though. In CCP, the bulk of policy preparation is done by the Commission. This policy drafting follows certain rules, albeit not as strict as the collective discussion-consensus model in the Chinese administration.³³¹ The process begins in the DG responsible for the issue in question, or, if it concerns more than one DG, in the lead DG. Initial policy drafts are prepared by the desk officer responsible for the topic, from where they move up the hierarchies of the DG. If other DGs are involved, this phase also includes inter-DG consultations. When all involved officials at all relevant levels in all concerned DGs are satisfied with the proposal it goes to the cabinet of the responsible Commissioner, from where it may be sent back to the DGs for revision. Once the cabinet and the Commissioner are satisfied, the proposal is examined by the weekly meeting of all *chefs de cabinet*, at which further amendments may be done. As a last step the College of Commissioners may accept the proposal, reject or amend it, or send it back to the lead DG for further work. In this entire process within the Commission, strong foreign policy expertise should not be taken for granted. Staff rotate continuously, even across DGs, which makes accumulation of specialised knowledge and skills particularly difficult. The situation is different in the cabinets of the Commissioners who deal with external issues, but also in the College of Commissioners as a whole, external relations represent only a small part of their business.

After acceptance by the Commissioners “standard procedure in the Council is for the proposal to be referred initially to a working group of national representatives for detailed examination.”³³² Once the working group has considered the proposal, which does not necessarily imply approval, it is sent upwards to COREPER where its general policy and political implications are considered. From here the proposal may be either sent back to the working group for further examination or submitted to the Council for voting.

In other fields of foreign policy, the Commission loses this agenda-setting power. In CFSP, the absence of clear procedures in a situation with numerous bureaucratic agents has a significant impact and may lead to unclear or even contradictory policies. The case of the

³²⁹ See Meunier 2000.

³³⁰ Interview EU 32, Brussels Q1 2008.

³³¹ See Nugent 2006, pp.398-407.

³³² Nugent 2006, p.407.

Commission Communication on China of October 2006 can illustrate this problem.³³³ This document discussed all aspects of relations with China, including issues that fall under the purview of CFSP, like regional security in East Asia, the situation in the Taiwan Straits, or nuclear non-proliferation policies. The document had a strong critical undertone, e.g. expressing the EU's dissatisfaction with the EU-China human rights dialogue or concerns on a lack of transparency in China's military expenditure, and some provocative aspects, for example in that Taiwan was listed under the heading "International and Regional Cooperation". The Policy Unit in the Council Secretariat did not approve of these choices, which did not fail to cause major displeasure on the Chinese side.³³⁴ It could not oppose the publication, but prepared a far less critical text for the Council Conclusions of December 2006.³³⁵

In general, COREPER and the PSC discuss China at least once a year ahead of the EU-China summits.³³⁶ Aside from this, another organisational aspect are the continuous consultations within the EU. There are numerous institutionalised loci for this end, depending on the policy field in question. With regard to China, the following regular consultations take place:³³⁷

- Weekly meetings of the Asia Committee (COASIE) at the level of first secretaries of member states' permanent representations;
- Monthly meetings of COASIE in the format of Asia Directors from national capitals;
- Mutual briefing of all EU actors (Brussels-based institutions as well as member states) on their meetings with Chinese counterparts;
- Periodic informal meetings of China experts, both from Brussels and from member states.

(ii) Bureaucratic Bargaining in EU Foreign Policy

With regard to CCP, bargaining may happen at any stage of policy-making, including for example within DGs of the Commission. Nevertheless the clearly structure policy process

³³³ See European Commission 2006a and b.

³³⁴ Interview China 1a, Beijing Q2 2007; Interview EU 19, Beijing Q3 2007.

³³⁵ Council 2006; Interview EU 6, Brussels Q1 2007; Interview EU 7, Brussels Q1 2007.

³³⁶ Interview EU 7, Brussels Q1 2007.

³³⁷ Interview EU 2, Berlin Q1 2007; Interview EU 7, Brussels Q1 2007; Interview EU 27, London Q1 2008; Interview EU 36, The Hague Q1 2008.

tends to limit bargaining opportunities. The most important moment of bureaucratic bargaining in CCP is ahead of voting in the Council when member states in favour of a proposal try to form a qualified majority whereas those opposed try to obstruct it.³³⁸ This may happen in various contexts, like working groups or COREPER but also in a GAERC meeting itself.

In the context of CFSP the absence of clear procedures allows for a great variety of bargaining options, including not only member states as in CCP but also the various Brussels-based bureaucratic agents. While member states resisted the integration of CFSP in the Communities, they could not, for reasons of efficiency in decision-making and effectiveness in implementation, avoid the creation of specialised administrative entities, a development that has been termed “Brusselisation.”³³⁹ Although they do not have powers like those of the Commission under CCP and no direct influence on actual decision-making, these policy-making units may have a significant impact on policies. This is visible for example in the resistance of smaller member states against the proposal of making the HR chair of the PSC, as they feared that this would create an all-too-influential bureaucratic agent.³⁴⁰

The question is how to assess this influence of “brusselised” entities and under what conditions it may grow or decrease. Compared with the formal agenda setting power of the Commission under the consultation procedure, their influence can be described as “informal agenda setting” as discussed by Mark Pollack.³⁴¹ From this perspective, bureaucratic agents at EU level are seen as policy entrepreneurs that construct focal points around which member state bargaining in the Council can converge. Pollack identifies four factors that strengthen an agent’s informal agenda setting power: information asymmetries favouring the agent; the small distributional consequences of the issue involved; the high costs of delayed decision-making; and the existence of coalitions with sub-national actors lobbying member states to accept the proposal.

Even a cursory look at some evidence on CFSP suggests that these factors are effectively at work. In the Macedonian crisis of 2001, the HR, the Policy Unit and the EU’s Special Envoy had the critical impact that shaped an eventually successful EU policy.³⁴² First, information was clearly asymmetrical in favour of the institutional actors. While the Swedish Presidency did not even have an embassy in Macedonia, the Special Envoy could develop

³³⁸ See Hagemann 2008.

³³⁹ See Allen 1998, and Müller-Brandeck-Bocquet 2002.

³⁴⁰ See Müller-Brandeck-Bocquet, p.272.

³⁴¹ On informal agenda setting, see Pollack 1997, pp.124-128.

³⁴² See Piana 2002 and Ahlbrecht 2004.

strong expertise on the issue, the Policy Unit had a permanent presence there and the HR was in regular contact with the Macedonian leadership through a shuttle diplomacy between Brussels and Skopje.³⁴³ Second, distributional effects of crisis management were small for member states, with no strong divisions within the Council on specific ways of dealing with the crisis. Greece was the only member state that might have been biased in favour of one of the ethnic groups, but for this neighbouring country the costs of civil war in Macedonia were likely to be much higher than those of a second-best settlement. As a result member states took a constructive approach to crisis management.³⁴⁴ Third, there was time pressure, as any delay risked to lead to civil war and substantial costs, mostly for Greece, but not only, in particular as huge numbers of refugees had already left the country.³⁴⁵ Lastly, while there were no decisive coalitions with sub-national actors, effective links with Macedonian authorities provided the institutional actors with a greater authority in promoting specific policies in the Council.³⁴⁶

By contrast, in the run-up to the Iraq War 2002 and 2003, the constellations with regard to the factors behind informal agenda setting were virtually diametrically opposed, and EU level bureaucratic agents were not allowed to play any significant role.³⁴⁷ This does not mean, of course, that if the HR had been allowed to play a role on Iraq the EU would have adopted a common stance on the matter. But the comparison of the Macedonian and the Iraq cases, does allow us to extrapolate on conditions that are likely to favour informal agenda setting by the Brussels-based CFSP institutions: first, when there is a small-state Presidency and the foreign policy issue is related to a small, peripheral state and/or issue; second, when economic and strategic interests of all member states are similarly small and any gains of a specific member state from a particular approach or solution are negligible compared to the likely costs of inaction or failed CFSP action; third, when the costs of inaction (and possibly eruption of a full-scale crisis) are high and immediate; and fourth, when specific personalities, services or units of the EU institutions have a particularly high profile in the concerned state or region. This last point may be quite a decisive one as these actors actively shape third party attitudes and expectations, and failure to live up to them would significantly undermine the EU's credibility in international affairs.

³⁴³ Piana 2002, pp.212, 214 and Ahlbrecht 2004, p.262.

³⁴⁴ See Piana 2002, p. 214.

³⁴⁵ Ahlbrecht 2004 mentions 100000 refugees by April 2001; p.264.

³⁴⁶ Both Piana 2002 and Ahlbrecht 2004 emphasise the high profile of Javier Solana in Macedonia.

³⁴⁷ See Crowe 2003, especially pp.541-543.

Second pillar bureaucratic agents at the Union level seem particularly well-placed to engage in informal agenda setting. They are permanent, Brussels-based actors, with a long-term view on issue-areas and policies, and with the possibility of accumulating specifically European expertise that may lack in national foreign ministries. Yet we should keep in mind, though, that not only EU institutions but also member states, most importantly the Presidency, can embark on informal agenda setting.³⁴⁸

At the same time, the Commission may also function as an informal agenda setter on CFSP. It is unclear to what extent it has actually used its formal right of initiative under CFSP but there is strong evidence of substantial input from the Commission into the CFSP process.³⁴⁹ Several other origins of Commission influence on CFSP can be distinguished. First, insofar as the TEU calls for consistency of all external relations of the EU, and mentions that “[t]he Council and the Commission shall be responsible for ensuring such consistency,”³⁵⁰ the Commission has an indirect impact that is wider than its explicit competences under the TEC. Second, this impact may become more direct when the question is no longer one of consistency but of complementarity, i.e. when CFSP decisions call for implementation through EC action (e.g. economic sanctions as a “stick” or development cooperation as a “carrot”) which will be designed by the Commission and adopted through the Community method.

The combination of a need for consistency and informal agenda setting may provide for significant Commission influence on CFSP. Indeed in certain circumstances the Commission seems to be even better placed than the CFSP institutions to act as a political entrepreneur. It is the oldest supranational institution of European integration and has accumulated an unparalleled expertise on European issues and Europe’s relations with third countries, including in their political dimension.³⁵¹ This provides it in many instances with an information advantage. At the same time it has developed close links both with sub-national actors (which may be important in specific issues of international affairs such as human rights) and more importantly with decision-makers in third states, mostly through its extensive network of delegations.

³⁴⁸ See on this Pollack 1997, p. 126: “Anyone can be a political entrepreneur [...]”.

³⁴⁹ Nuttall 2000 discusses evidence of Commission input into the CFSP process. However, even in Brussels it seems unclear whether any of this input can be counted as a formal initiative under Art.22 (p.256).

³⁵⁰ TEU Art.3.

³⁵¹ See Nuttall 2000, pp.253-257 on Commission efforts to structure and streamline its work on the political dimension of EU foreign relations.

Clearly, the case of complementarity between second and first pillar provides for the greatest influence of the Commission in CFSP-related decision making. Sanctions are the most prominent example where such complementarity is necessary. Economic sanctions have become a widely used tool of coercing third states. The TEC explicitly states how to proceed in this case.³⁵² First, the fundamental decision to impose sanctions is taken in the Council by unanimity, through a common position or joint action in the CFSP framework. Second, the specific design of the policy implementing the CFSP decision is taken through the consultation procedure under EC. This confers to the Commission its classical formal agenda setting power, i.e. its proposal can be passed with qualified majority but amended only by unanimity. As a result the Commission is the crucial actor in designing a policy of economic measures against a third state, meaning that often “the outcome of the policy corresponds to the Commission’s interest, and not the member states’ interests.”³⁵³ An extreme example is the follow-up of the European Council decision to impose sanctions against Russia after the Chechen crisis in 1999. As the Commission did not want to interrupt trade with Russia it simply never presented any policy proposal to that end, and sanctions never came about.³⁵⁴

A second important case of complementarity is the use of economic incentives to induce political cooperation with the EU. The most important tools to this end, the common commercial policy and development cooperation, are within the first pillar. The specific formal influence of the Commission in this situation depends on the applicable decision-making procedure as discussed in the previous section, but the Commission is in any case the central negotiator of any agreements with third states,³⁵⁵ and, in addition to that, the implementing agency for any form of development cooperation or humanitarian aid. This may also add to the Commission’s leverage when trade incentives or development cooperation are used in relation with CFSP. In the Macedonian crisis, for instance, the Stabilisation and Association Agreement was a highly attractive “carrot”, which provided the Commission with a central role in the settlement of the Macedonian crisis.³⁵⁶

In summary, bureaucratic bargaining is pervasive in EU foreign policy. Aside from bargaining within some bodies, like the Commission, the most important bargaining venue is the Council, be it with regard to a matter to which QMV is applicable like CCP or a case

³⁵² TEC Art.301.

³⁵³ Gegout 2004, p.237.

³⁵⁴ Gegout 2004, p. 237-238.

³⁵⁵ See Bretherton and Vogler 1999, pp.56-59, and Vanhoonacker 2005, pp.74-78, on agreements beyond trade in goods.

³⁵⁶ Piana 2002, pp.212-213, and Ahlbrecht 2004, p.263. Piana 2002 also mentions the good cooperation between the HR Solana and the Relex Commissioner Patten as crucial for the smooth EU policies.

where unanimity is required, like CFSP. In CFSP in bargaining among the many involved bureaucratic agents is more common than in CCP, although the involved players and their actual influence depend very much on the situation. First it depends on the opportunities for informal agenda setting and how well the concerned administrative as policy entrepreneurs can make use of them. Second, with regard to the Commission, influence depends also on the degree to which a certain CFSP matter is related to first pillar policies.

In the EU's relations with China, there is evidence of competitive bargaining involving members states as well as Brussels-based bureaucratic agents. Several interviewees pointed to the ambiguous nature of relations among EU members with regard to China policy, featuring both intensive cooperation and substantial competition.³⁵⁷ Complaints were also voiced by officials from Commission and the Council Secretariat about the other intruding on one's own turf.³⁵⁸ Related to these statements were usually attitudes that minimised the role of the interviewee's own institution.

With regard to informal agenda setting on CFSP issues, one should note that relations with China tend to be a topic to which all member states attach great importance, and that emergency situations, which could create opportunities for informal agenda setting because of the need for fast and efficient action, have not yet occurred in China-EU relations. Nevertheless the other factors, namely a small state Presidency and strong personal relations, may indeed favour the influence of Brussels-based bureaucratic agents.

Several interviewees have pointed to the binding nature of formal procedures and limited scope for informal agenda setting in relations with China.³⁵⁹ Indeed there appears to be a link between rule-obedient behaviour and the opportunity for informal influence. One interviewee in the Commission and one in the Council Secretariat stated explicitly or implied that informal influence within the EU setting depends crucially on trust, i.e. any attempt to use it to promote a hidden agenda bears the risk of back-firing by destroying trust and precluding informal influence in the future.³⁶⁰ Two interviewees also pointed out that intra-EU cooperation is both dense and transparent, precisely to create the necessary trust, which also implies that hidden agendas can be spotted rather easily.³⁶¹

³⁵⁷ Interview EU 1, Berlin Q1 2007; Interview EU 2, Berlin Q1 2007; Interview EU 5, Berlin Q1 2007; Interview EU 6, Brussels Q1 2007; Interview EU 9, Brussels Q1 2007.

³⁵⁸ Preliminary Interview EU 3, Beijing Q3 2006; Interview EU 6, Brussels Q1 2007; Interview EU 7, Brussels Q1 2007; Interview EU 9, Brussels Q1 2007; Interview EU 13, Brussels Q1 2007.

³⁵⁹ Preliminary Interview EU 3, Beijing Q3 2006; Interview EU 6, Brussels Q1 2007; Interview EU 7, Brussels Q1 2007.

³⁶⁰ Interview EU 6, Brussels Q1 2007; Interview EU 7, Brussels Q1 2007.

³⁶¹ Interview EU 2, Brussels Q1 2007; Interview EU 7, Brussels Q1 2007.

As regards complementarity between the second and first pillars, there have been no economic sanctions against China. Also the EU is not in a similarly strong position as for example towards the Balkans, where economic incentives through the Stabilisation and Association Agreements can be used. Overall the relationship with China is more balanced and any use of conditionality risks to compromise substantial interests at home. In fact, one interviewee pointed out the difficulty of using trade tools for political goals in such an important economic relationship as the one between China and the EU³⁶². There is a considerable development cooperation activity under EC leadership, which certainly has political motivations. But rather than providing direct leverage, it probably needs to be interpreted as aiming at soft influence in the longer term.

(iii) The Logic of Central Control

In the case of China, we found clear evidence of the successful countering of centrifugal forces based on organisational logic and bureaucratic bargaining through the centripetal force of central control. For the EU, there is no centre that could play this role. In fact, clear hierarchies only exist in the context of policy-making procedures as outlined in the previous sub-section.

This is not a trivial statement, and neither does it question the usefulness of this third logic of policy making in the analytical framework though. To the contrary, the absence of effective central control is an important aspect of EU policy making. It means that the inefficiencies related to the operation of the organisational logic and bureaucratic bargaining in policy making are virtually unchecked. If in the EU a proposal gets stuck in complex procedures or blocked due competing views of different bureaucratic agents, nothing can be done, especially not if, in addition, the Council is divided.

2.2.5 Conclusion

The EU foreign policy system resists any simple description or analysis. Nevertheless from the preceding discussion a number of points emerge that are relevant in the context of the framework adopted for this research. First, EU foreign-policy making is based on a clear-cut ensemble of rules that assign competences, define procedures, and in particular establish

³⁶² Interview EU 15, Brussels Q1 2007.

routines of cooperation, coordination and exchange. In the absence of a strong central executive, this formal structure is hard to modify from above, even in times of crisis. This may contribute to a vision of issues that is more a function of intra-EU rules than of foreign policy substance. At the same time, however, the necessity to cooperate may create links between the different administrative entities, and opportunities to overcome some of the limitations of formal organisational structures. Second, the various competing perceptions, habits, beliefs, and interests of bureaucratic actors within the EU's foreign policy apparatus provide for a huge bargaining arena. It is hard to delineate any typical bargaining processes since incentives depend greatly on particular situations. For example, in one circumstance a bureaucratic actor may have an incentive to overstate its influence because it provides a chance for publicity at a low price given limited real power with regard to a certain issue. In another situation the same actor may have to understate its influence since it would be damaging to be held accountable for public promises. Thirdly it should be added that, despite the absence of a single top executive, individuals in various positions have a certain leeway to bend rules and procedures in favour of their organisational interests and to gamble for influence in the bureaucratic bargaining game.

One may wonder whether, from the point of view of the analytical framework, the EU is therefore a good choice if the aim is to study transnational bureaucratic interaction. I contend that it is. First of all, we should recall that structures and processes within any aggregate entity of social organisation are complex, confusing and sometime contradictory. Second, the EU is at least as good a case as any other international organisation – all of which share the characteristic that they are constituted by other international actors, namely states, aside from their own administrative bodies. Third, since the EU is far more integrated than virtually any other international organisation, with a wide array of issues subject to joint decision making, it provides more incentive for outsiders to engage it. This means it is probably a better candidate than other international organisations. Fourth, one could even argue that the EU is an exceptionally good case for the study of bureaucratic interaction. A key aspect of this research is the problem of choice: when international actor A engages actor B, A's policy-makers have to decide somehow which of B's policy-makers to engage and how. The obvious diversity within the EU in the form of its member states emphasises this variety of options more than would be the case for any single state.

2.3 Independent Dynamics of Direct Interaction Between China and the EU

In this last section of chapter III, my attention turns to the process III of the analytical framework, namely the independent dynamics of direct interaction between bureaucratic agents of different international actors. The main mechanisms had been identified as based on the quality of personal relations, degree of similarity in preferences and worldviews, and lastly matches or mismatches in issue perceptions. How should one expect the various types of transnational bureaucratic dynamics that I discussed in the previous chapter to work in the context of China-EU relations?

2.3.1 Transnational Bureaucratic Interaction: Grounded in Recent History

Certainly, there is a history of cooperation between Chinese bureaucratic entities and their counterparts in the EU, despite the comparatively short time since the establishment of official diplomatic relations. At a very basic level, it is fair to assume that from this past experience each Chinese ministry has established its own patterns of action on European matters, including particular interlocutors and structured approaches for interaction with them. For example, overall the Ministry of Foreign Affairs (MFA) can be expected to have experience of diplomacy towards the foreign ministries of the EU member states (especially the bigger ones), and, as a consequence, at the EU level more affinities with the Council, the Council Presidency and the Council Secretariat, i.e. institutions close to member states and their interests, than with a truly supranational body like the Commission. The Ministry of Commerce (MOFCOM), by contrast, is likely to have stronger ties with the Commission, its main counterpart in the context of the 1985 EC-China Trade and Cooperation Agreement, and, although to a lesser extent, with economic ministries of member states.

In general, Chinese officials have developed a wide array of personal relations with officials from other international actors. With the entry of China into many specialised international organisations as well as informal groupings, they have become part of a growing array of functional networks in Slaughter's sense.³⁶³ These have prepared the ground of improving personal ties and possibly converging preferences and worldviews as parts of the same epistemic community. Towards the EU, the numerous technical dialogues established

³⁶³ An indicator of this is for example the nomination of Chinese economist Lin Yifu as chief economist of the World Bank; see Richard McGregor, *Financial Times*, 21 Jan. 2008, "Top Chinese economics set for Bank job".

over the past two decades have certainly contributed to the shaping of such networks.³⁶⁴ Several interviewees, both in China and the EU, indicated friendly personal relations with the counterparts from the other side, including cases in which friendships continued after the end of professional contacts.³⁶⁵ At the leadership level, personal relations are particularly important given the growing importance of summit diplomacy in China's foreign relations.³⁶⁶

Such patterns of historically-established relations between decision-making units on both sides as well as personal networks are likely to shape bureaucratic interaction between China and the EU on many specific issues. Aside from the direct contact between officials, this may also influence the definition by Chinese decision makers of other parameters of international bargaining, like "carrots and sticks", side-payments, etc. For example, the MFA may be more likely to see options for side-payments in international venues like the UN or interregional fora like the Asia-Europe Meeting (ASEM) or the ASEAN Regional Forum (ARF) while the MOFCOM should be expected to focus more on side-payments in the WTO or the targeting of European enterprises with business in China and strong lobbying positions.

In the Chinese system of governance, individuals and their personal standing in the hierarchy is of crucial importance, for example when after internal deliberation a final decision is made by the head of a group or institution and not necessarily through voting.³⁶⁷ Of equal importance, and linked to this first point, are personal relations.³⁶⁸ This key role of individuals and personal relations in Chinese governance is reflected in China's relations with the outside, including with the EU. Not only is it common to see foreign leaders who appear particularly well disposed towards China as "friends of China,"³⁶⁹ it also seems that Chinese diplomats take a great interest in good relations with their EU counterparts, and personal ties have been improving considerably over the past 10 years.³⁷⁰

³⁶⁴ For a useful summary of dialogues, see Commission 2003b, Annex I, p.27. Since then a half-yearly strategic dialogue and a dialogue on Africa have been added.

³⁶⁵ Interview EU 2, Berlin Q1 2007; Interview EU 7, Brussels Q1 2007; Interview EU 9, Brussels Q1 2007.

³⁶⁶ See for example Plischke 1986; Devin 2002, p.219; Zhang 2006; Wu 2007, chap.3.

³⁶⁷ Interview China 4, Beijing Q2 2007; compare also Yang 1995, p.95, on strict hierarchy and importance of position in the "line of command" for an individual's influence; a common statement by Chinese intellectuals is that China is not a society governed by law (法治 – fǎzhì) but by individuals (人治 – rénzhì).

³⁶⁸ See Guo 2001.

³⁶⁹ Like in Europe among others former German Chancellor Gerhard Schröder, former Italian Prime Minister and Commission President Romano Prodi, or former French president Jacques Chirac; see for example Andreas Lorenz, Spiegel Online, 23 May 2006, "Merkel macht freundlichen Wind"; also mentioned in Interview China 15, Beijing Q4 2008.

³⁷⁰ Interview China 9, Beijing Q3 2007; Interview EU 1, Berlin Q1 2006; Interview EU 2, Berlin Q1 2006; Interview EU 7, Brussels Q1 2006; Interview EU 9, Brussels Q1 2006.

2.3.2 The Role of Perceptions

A final element identified as a potentially important factor in direct interactive dynamics between bureaucratic entities from different international agents are perceptions. In general, it seems that in China-EU relations there are discrepancies between self-perception and perception by the other, like for example on human rights in China or on the EU's adherence to commercial liberalism.³⁷¹ It has been argued that Chinese perceptions of the EU are often marked by "cognitive dissonance", or a "natural proclivity to selectively look for confirmation of one's pre-existing beliefs and to reject evidence that contradicts these beliefs",³⁷² an affirmation that is equally valid for European perceptions of China; visible for example in the tendency to emphasise the continuing authoritarian nature of the regime rather than the continuous reform and opening.

More generally, how do Chinese policy-makers and consultants perceive the EU and the different entities within it? From the interviews with Chinese policy consultants it appears that there is a strong awareness of the divisions among member states of the EU and a conviction that Chinese foreign-policy makers have a differentiated approach to these entities.³⁷³ Two interviewees pointed out that the understanding of European integration has matured and that in general there is less confusion,³⁷⁴ and one confirmed that Chinese diplomats are trying to benefit from the many European actors by playing them out against one another.³⁷⁵ One complained about confusion but implicitly confirmed a rather detailed knowledge about European integration on the Chinese side by referring to engagement of different entities on different issues depending on formal competence within the EU (in particular member states versus Commission).³⁷⁶ The general images of different European entities that emerged were the following: European integration is seen as a positive development, and often China is shifting contacts in certain issue-areas towards the EU because it is more convenient to deal with one interlocutor than with all member states separately.³⁷⁷ The Commission is seen as a very good partner for Chinese officials,³⁷⁸ yet none of the interviewees had any opinion about the role of the Council or the Council

³⁷¹ See Shambaugh 2008a and Zaborowski 2006 on perceptions in China and the EU respectively.

³⁷² Shambaugh 2008, p128.

³⁷³ See Preliminary Interview China 2, Beijing Q3 2006; Preliminary Interview China 3, Shanghai Q3 2006; Preliminary Interview China 4, Shanghai Q3 2006; Preliminary Interview China 5, Shanghai Q3 2006.

³⁷⁴ Preliminary Interview China 3, Shanghai Q3 2006; Preliminary Interview China 4, Shanghai Q3 2006.

³⁷⁵ Preliminary Interview China 3, Shanghai Q3 2006.

³⁷⁶ Preliminary Interview China 1, Shanghai Q3 2006.

³⁷⁷ Preliminary Interview China 1, Shanghai Q3 2006; Preliminary Interview China 3, Shanghai Q3 2006.

³⁷⁸ Preliminary Interview China 1, Shanghai Q3 2006; Preliminary Interview China 2, Beijing Q3 2006.

Secretariat in China-EU relations. The largest three member states are also seen as excellent partners for China, in particular on global issues since they are strategic players.³⁷⁹ Smaller member states are seen as more troublesome, since they are not bound to China by important economic interests, but nevertheless China is starting to engage them as well on specific commercial issues.³⁸⁰

These statements are significant, in particular in light of some literature on Chinese foreign policy which points out a general scepticism concerning international cooperation and institutions. In fact, Iain Johnston identifies a “hardening of the Chinese realpolitik discourse through to at least the mid-1990s,”³⁸¹ and Elizabeth Economy points to a consensus among most scholars of Chinese foreign policy that “despite an overall reorientation toward more active participation in global regimes, China remains ambivalent, if not suspicious, of global governance.”³⁸² More recently, however, scholars have identified a reversal in Chinese approaches to multilateralism and international institutions.³⁸³

These overall perceptions may also cause differences in views on the nature of issues, e.g. whether something is technical or security-relevant or whether a meeting with the Dalai Lama is interference in internal affairs or a friendly gesture to promote human rights in China. In general, there is certainly a lot of room for a mismatch of mutual perceptions at the level of bureaucratic entities. As will be discussed in the following two chapters both sides have complex decision-making structures with both intricate formal distribution of competences and often opaque informal patterns. This may easily lead to misperceptions, e.g. by the Chinese side on the influence of the Commission’s DG Relex on security-related policies towards China.

2.3.3 Conclusion

In China-EU relations, there seem to be signs of independent dynamics in direct bureaucratic interactions. History, or previous experience of interaction, is an important factor

³⁷⁹ Preliminary Interview China 2, Beijing Q3 2006; Preliminary Interview China 3, Shanghai Q3 2006; Preliminary Interview China 5, Shanghai Q3 2006.

³⁸⁰ Preliminary Interview China 2, Beijing Q3 2006; Preliminary Interview China 5, Shanghai Q3 2006.

³⁸¹ Johnston 1999, pp.13-14; see also Johnston 2003 on discussion of Chinese scepticism towards multilateralism in the 1990s.

³⁸² Economy 2001, p.232.

³⁸³ See Xiang 2004, in particular pp.117-118, as well as Johnston 2003 on China’s socialisation in international institutions.

in determining modes of engagement. Also personal relations appear to be of particular importance. With regard to perceptions, there are signs of mismatches.

Detailed conclusions on these various dimensions will be drawn from the empirical case studies. In anticipation, it can already be noted that, in general, very strong forms of transnational bureaucratic interaction, like for example transgovernmental coalitions in the sense of Keohane and Nye, are rare at best. Interviewees from Commission, Council Secretariat and member states denied any instances of individual entities from within the EU trying to strike deals with China behind the back of their European colleagues.³⁸⁴ Overall the dense structure of consultation in the EU tends to keep the competitive dynamics among these bureaucratic agents in check.

2.4 Conclusion

The goal of this chapter has been to discuss how China and the EU fit into the analytical framework developed in chapter II. I considered successively all three processes distinguished by the framework, i.e. foreign-policy making in China and in the EU, as well as direct transnational ties between bureaucratic agents from both sides. It appears that the variables and causal mechanisms identified within each of these processes are of relevance in the empirical context of this research, with caveat that central control is a difficult concept in the context of EU politics. A secondary aim was, in the first two sections, to introduce the technicalities of foreign-policy processes in China and in the EU. This is an indispensable background for the following empirical chapters.

In the conclusion of the chapter on the analytical framework I mentioned the potential indirect influence of the international environment on transnational bureaucratic interaction. A few comments on the international environment of China-EU relations may therefore be in order here. First, this relationship is relevant in terms of global politics. In the face of an improving understanding between China and the EU and deteriorating transatlantic relations, some observers have identified a new emerging China-EU axis or the dawn of a new era in which the Eurasian space between China and the EU would become more central to global affairs than the transatlantic one,³⁸⁵ or seen the shaping of a new strategic triangle.³⁸⁶ Yet this

³⁸⁴ Preliminary Interview EU 3, Beijing Q3 2006; Interview EU 2, Berlin Q1 2007; Interview EU 6, Brussels Q1 2007; Interview EU 7, Brussels Q1 2007.

³⁸⁵ See Shambaugh 2004 and Xiang 2004.

implies not only an influence of China-EU cooperation on the rest of the world but also an outside influence on bureaucratic interaction between the two. A first important factor are other major players on the world stage, like the US or Russia, and their attitudes and policies towards China and the EU. For example, depending on the quality of relations with the US, Chinese decision-makers may prefer to engage EU entities with a transatlantic inclination rather than those favouring a more independent EU or vice versa. Second, international institutions do shape the China-EU interaction. It may matter a great deal, for instance, that Chinese, British, and French diplomats all attend UN Security Council meetings, whereas Commission officials do not. Similarly, in the economic realm, the important interactions between China and the EU on trade-related issues may be influenced by what is happening in the context of the WTO.

³⁸⁶ See Shambaugh 2005.

PART II: Empirics

Chapter III. China-EU Relations From the Cold War to Present

The goal of this chapter is to provide the larger context in which the two case studies of the following chapters have to be located. This effort has two dimensions. First, it will introduce the historical context, i.e. the evolution of China-EU relation from immediately after the Second World War to present. To do so, I divide these six decades into four periods based on key dates and events that brought fundamental changes in the relationship. Second, I will analyse the state of the relationship during the period under research, based on existing literature on China-EU relations.

3.1 Sino-European Relations – a Historical Overview

3.1.1 Cold War – Slow Contacts between Western Europe and “Red China”

Formal relations between the group of countries that are members of the EU today and the People’s Republic of China (PRC) go back to the immediate aftermath of the establishment of the latter in 1949. Most Eastern European countries, under Soviet influence at that time, established diplomatic relations with the PRC “within three months of its birth”, namely Albania, Bulgaria, Czechoslovakia, East Germany, Hungary, Poland, and Romania.¹ Second, within a year, a number of non-socialist countries followed suit, i.e. Denmark, Finland, Sweden and Switzerland.² Even the UK, one of the most decried imperialist countries, recognised the PRC in 1950 and sent a *chargé d’affaires* to Beijing, although full diplomatic relations were only established more than 20 year later.³ Third, by 1965, an additional three European states, France Norway and Yugoslavia, had set up diplomatic relations with the PRC.⁴

Relations with Western European states were overshadowed by the logic of Cold War bipolarity. This changed only after the Sino-Soviet split and the development of closer

¹ Liu 2001, p.7.

² Liu 2001, p.8. Together with Switzerland diplomatic relations were also established with Liechtenstein who has entrusted since 1919 most of its foreign policy to its Swiss neighbours.

³ Liu 2001, pp.10-11.

⁴ Liu 2001, p.58.

relations between the US and the PRC.⁵ Actually the Chinese leadership attempted repeatedly to build closer links with Western Europe in order to balance against both superpowers but met very limited responsiveness.⁶ Nevertheless, as a result of rapprochement between China and the US, most European states established full diplomatic relations with China in the 1970s, including Austria, Belgium, Cyprus (all in 1971), Germany, Greece, Luxemburg, Malta, Netherlands (all in 1972), Spain (1973), Ireland, and Portugal (both 1979). Interestingly, Italy even slightly preceded the Kissinger visits to China: after an initial commercial agreement with China in 1964 it extended diplomatic recognition in 1970. China and the European Community established diplomatic relations in 1975.

While the development of the “strategic triangle” during the 1970s had finally given many western European states the opportunity to establish official relations with China, this by no means resulted in substantial political ties. In fact, the overall strategic leadership of the US created the convenient opportunity to follow the pace of Chinese reform and opening up and develop economic relations without worrying too much about major political or strategic issues. This comfortable situation came to an end in 1989. First, the felt need for European states to react in some way to the violent repression in China of June 1989 suddenly imposed a political dimension on relations with China. Second, the end of the Cold War indicated that in the future Europe would have to take more political responsibility for its actions on the world stage. Since then, Sino-European relations have evolved considerably. Despite their almost complete interruption in the immediate aftermaths of the Tiananmen Incident, over the past fifteen years relations have both widened, in terms of the scope of issue-areas concerned, and deepened.

3.1.2 1989 to mid-1990s – the End of the Age of Innocence and a Normalising Relationship

In 1994 Michael B. Yahuda stated that “[t]he European Community has tended to focus primarily on the economic aspects of its relations with China.”⁷ He added that “it is appropriate to consider the relationship as secondary from China’s point of view”, and that China is “lacking much leverage in Europe”.⁸ China-EU relations during the 1990s were deeply marked by the Tiananmen experience. In May 1989, at the time of demonstrations and

⁵ On the understanding of the Sino-Soviet split in the west see Ford 1998-99.

⁶ See for example Yahuda 1994, pp.266-268; Shambaugh 1996, p.12.

⁷ Yahuda 1994, p. 272.

⁸ Yahuda 1994, pp. 266 and 270.

before the repression by the Chinese government, the European Parliament had already taken up the issue and adopted a resolution calling on the Chinese government to enter into dialogue with the students.⁹ On the Chinese side this was a time when the dialogue proposed by general secretary Zhao Ziyang had already been refused as a solution by the party elders in charge and a violent reaction by the government only a matter of time.¹⁰ The actual repression in early June was followed by various EU statements that condemned the events in China, called for a continuation of opening up and reform and imposed a number of sanctions.¹¹ Nevertheless already in the second half of 1989, there were strong signs that the EU would try to re-establish contacts with China. The foreign ministers publicly stated this intention in July, some of them met their Chinese colleague on the margins of the UN General Assembly in September, and the same month the EC ambassadors attended the reception for the 40th anniversary of the PRC, although leaving before the cultural part of the event. More concrete steps followed the year after, and by late 1990 and early 1991, regular mutual visits between the Chinese leadership and their EU colleagues started again.

The first written indication of a change in European attitudes towards China after Tiananmen was the Asia strategy of the German foreign ministry of 1993. Neither Tiananmen nor substantial violations of human rights in general were mentioned, instead it emphasised the economic dimension of the relations with Asia and the need for “substantial partnerships for mutual benefit”, but also called for increased political dialogue with Asian partners.¹² More specifically, “[w]ith the most important Asian states, Japan, China, India, and one state of the ASEAN grouping, there should be annual visits among foreign ministers and heads of government.”¹³ It is significant that the actual debate was not starting in Brussels but rather in member state capitals. In fact, the German paper was soon followed by a similar French strategy called the “Ten Initiatives for Asia,”¹⁴ and only after that came a very similar strategic paper by the European Commission entitled “Towards a New Asia Strategy”¹⁵ in July 1994.

This means that the Commission, although now fully and formally associated with CFSP and participating in all Troika events, did not have any leading role in promoting the new approach of China. In fact, all through the history of CFSP, formal instruments have

⁹ For the historical references in this paragraph, unless otherwise stated, see Möller 2002, p.16-18.

¹⁰ See Baum 1993 on this.

¹¹ For more details on this and the re-establishment of the relationship in the early 1990s see the chapter on the arms embargo case.

¹² Asienkonzept der Bundesregierung 1993, pp.2; my translation.

¹³ Asienkonzept der Bundesregierung 1993, pp.10; my translation.

¹⁴ Casarini 2006, p.10.

¹⁵ Commission 1994.

never been used towards China. Other institutional innovations, in particular the formal CFSP instruments and the link to the WEU for security-related tasks, were also of limited relevance for the engagement of China.

Since the mid-1990s, the Commission, to this point the only permanent EU body working on CFSP, seemed to gain more initiative. This is reflected in a constant flow of China papers from the Commission to the Council, which promote a growing engagement of China, enlarging the scope of issue-areas covered by cooperation and increasing the number of contact points between the EU and China. This may also be a function of the growing engagement of the Commission in China through its role as implementing agency for all EC development cooperation programmes, and, more importantly even, the Commission's increasing prestige in China-EU relations as the sole negotiator of the bilateral agreement on WTO accession.

Nevertheless, the building up of political relations between China and the EU happened once again without significant contribution of the Commission.¹⁶ A political dialogue was established in 1994 and a human rights dialogue introduced in 1995, interrupted a year later but resumed in 1997. This development reflects once more the key role of the big member states in CFSP processes. The initiative to set up the human rights dialogue came from China and was initially accepted by EU member states. When it became clear, however, that the EU would again sponsor a resolution in the annual UN Commission on Human Rights, China interrupted the dialogue. In the wake of this, France and several other large member states declined to sponsor further resolutions, arguably for fear of disturbing growing economic relations with China, but also because in previous years those resolutions usually had not even made it on the agenda since China could mobilise enough supporting countries to ensure that the draft was voted down. In 1997, a number of EU members, including Nordic countries and the UK, sponsored the resolution on a national basis, but after this a new policy of constructive engagement in the human rights field was agreed among member states, and then included in the Commission paper of 1998 "Building a Comprehensive Partnership with China."¹⁷ It favoured bilateral dialogue over UN resolutions and the GAERC meeting in March 1998 established a policy that the EU would "neither propose, nor endorse" any UN resolution condemning China for its human rights situation.¹⁸ This position has been maintained until today.

¹⁶ See on this also Möller 2001 and Casarini 2006.

¹⁷ Commission 1998.

¹⁸ Casarini 2006, p.19.

It is obvious that in the process leading up to this policy, the new common foreign policy institutions of the second pillar did not play any important role, nor did the Commission, except maybe as an advisor to governments and the Council on EU matters. But what was the dynamic among the member states that led to this outcome? Again, the process is hard to trace, yet interviews with policy-makers both in Brussels and in Beijing suggest that, apart from avoiding the negative political effects of the public UN resolutions, EU leaders, especially from the larger member states, sought to place the topic of Chinese human rights outside the democratic accountability and tight media supervision of the domestic political sphere.¹⁹ A dialogue at the EU-level does indeed have the advantage of signalling that something is being done while avoiding interfering too deeply in industrial promotion, which is still largely done at the member state level. The reluctant member states, in particular the Nordic countries with a strong tradition of promoting human rights in their external relations, were convinced of the solution by the costs in terms of relations with China that would have resulted from their individual insistence on public criticism at the UN.

This cannot be considered a final conclusion on the establishment of the human rights dialogue, however. In fact, the interviewees were current officials and policy advisors, and are themselves not fully familiar with the details of EU politics in the mid-1990s. To be fair, one also has to add that several member states (including the UK, Germany, Sweden, and Denmark) have subsequently also introduced bilateral human rights dialogues at the national level. And although it has not done so, France seems to be a particularly active participant of the preparatory sessions for the China-EU human rights dialogue.²⁰

3.1.3 Mid-1990s to 2002 – Into the Honeymoon

In 1996, David Shambaugh judged the 1995 Commission Communication on China as “strong on commerce, but [with] noticeably less emphasis on political, diplomatic or strategic matters”.²¹ This recalls somehow the judgement by Yahuda two years earlier, cited at the beginning of the previous section. Yet Shambaugh also found a new dynamism in Sino-

¹⁹ Preliminary Interview China 1, Shanghai Q3 2006; Preliminary Interview China 3, Shanghai Q3 2006; Preliminary Interview EU 3, Beijing Q3 2006; Interview EU 15, Brussels Q1 2007.

²⁰ Interview EU 15, Brussels Q1 2007.

²¹ Shambaugh 1996, p.1.

European relations, a relationship that “can be said to be in excellent overall health” with a “trendline of improved relations [that] can be expected to continue.”²²

With regard to political relations, the end of the Cold War inspired some hope on the Chinese side of building up Europe as one of the poles of a future multipolar world order. In fact, the receding superpower rivalry had created new opportunities of action for other states, great powers or, more generally, other entities on the global stage. Among them, both the EU and China belonged to the most influential ones. The EU included two permanent members of the UN SC and four members of the G-7. In 1994 Henry Kissinger wrote that “[u]nited, Europe will continue as a Great Power; divided into national states, it will slide into secondary status.”²³ One may object that Europe as a *single* great power is by no means a continuation of the past, but nevertheless, a re-examination of the quote today could indeed suggest a “great power Europe”. Regional integration has made enormous progress since the early 1990s, most notably with the development of a political and foreign-policy dimension. The EU can use some of its immense economic power for the pursuit of political goals, through sanctions or political conditionality on economic cooperation and/or membership. Beyond the concept of “civilian power,”²⁴ it has also made significant steps towards a European Security and Defence Policy (ESDP) in recent years. As far as China is concerned, due to its size it has been regarded as a great power with a potentially global reach already for long, as witnessed for example by its permanent seat and veto in the Security Council (SC) of the United Nations (UN). As a result of the policies of modernisation, pursued since the late 1970s, its share in the international economy and its military weight have been continuously growing, and, more recently, China has made conscious efforts of promoting its “soft power.”²⁵ Today it enjoys a global influence unprecedented in its modern history.

In 1998, annual EU-China summits were started, covering from the beginning economic and technical cooperation as well as many political and strategic issues. If in the late 1990s official EU parlance was that there are “multi-faceted relations” between the EU and China, it had become a “comprehensive strategic partnership” by 2004.²⁶ This notion had been promoted by a 2003 Commission policy paper, describing the EU and China as major strategic partners, and by the Chinese reply which confirms that “China and the EU have

²² Shambaugh 1996, p.3 and 25.

²³ Kissinger 1994, p.807.

²⁴ On the evolution of the debate on Europe as a civilian power see Manners 2002, in particular pp.236-240.

²⁵ Gill and Huang 2006 provide a survey of instances and effects of China’s use of soft power.

²⁶ “Press Statement of the EU” after the 2nd EU-China Summit 1999 and “7th EU-China Summit – Joint Statement” 2004.

developed an ever closer consultation and fruitful cooperation in the political, economic, trade, scientific, cultural and educational fields.”²⁷

Although not the primary focus here, it may be useful to point out that the mutual interest is also reflected at the level of member states. In 1997 France and China established a “*partenariat global*” which was upgraded to a “*partenariat global stratégique*” in 2004.²⁸ The UK and China went from an “enhanced, comprehensive partnership” in 1998 to a “comprehensive strategic partnership” in 2004.²⁹ Germany has been a leading force in strengthening Sino-European relations and defines the integration of China into the international community as one of its top foreign-policy goals.³⁰ German Foreign Minister Steinmeier talked of a “strategic relationship” in 2006.³¹

The upgrading of the political dialogue in 1998 to an annual summit had not previously seen any further effective institutional change (the Treaty of Amsterdam was not to enter into force before 1999) and seems to have followed a similar logic of converging interests among key EU players. This time, however, the Commission may have played a more active part. It had just made public the Union’s new China strategy in its 1998 policy paper and was in very close contact with Chinese counterparts on an expanding number of development projects and the intensifying WTO negotiations.

A curious fact of the development of EU foreign policy integration, as compared to EU-China relations, is that the establishment of summit meetings came before the EU actually had a continuous and politically active “summit” in the field of CFSP. While in addition to the Presidency the Commission president was naturally attending the first two summits, the HR was not to be nominated before late 1999.

These experiences up until the late 1990s suggest that rather than institutional innovation, it was convergence of interests among key players that brought the important steps ahead in China-EU relations. This does not exclude that the creation of a new institutional framework for CFSP by the Maastricht Treaty, the continuous debates about it and its re-design by the Treaty of Amsterdam have substantially contributed to the creation of a stronger cooperative dynamic among those key players, and possibly more acceptance for an institutional actor like the Commission among them. But it is not possible to establish a

²⁷ See Commission 2003b, p.3, and Ministry of Foreign Affairs of the PRC 2003, p.2.

²⁸ “Déclaration Conjointe pour un Partenariat Global” 1997 and “Déclaration Conjointe pour un Partenariat Global Stratégique Franco-Chinois” 2004.

²⁹ “China-UK Joint Statement” 1998 and “China-UK Joint Statement” 2004.

³⁰ On German policies towards China see Dejean de la Bâtie 2002, pp.6-7 and Wong 2005, pp.3-5 and 10-12; see also Auswärtiges Amt 2002, p.7.

³¹ “Interview mit Bundesaußenminister Steinmeier” 2006.

causal link between institutional innovation in Europe and the concrete steps of China-EU relations.

3.1.4 2002 to Present – Learning to Live with Each Other

According to both European and Chinese officials and observers, the years 2003-2004 marked a recent apogee of the relationship between China and the EU.³² In 2002 Hervé Dejean de la Bâtie remarked that “*la Chine a pris conscience de l’émergence de l’Europe politique, de l’Europe commerciale et de l’euro*”; and despite the predominance of the US on Beijing’s security agenda “[l]a Chine commence à se soucier de l’Europe pour ses mérites propres.”³³ Lastly, in 2004 Xiang Lanxin saw an “‘*entente active*’ of four major powers: France, Germany, Russia and China” and claimed that “[i]n 2004, [...] the EU is at the top of the Chinese leadership’s international agenda”.³⁴

Since the late 1990s there have been no further fundamental changes in the institutional framework for cooperation between the EU and China. What is noteworthy though are the increasingly detailed final statements of the annual summit meetings. First, they have led to a number of new issue-specific dialogues, e.g. on intellectual property, and have covered a growing field of international relations, as visible in the more recent strategic dialogue³⁵, the dialogue on Africa.³⁶ Second, they have included a number of Joint Declarations with a growing scope, like for example the Joint Declaration on Non-Proliferation and Arms Control of 2004,³⁷ and led to the signing of significant agreements, e.g. on China’s participation in the Galileo positioning system.³⁸

Most of these declarations were initially drafted either in the Commission DG Relex or in the Council Secretariat’s China Desk undergoing then amendments by the other body and by member states. This is in line with observations that in the late 1990s and early 2000s the actual role of Brussels-based institutional bodies has increased, in particular the Commission and the Policy Unit in the Council Secretariat.³⁹ This suggests that at present CFSP has

³² Preliminary Interview China 1, Shanghai Q3 2006; Preliminary Interview China 3, Shanghai Q3 2006; Interview EU 5, Berlin Q1 2007.

³³ Dejean de la Bâtie 2002, pp.70-72.

³⁴ Xiang 2004, pp.109 and 113.

³⁵ EU-China Joint Statement 2005, par.3.

³⁶ EU-China Joint Statement 2006, par.15.

³⁷ See EU-China Joint Statement 2004, par.2.

³⁸ EU-China Joint Statement 2003, par.9.

³⁹ Interview Europe #5 and #6.

reached a situation in which not only the centre of gravity in EU foreign policy has moved to Brussels but in which also Brussels-based institutions can exert some real influence as informal agenda-setters.

More recent events have contributed to a “return from the honeymoon” – thorny issues in which Chinese policy-makers did not achieve some major goals of their EU policy that they were sure to reach based on the improving China-EU relations. Four of these issues will be dealt with in some detail the following three chapters: the question of China’s status as a market economy, the lifting of the EU’s arms embargo towards China, textile trade between China and the EU, as well as the European position on Taiwan.

Some of these cases show that the activity of Brussels-based bodies still depends largely on a convergence of interests among key players, i.e. member states and the Commission. The failure to lift the arms embargo is a case in point. Although big member states and the Brussels institutions agreed on the goal to lift the embargo, they could not convince another group of more sceptical member states of the values of such a decision, in part, but not only, because of external pressure from the US.⁴⁰ Similarly, the case of the failure to acknowledge market economy status for China shows that foreign policy of the EU depends on a general consensus to act.

The two China documents the Commission published in 2006 have cooled down Chinese enthusiasm even further,⁴¹ since they include a number of points that were unpleasant to the Chinese side: strong criticisms of Chinese commercial policy, critique about China’s human rights record, listing of the Cross-Strait relations under “regional issues”, etc.

3.2 Reflections of Contemporary China-EU Relations in the Literature

After providing a general historical background to China-EU relations, I now turn to the question of how the current state of the relationship is reflected in literature. Aside from further elaborating on various dimensions of contemporary China-EU relations, this also serves as an intellectual background on what has been written on the empirical side of this research.

⁴⁰ See on this Casarini 2006, p.16.

⁴¹ See Feng 2006 and Li 2006.

Despite their significance on a global scale, Sino-European relations seem to have been neglected in both academic and non-academic literature. This is valid for both political scientists and historians. Historians have discussed relations of European states with China, especially in the context of the major crises with international dimensions that have marked Chinese history throughout the 19th and much of the 20th century, e.g. the Opium Wars, the Sino-Japanese War 1894-95, the Boxer War 1900-01, the long Chinese civil war, etc...⁴² The important changes in Sino-European relations resulting from the strategic triangle, the beginning of reform in China in the late 1970s and eventually from the end of the Cold War seem to be too recent even for most scholars of contemporary history.⁴³ Political scientists have hardly paid any attention to the evolution of Sino-European ties over the past few decades. This is also true for treatments of particular aspects of the relationship, like WTO negotiations or the EU's arms embargo, which have otherwise received large coverage in mass media.

All academics writing on Sino-European relations have adopted an atheoretical and policy-oriented approach. Often they are purely descriptive.⁴⁴ Among recent publications, the few exceptions that make serious explanatory efforts mostly present arguments akin to classical realism, like the absence of strategic conflict between Europe and China, the reaction to the transatlantic rift, the common desire to constrain US unilateralism, complementary economic interests, and common preferences on the structure of the international system, namely for multilateralism and strong international institutions.⁴⁵ These points provide answers to the question "Why China and Europe?" But what is missing is a coherent analysis of how China engages the EU and an explanation of this process. Aside from these academic writings, a number of analysts from the policy-consulting community contribute to the literature on Sino-European relations, and several think-tanks occasionally present analyses on the issue in the form of policy papers or short studies.⁴⁶

Limited as it may be, what does the existing literature tell us about Chinese foreign policy towards the EU? This discussion can be usefully structured by looking separately at

⁴² Examples of publications include Fay 1998, Xiang 1995 and Xiang 2002.

⁴³ A very noteworthy exception are several articles by historian Xiang Lanxin, e.g. Xiang 2001 and 2004.

⁴⁴ See for example Shambaugh 1996, as well as some contributions to the edited volume by Santos Neves and Bridges 2000 *Europe, China and the Two SARs* and the 2002 special edition of the *China Quarterly* entitled *China and Europe since 1978: A European Perspective*.

⁴⁵ See Shambaugh 2004, Shambaugh 2005, and Xiang 2004.

⁴⁶ The think-tanks include most notably the European Policy Centre in Brussels, the French Institut Français de Relations Internationales, and the German Stiftung Wissenschaft und Politik.

different topics. It will start with studies explicitly dealing with China-EU relations,⁴⁷ and then turn to writings on Sino-European relations in general.⁴⁸ Lastly, for the sake of completeness, and although this is not the primary focus of the research, it will introduce some of the efforts concentrating more on relations between member states and China.⁴⁹

3.2.1 China-EU Relations: Who is the EU for China?

The contribution to the 2002 special edition of the *China Quarterly* on China and Europe by Kay Möller, entitled “Diplomatic Relations and Mutual Strategic Perceptions: China and the European Union”, presents a primarily descriptive account of EU-China relations since the 1970s with few explicit analytical propositions. The author is a former German diplomat and currently analyst at the government think-tank *Stiftung Wissenschaft und Politik* in Berlin. For the question of “Who is Europe for China?” his account is interesting in that member states play a central role in his article. In particular, Möller describes how the re-animation of Sino-European relations after the short interruption following the Tiananmen Incident of 1989 was a consequence of member states’ desire to overcome the economic downturn of the early 1990s. For him, the highly political role of the EU in Sino-European relations, notably the human rights dialogue, was largely a tool to achieve that end. This would imply that principally China’s engagement was aimed at member states of the EU. Möller makes several references to Chinese views on the EU. He states that China has supported European integration for a long time and all through the 1980s as part of a wider logic of balancing against powerful third states, in particular the USSR, and expected a united Europe to play a role in emancipating Central Eastern Europe (CEE). For the 1990s to the present Möller suggests that “interest in Europe has been a variable of China’s unstable relationship with Washington.”⁵⁰ Yet, despite the promising title of his article, Möller fails to elaborate who exactly stands for the EU in specific instances of Sino-European relations. In fact, he can be criticised for not differentiating in any meaningful or systematic way between “Europe”, the EU and the member states in Sino-European relations.

⁴⁷ Dejean de la Bâtie 2002 and 2003, Möller 2002, Wang 2004, Wong 2005, Crossick, Cameron and Berkovsky 2005.

⁴⁸ Shambaugh 1996, 2004, and 2005, Xiang 2001 and 2004, Zhou 2000 (although the title suggests a specific treatment of EU-China relations).

⁴⁹ Möller 1996, Ferdinand 2000, Godemont and Serra 2000, Sandschneider 2002, Heilmann 2002, Schulte-Kulmann 2005.

⁵⁰ Möller 2002, p.31.

The 2003 policy paper by the *Institut français de relations internationales* entitled *L'Union européenne vue de la Chine* by Hervé Dejean de la Bâtie, at the time of writing an official at the Asia and Oceania desk of the French foreign ministry, comes to a different conclusion. For Dejean de la Bâtie Sino-European relations are not just a negative function of the ups and downs in transpacific ties. He thinks that since the mid-1990s Chinese policy-makers have become aware of the importance of the EU in its own right, and cites four reasons for this: increased efforts of Chinese academics in studying the EU, the WTO negotiations that convinced Chinese policy-makers of the force and cohesion of the EU, the successful launching of the Euro, and a reaction to the growing interest of the EU for China.⁵¹ These are suggestive points which may imply a great deal, in particular as regards the role of learning and socialisation in Chinese foreign policy towards Europe. But again, the implications this can have or has had in specific situations remain unclear.

Wang Yi's contribution "*La Chine et l'UE: vers une coopération stratégique*" to the edited volume of 2004 *Global Views on the European Union* by the Paris-based think tank Institute for Security Studies focuses on China-EU relations since, approximately, the year 2000. The author was First Secretary at the Chinese embassy in Paris at the time of writing. Wang first emphasises the convergence of interests on a large number of issues between China and the EU and points to their strategic cooperation that started with the Joint Declaration at the EU-China summit of October 2003 and the policy papers published by both sides in preparation of the summit.⁵² This means that Wang also takes a realist view of a wider rational bargaining process in international relations. In fact, throughout the paper Wang develops the theme of balancing against a third power already mentioned by Möller. He argues very explicitly that EU-China cooperation is aimed at containing US unilateralism and hegemonic tendencies and that in any case the transatlantic partnership is irreconcilable with the respective strategic interests of the US and Europe. His clarity merits a lengthy quote:

"Après le 11 septembre 2001, les Etats-Unis ont successivement lancé la notion 'd'axe du mal' et promu une politique de préemption, afin de casser le système multilatéral actuel et le cadre du droit international, de réorganiser l'ordre mondial sous leur contrôle à travers le hard power, sous prétexte de lutter contre le terrorisme. Face à ce nouveau défi, aucun pays seul ne parvient à endiguer le pouvoir de l'unilatéralisme américain; ce n'est qu'à travers la coopération internationale et le soft power qu'on peut former une force de 'contrainte légère' pour contrebalancer l'hégémonisme et l'unilatéralisme. Dans ce contexte, la Chine et l'Union

⁵¹ Dejean de la Bâtie 2003, pp.7-8.

⁵² See Commission 2003a and 2003b, Ministry of Foreign Affairs of the People's Republic of China 2003.

[européenne], deux grandes puissances ayant des points de vue différents sur la gouvernance globale avec les Etats-Unis, empruntent la même voie. [...] [L]es divergences entre les deux rives de l'Atlantique ne cessent de s'accroître. [...] [L]eur partenariat traditionnel se heurte aux intérêts stratégiques de l'autre partie. [...] En accélérant l'Union politique et de la défense, d'une perspective chinoise, [l'Union européenne] a l'ambition de jouer un rôle particulier dans les affaires internationales et de se retrouver sur un pied d'égalité avec les Américains."⁵³

In addition to these general views on Sino-European relations, Wang explicitly refers to the complex face of the EU in international affairs. He complains that "[l]es divergences qui opposent le Royaume-Uni, la France et l'Allemagne, les petits et les grands pays, la 'nouvelle' et la 'vieille' Europe [...] limitent la construction d'une politique étrangère commune et d'une défense autonome."⁵⁴ According to Wang this results in a confusion on the Chinese side on whom to deal with, which is sometimes perceived by Europeans as an attempt to play the different European actors out against each other.⁵⁵

In his conference paper *Towards a Common European policy on China?* from 2005, Reuben Wong compares the China-policies of the EU and its member states, through the "Europeanisation"-approach. The author presents successive descriptions of British, French, German and EU policies towards China in the fields of trade, "political and strategic relations" and human rights since the mid-1980s. For each policy field he characterises the actors' behaviour in different years as either containment, neutrality, or positive engagement. This is conveniently summarised in tables, and Wong concludes convincingly that "there is overall a more coordinated European position on China in 2003 compared to 1985."⁵⁶ Although this piece explicitly compares the role of different entities under the EU umbrella in Sino-European relations, it is of very limited value in the present context. A "more coordinated European position" may result in less confusion for outsiders but does not necessarily mean that it becomes easier to engage the EU – was demonstrated by the comments by Wang discussed in the previous paragraph. Like other Europeanisation approaches, Wong is focusing on policy content rather than process and does not address at all the question of how the outside deals with the EU.⁵⁷

The 2005 policy paper *EU-China Relations – Towards a Strategic Partnership* by Stanley Crossick, Fraser Cameron and Axel Berkofsky of the Brussels-based think tank

⁵³ Wang 2004, pp.74-75.

⁵⁴ Wang 2004, p.76.

⁵⁵ Wang 2004, p.76.

⁵⁶ Wong 2005b, p.18.

⁵⁷ See for example Tonra 2001 who elaborates on how the foreign policies of small EU member states adjusted to larger European approaches.

European Policy Centre joins Wang (2004) in criticising the fact that “deciding when to address the EU and/or individual governments is not easy for third countries.”⁵⁸ The authors acknowledge that especially the large member states promote their individual interests at the expense of common EU goals and call on the member states to “agree common policies towards China and support, rather than undermine, the EU-China relationship.”⁵⁹ This supports Wang and undermines Wong, in that it shows that, beyond any apparent convergence of common EU and individual member state policies towards China, there are diverging positions. Otherwise there are no additional analytical elements to draw from this paper, but the authors provide a useful overview of the current contents of EU-China relations. They first emphasise political and strategic issues, in particular integrating China in the international community and thus providing regional and global stability, although they criticise that it is yet unclear what exactly policy-makers intend by the term “strategic partnership”. Second, they mention trade diplomacy as an important aspect of the relationship, in particular as related to commercial disputes. A third key element discussed in the paper is the human rights dialogue. In addition, the authors also mention the important dimension of development cooperation, technological exchange, a large number of specific sectoral dialogues, “ranging from environmental protection to science and technology and from industrial policy to education and culture.”⁶⁰

Another publication directly addressing China-EU relations is the 2006 volume *Facing China's Rise: Guidelines for an EU Strategy*, edited by Marcin Zaborowski for the Institute for Security Studies in Paris. It provides an interesting overview of current issues, but even the section on Chinese foreign policy does not much more than restate, probably more eloquently, the fundamental problem of this research, namely that “Europe’s post-modern institutional construction, where there is no conception of a military balance and no prevailing nation-state, where the practical instrument for a common foreign and security policy are still very much in debate, and are as yet shared with the more traditional instruments of each of the 25 nation-states, is not easy to grasp for Asian.”⁶¹

⁵⁸ Crossick, Cameron, and Berkovsky 2005, p.35.

⁵⁹ Crossick, Cameron, and Berkovsky 2005, p.36.

⁶⁰ Crossick, Cameron, and Berkovsky 2005, p.28.

⁶¹ Godement 2006, p.56.

3.2.2 Sino-European Relations in General

A few publications have treated Sino-European relations from a more general, mostly strategic viewpoint, unfortunately though without much effort to analyse the processes of engagement towards different European actors. The most noteworthy recent piece is Xiang Lanxin's article "China's Eurasian Experiment" in *Survival* (2004). If the above-cited Wang 2004 focuses on the transatlantic rift, Xiang adds a deeper cultural argument. "The concept of the 'West' is in crisis at the same time that transatlantic strategic priorities and culture are diverging."⁶² He sees transatlantic cultural divergence in the American democracy based on individual rights as opposed to European communitarian social democracy. US foreign policy is solely based on national interest while European foreign policies build and respect international norms and institutions. At the same time, Xiang observes a Chinese leadership well aware of the fact that political reform cannot be postponed for long, and the search for political models brings China closer to Europe rather than to the US. "American democracy is based on 'inalienable' individual rights that are sustained by 'self-evident' truth. [...] [T]he Chinese tradition is hostile to any self-evident truth and nothing is inalienable. [...] The Chinese elite is intensely interested in how European social democracy works."⁶³ With regard to foreign policy, he implies that with a "long-term, grand strategy of peaceful rise"⁶⁴ China has become a status quo power, although for most of the past half-century China has been far more unilateralist than the US and "adhered to the 'friend or foe' mentality."⁶⁵ Now that China finally embraces multilateralism the US has become revolutionary, challenging international norms and institutions with a doctrine of pre-emptive strike. Xiang, like Wang 2004, sees the EU-China summit of 2003 and the related policy papers as a turning point toward a strategic partnership: the Iraq War turned both the EU and China further away from the US and towards each other. These comments confirm the global strategic relevance of Sino-European relations and point to their substantial underlying potential. In addition to that, Xiang also argues that until recently China did not understand the EU "because the European model of diplomatic compromise and muddling through did not fit the Chinese communist notion of an effective strategy in a revolutionary world."⁶⁶ But by now, "China has discovered the

⁶² Xiang 2004, p.110.

⁶³ Xiang 2004, p.116.

⁶⁴ Xiang 2004, p.109.

⁶⁵ Xiang 2004, p.117.

⁶⁶ Xiang 2004, p.117.

advantages of muddling through in a messy world.”⁶⁷ In fact, according to Xiang the Chinese idea of “democratisation of international relations” is precisely the mode of international relations that is being practiced within the EU. This is an interesting perspective on policy making and cooperation processes preferred by the Chinese leadership. Unfortunately though, Xiang does not offer any analysis on how they manage these processes, or how China “muddles through” towards an EU that is itself “muddling through” towards more common foreign policies.

With regard to the previous authors, Shambaugh’s article “China and Europe: The Emerging Axis” in *Current History* (2004) offers a number of confirmations and interesting qualifications. First, he confirms the importance and strategic nature of Sino-European relations. Second, rather than pointing to fundamental cultural differences with regard to the US, he emphasises, more pragmatically, the relative ease with which Europe and China can engage. “The absence of a ‘Taiwan factor’ removes a significant potential irritant in EU-China ties”⁶⁸ as opposed to US-China relations. In addition Europe, other than the US, has no strategic interest in East Asia that could conflict with China. Third, he admits that one goal of the Sino-European partnership is to constrain US hegemony. So far these points betray a somewhat classical realist perspective that fails to deal with the complex governance structures in Europe though. But Shambaugh does go further: Fourth, he confirms, and as the only one in the literature, the importance of transgovernmental relations between European and Chinese policy-making units, although he does not go so far as to differentiate between different institutional entities on the European side. “Each meeting catalyses the respective bureaucracies to generate proposals and to negotiate tangible programs involving financial and human resources – thus marrying the respective bureaucracies and fusing them with common purpose.”⁶⁹ Shambaugh’s piece “The New Strategic Triangle” in *The Washington Quarterly* (2005) does not add many new elements to this. It mostly confirms the global strategic dimension of the cooperation between Europe and China by relating it to the strategic position of the US.

⁶⁷ Xiang 2004, p.118.

⁶⁸ Shambaugh 2004, p.246.

⁶⁹ Shambaugh 2004, p.247.

3.2.3 Member States in Sino-European Relations

Given the difficulty of finding and surveying relevant literature for 27 member states, this discussion will concentrate on comments about the three biggest member states, Britain, France, and Germany, and only provide a cursory overview over discussions on the role played by smaller member states. The chapter “UK Policy Towards China” by Peter Ferdinand in the edited volume *Europe, China and the Two SARs* (2000) first emphasises the importance of Hong Kong in Sino-British relations, both in the 1980s when the transition was negotiated and in the 1990s when the British pre-transition policies angered Beijing. Second, Ferdinand points out that, although the UK is still party to the Five-Power Defence Agreement,⁷⁰ it does not have any specific strategic interests with regard to China, other than those related to general stability of the regional and global systems. Third, his comments on the issue-areas on the British bilateral agenda with China suggest an overlap with the common EU agenda: the growing importance of British commercial and investment interests towards China and UK development cooperation in China. This implies room for cooperation and conflict within the EU and for an unclear situation for the Chinese side concerning who to talk to on what. Yet the UK also entertains limited military-to-military exchanges with China which obviously do not exist at an EU-level. Another interesting aspect is Ferdinand’s discussion of China policy-making in the UK. Until the 1980s, he states, a small group of China experts in the Foreign and Commonwealth Office’s Far Eastern Department and Hong Kong Department. Since then this has changed though, as “[t]he number of government agencies with serious interest in China has grown significantly.”⁷¹ This confirms that it is not sufficient to distinguish EU-level institution from member state governments but that even within the latter the number of institutional actors actively engaged in relations with China is increasing.

François Godement and Régine Serra in their contribution to the same edited volume “French Policy Towards China: a Redefinition” point to an early mutual political and strategic interest between France and China, related to France’s independent stance within the Western alliance. Nevertheless, they argue, France does not have specific political and strategic interests beyond keeping up a generally stable international situation in Asia. When reviewing the main policy areas of Sino-French cooperation, the authors put trade and investment in the most prominent places. According to them, while Mitterand had a dual perception of China,

⁷⁰ Including also Australia, Malaysia, New Zealand and Singapore. Ferdinand 2000, p.51.

⁷¹ Ferdinand 2000, p.43.

“at the same time diplomatic and economic,”⁷² economic interests became a primary motive behind the French China policy, as visible in the normalisation of relations with Beijing already shortly after the Tiananmen Incident of 1989. Godement and Serra also see the French arms sales to Taiwan in the early 1990s, which caused serious political irritations between Beijing and Paris, as economically motivated, “in order to absorb the large trade deficit between France and Taiwan.”⁷³ When the negative economic effects following Chinese sanctions against France turned out too large, Paris chose subsequently a path of closer cooperation with Beijing. Other than trade, technical (i.e. agricultural and industrial technology, life sciences, etc...) and cultural cooperation are also mentioned as important policy fields. With these points Godement and Serra confirm the substantial overlap of the French and the common EU agenda – like Ferdinand for the UK and with the same implications. By contrast no overlap exists with regard to military exchanges, and in the field of human rights, the authors criticise France for having abandoned this topic fully to EU-level institutions in order to focus on economic interests. Godement and Serra do not go into much detail on the making of French China policy, but they complain that the concentration on economics has wide-ranging results for example that “the role of the Ambassador is getting more and more difficult since his function goes from political representative to high level trade representative.”⁷⁴ This could also point to a diffusion of China policy away from the core competences of the foreign ministry, like in the British case.

On Sino-German relations, Möller, in his 1996 article “Germany and China: A Continental Temptation” from the *China Quarterly*, and Klaus Rupprecht, in his contribution four years later to *Europe, China and the Two SARs* “Germany’s Policy Towards China and the Future SARs of Hong Kong and Macau”, agree that at the political level, German aspirations to a permanent seat in the UN SC have been a central issue in the relationship. This is interesting insofar as it indicates how single institutional entities under the EU, the German foreign ministry in this case, may be pursuing key goals that lie outside the scope of shared EU interests which makes them susceptible to side-payments from the Chinese side in different bargaining fora, like here the UN. Nevertheless, overall German political and strategic interests in China remain general, i.e. related to regional and global stability, as in the case of Britain and France. Möller discusses intensive efforts in the early 1990s from both Germany and China to establish some sort of key political and strategic relationship.⁷⁵

⁷² Godement and Serra 2000, p.8.

⁷³ Godement and Serra 2000, p.8.

⁷⁴ Godement and Serra 2000, p.10-11.

⁷⁵ Möller 1996, p.719-720.

However, Sebastian Heilmann of the University of Trier points out in his policy paper “*Grundelemente Deutscher Chinapolitik*” that these ambitions receded with the start of political and human rights dialogue at the EU level, as the case in France.⁷⁶ Also like in the French case, all three authors emphasise the primarily economic nature of the relationship, with important German interests in trade with and investment in China. Möller points out that economic interests convinced the German government to re-establish ties with China shortly after the disruption related to the Tiananmen massacre, as we have also seen in the case of France.⁷⁷ He also notes that the German ministry of foreign affairs explicitly included the issue of Chinese membership in the General Agreement on Tariffs and Trade (GATT) in its talks with China, an issue that, already at that time, was recognised as an exclusive EC competence. The authors also agree on other important issue-areas of Sino-German cooperation, namely its development cooperation, China being one of the main recipients of German aid, as well as cultural and scientific issues.⁷⁸ All this confirms the again the overlap between the scope of issues-areas on the joint agenda of the EU towards China and those pursued individually by member states.

The more general article by Eberhard Sandschneider “China’s Diplomatic Relations with the States of Europe” in the 2002 *China Quarterly* special edition suggests a few general remarks on smaller member states and the new member states of CEE. He points out that both groups tend to follow their bigger partners on China-policy, for fear of suffering in the economic relationship when taking strong positions and for lack of influence, and generally promote the common EU approach.

Despite the title, Dejean de la Bâtie’s policy paper *La politique chinoise de l’Union européenne*, published by the *Institut français de relations internationales* in 2002, adds to this debate mostly with regard to member states. The author’s views on the EU and China are presented more succinctly in his policy paper of 2003, already discussed above. In contrast to the paper by Wong discussed above, Dejean de la Bâtie shows that there is imperfect convergence of China policies among member states of the EU. For this, he cites three reasons. First, according to him member states have had different historical experiences with China. He mentions the questions of Hong Kong and Macao for the UK and Portugal, a minor but continuing colonial issue for France in the form of ongoing negotiations on compensations for property confiscated in former French concessions after 1949, and, by

⁷⁶ See on this Heilmann 2002, pp.4 and 8.

⁷⁷ Möller 1996, pp.717-718.

⁷⁸ Möller 1996, pp.715-716, Rupprecht 2000, p. 66, Heilmann 2002, pp.5-6, 9-10.

contrast, the absence of any colonial burden for Germany. Second, Dejean de la Bâtie points to domestic politics. He mentions, unfortunately without further detail, that the governments of different member states are subject to different degrees of parliamentary control, and he distinguishes a Northern European (i.e. Scandinavian, Danish, Dutch, and Irish) public opinion very much concerned with human rights issues from a Southern European (i.e. Spanish, Portuguese, Italian, and Greek) one that accepts “*en gros le dialogue constructif et la primauté des considérations commerciales*.”⁷⁹ In this context he cites Britain, France and Germany as special cases where public opinion is sensitive to human rights but governments have nevertheless more and more concentrated on dialogue with Beijing. A related third element, according to the author, has to do with diverging current interests. Britain and France have a strong incentive to engage positively with China as they have to cooperate with it in the UN SC, a position shared by Germany as it develops more and more of a “*politique mondiale*.”⁸⁰ Other member states, by contrast, have few global or Asian political aspirations and are consequently less interested in formulating related policies. A last point for the author are the often competing commercial interests of member states.

3.3 Conclusion

This chapter has proposed a structuring of Sino-European relations since the end of the Second World War into four periods, namely the Cold War period, the time from the end of the Cold War and the Tiananmen crisis in China to the mid-1990s, from then to the time around the year 2002, and finally from 2002 until the present, i.e. the time of the fourth leadership generation under Hu Jintao which is the focus of this research. Since the important events of 1989, both in China and in the world as a whole, the relations between China and the EU have indeed grown from a functionally limited, “secondary” relationship to one that encompasses all dimensions of foreign policy. Between the early 1990s and present times, China and Europe have progressed from almost no diplomatic contact to a tight web of institutionalised regular exchanges on a wide range of topics, including technical, economic, political, and strategic issues. It has been pointed out that in all this the formal advances in European integration, in particular those relevant for external policies, have played a minor role. Rather than being based on strict institutional rules, relations with China at the EU level

⁷⁹ Dejean de la Bâtie 2002, p.8.

⁸⁰ Dejean de la Bâtie 2002, p.13.

could be deepened when there was a consensus on policy preferences towards China among the most significant bureaucratic players within the EU. The specific evolution and explanation of two recent cases of China-EU interaction will be the subject of the following chapters.

Chapter IV. Trade Matters – China’s Quest for Official Recognition as a Market Economy by the EU

This chapter will analyse the modalities of China-EU bureaucratic interaction based on the case of Chinese efforts to get the EU to grant it Market Economy Status (MES). It will first present the meaning of MES in the context of the World Trade Organisation (WTO) and the significance this has for China. A second section will then outline the evolution of China-EU bureaucratic interaction on this issue. In the third section I will attempt an explanation of the patterns of interaction based on the three dimensions of the theoretical framework introduced in chapter II.

4.1 The Significance of Market Economy Status for China

Since 2002 China has consistently been pushing the EU to recognise China officially as a market economy, which the EU has, equally consistently, declined to do. Aside from the EU’s arms embargo against China, a case that will be discussed in the next chapter, this has been one of the two top issues on the Chinese agenda for relations with the EU. The importance of MES for China is related to two points: first, it is a question of “face”, second, MES may entail benefits in the context of the WTO anti-dumping system.

4.1.1 The Symbolic Dimension

The importance China attaches to questions of status in its foreign relations, its resentment of what is seen as national humiliation in the past and its sensitivity to practices that can be perceived as discriminating, will be discussed in depth in chapter VI. But such symbolism also plays a role with regard to MES. Some commentators in the media have for example pointed out that “Beijing [...] attaches political significance to the status and sees it as another milestone in its efforts to be considered on an equal footing with the largest

western industrialised powers,”¹ others have emphasised that, “symbolically, MES would herald China’s arrival as a major industrialised world trade player.”² In 2004 Stephen Green, at that time head of the Asia Programme at Chatham House, noted that MES was “a matter of national pride”, and that recognition would be, “like the 2008 Olympic Games, a stamp of international approval.”³

Aside from such comments by observers, the symbolic dimension of MES emerges from two types of materials: statements by Chinese officials and policy advisors on the one hand and EU documents and comments by EU officials on the other. First of all, Chinese officials have stated, more or less explicitly, that MES matters *per se*, as a symbol of China’s international status. In September 2002, when calling for the first time on the EU to recognise China as a market economy, State Premier Zhu Rongji implicitly evoked an accusation of discrimination by (wrongly) linking this to the respect of WTO rules on non-discrimination.⁴ In July 2005, Liu Jianchao, spokesman of the MFA, explicitly interpreted MES as a status symbol when stating that “[t]he EU’s recognition of China’s full market economy status means its acknowledgement to China’s positive efforts made in the establishment of socialist market economy system [sic].”⁵ Zhu’s successor Wen Jiabao declared at the EU-China summit in Helsinki in September 2006 that recognition of MES would “reflect mutual respect and equality”, again reflecting the suspicion of discrimination.⁶ That MES is an issue of “face”, a question of acknowledging the importance of China’s reform effort, has also been confirmed by a Chinese interviewee.⁷ During another interview on the Chinese side it was stated that non-recognition amounted indeed to unfair treatment, in particular when compared with Russia which was granted MES in November 2002.⁸ As a caveat it should be added, however, that Chinese officials were not very insistent on pointing to the symbolic dimension of MES, neither in public statements nor in the interviews conducted for this research. There are hardly any related comments aside from those quoted here – in stark contrast to the arms embargo case, as will become clear in the next chapter.

¹ Justine Lau and Raphael Minder, Financial Times, 5 July 2005, “Recognise China as a market economy, says UK”.

² Amit Chanda, Worlds Markets Research Centre – World Markets Analysis, 5 Sept. 2005, “EU-China summit starts in Beijing, amid trade tensions and long-simmering disagreements”.

³ Green 2004, p.2.

⁴ See statements by state premier Zhu Rongji, as reported in Xinhua General News Service, 24 September 2002, “China to further enhance China-EU relations” and Sun Shangwu, China Daily, 26 Sept., 2002, “Zhu: Nation values China-EU dialogue”

⁵ BBC Monitoring Europe – Political, quoting Xinhua News Agency, 14 July 2005, “China calls for EU recognition of full market economy status”.

⁶ David Ivison, Financial Times, 11 Sept. 2006, “Brussels refuses to yield over market economy status for China”.

⁷ Interview China 7, Shanghai Q3 2007.

⁸ Interview China 11, Brussels Q1 2008.

Nevertheless, for China there certainly was a symbolic dimension of the MES issue throughout the period under review here, and this was noticed by China's EU counterparts. As a result it is visible in the second type of materials, namely EU documents and comments by EU officials. Already in 1997 the Commission noted for example that "both Russia and China have attached great political significance to EU anti-dumping policy, in particular their stature as [non-market economies]." ⁹ In 2003 and 2004 EU officials anonymously commented in the press about the importance of political symbolism in China's quest for MES. ¹⁰ In February 2005 Trade Commissioner Peter Mandelsson was quoted making the following comment: "I know this is of great political importance for China. And I understand why. I am hearing you." ¹¹

4.1.2 MES and Expected Commercial Benefits

(i) The WTO and Non-Market Economies

The question of the benefits China might receive from the recognition of MES in the WTO context is a complex technical issue that calls for further comment. Whether a member state of the WTO is considered a market or a non-market economy has important consequences in the context of anti-dumping measures. Therefore, it may be necessary, as a first step, to take a closer look at what "dumping" is according to WTO rules. According to the WTO's "Agreement on Implementation of Article VI of GATT 1994", or simply the Anti-Dumping Agreement (ADA), "dumping" means to be selling a product in an export market below its "normal value [...] in the ordinary course of trade." ¹² Therefore a key element in determining whether or not dumping is occurring is the careful comparison between export price and "normal price". The tricky question is though: what is the "normal price"? It is in this connection that MES becomes significant.

Elaborating on art.VI of GATT 1994, the ADA stipulates that usually the "normal price" for comparison should be the domestic price of the concerned product in the exporting

⁹ Commission 1997, p.5.

¹⁰ Tobias Buck and Judy Dempsey, *Financial Times*, 6 May 2003, "Chinese premier to hear string of complaints in Brussels today"; Channel NewsAsia, 6 May 2004, "Chinese premier urges rewards from EU on economy, arms ban".

¹¹ Amit Chanda, World Markets Research Centre – World Markets Analysis, 24 Feb. 2005, "EU trade commissioner discusses Chinese progress on market economy, human rights and IP protection".

¹² Agreement on Implementation of Article VI of GATT 1994, art.2(1).

country.¹³ When there are no domestic sales, or when their low volume or any “particular market situation” in the exporting country do not allow for a “proper comparison” of prices along these lines, other rules are available to determine the normal price, namely using “a comparable price of the like product when exported to an appropriate third country” or “the cost of production in the country of origin.”¹⁴ In addition, however, the ADA also re-affirms the provisions on anti-dumping in Annex I to GATT 1994, where it is acknowledged that “in the case of imports from a country which has a complete or substantially complete monopoly of its trade and where all domestic prices are fixed by the State, special difficulties may exist in determining price comparability [...], and in such cases importing contracting parties may find it necessary to take into account the possibility that a strict comparison with domestic prices in such a country may not always be appropriate.”¹⁵

Based on this annex to GATT, and despite its strict language on monopoly and state control, numerous countries, especially those in transition from a planned to a market-based economic system, have been designated “non-market economy.”¹⁶ The provision “traditionally has been used [...] to ignore prices and costs in ‘non-market economies’ on the ground that they are unreliable because they are not set by market forces [...] and instead] use prices or costs in a market economy as the basis for normal value.”¹⁷ This means that, instead of reverting to the provisions for “particular market situations” of the ADA, the label “non-market economy” and the so-called “surrogate country approach”¹⁸ have, in practice, allowed importing countries to exercise “significant discretion in the calculation of normal value of products exported from non-market economies.”¹⁹ Put simply: since there are no precise rules on how to select the surrogate country, you simply have to pick one in which production costs are sufficiently high, and you will always be able to conclude that there is dumping and to impose anti-dumping duties. A good illustration may be the EU’s anti-dumping investigation on Chinese polyester staple fibre producers, started in December 2003, in the course of which a US producer was used as a surrogate to determine normal prices in China – who was later sued under US anti-trust law for conspiracy to keep prices artificially high.²⁰ All this means

¹³ GATT 1947 art.VI (1a) and Agreement on Implementation of Article VI of GATT 1994, art.2(1).

¹⁴ Agreement on Implementation of Article VI of GATT 1994 art.2(2).

¹⁵ Agreement on Implementation of Article VI of GATT 1994, art.2(7); Annex I to GATT 1994, second Supplementary Provision to Art.VI, par.1.

¹⁶ Vermulst 2005, p.45.

¹⁷ Vermulst 2005, p.44.

¹⁸ Vermulst 2005, p.44; see also Green 2004, p.3, for a very succinct presentation.

¹⁹ *Technical Information on Anti-Dumping* on the WTO website.

²⁰ European Report 25 March 2005, “EU/China: Beijing considers WTO action on polyester fibre duties”.

that, in general, it is more likely for an investigation to find evidence of dumping if the exporting country is considered a non-market economy.

Aside from the problematic surrogate country approach, countries considered non-market economies for a long time had to bear with a collective treatment of all its producers and exporters. In general, under WTO rules, the magnitude of dumping and the anti-dumping duty should be determined individually for every firm.²¹ Yet for non-market economies, it was assumed that “all the means of production and natural resources belong to one entity, the State”, therefore considered the “single producer”, which means that “the application of a single rate is necessary to avoid circumvention of the duties, that is the channelling of exports through the exporter with the lowest duty rate.”²² The situation on the ground was obviously far more complicated than this. By the mid-1990s, it was already EU practice to determine dumping and apply duties individually in “exceptional cases where a company can show that it operates independently from the state.”²³ A revision of EC administrative rules in March 1997 introduced more flexibility and specified “core criteria” that companies need to fulfil “to qualify for such treatment.”²⁴ After examination of related rules in other WTO members, in particular US legislation allowing firms in non-market economies to demonstrate that their goods are produced in a “market oriented industry”, in April 1998 the Council then passed a new regulation removing China and Russia from the list of non-market economies and instituting a system by which individual firms in these two countries can demonstrate “that market economy conditions prevail” based on five specific criteria.²⁵ If a producer passes the test, the same anti-dumping rules will be applied as for producers in market economy countries, if not it is the collective surrogate country approach.²⁶

(ii) MES in China’s WTO Membership

There has been no fundamental change in these rules since then. In fact, China’s WTO accession protocol follows the same logic. “If the [Chinese] producers under [anti-dumping] investigation can clearly show that market economy conditions prevail in the industry” then

²¹ According to art. 6(10) of the Agreement on Implementation of Article VI of GATT 1994 individual dumping margins must be determined for every concerned exporter or producer; these margins constitute the upper limit for anti-dumping duties according to art.9(3); in case exporters or producers are too numerous art.6(10) and 9(4) provide how to determine dumping margins based on samples and how to determine anti-dumping duties for individual firms based on this method.

²² Commission 1997, p.3.

²³ Commission 1997, p.3.

²⁴ Commission 1997, p.3.

²⁵ Council Regulation (EC) No.905/98 of 27 April 1998 art.1.

²⁶ Council Regulation (EC) No.905/98 of 27 April 1998 art.1.

the domestic Chinese price is to be used for comparison.²⁷ This means that there is a general assumption that market economy conditions do not prevail and the burden to prove the contrary is on the Chinese producers. If they cannot demonstrate this, then “a methodology that is not based on a strict comparison with domestic prices or costs in China” can be applied.²⁸

The rules and practices on anti-dumping towards countries considered non-market economies have contributed to making China the prime target of anti-dumping measures in the world: between January 1995 and December 2004, 297 anti-dumping measures have been adopted against China.²⁹ For comparison, in the same period, the other two major victims have been the EU-25, with 224 anti-dumping directed against the group as a whole and individual member states, and South Korea, suffering from 118 measures.³⁰ Since 2002 the EU itself has imposed anti-dumping duties on 26 types of Chinese export commodities (not counting those only set provisionally), more than on any other country, and overall the number of new cases per year has followed an increasing trend until 2005.³¹

Against this background it is understandable that Chinese authorities expect a certain economic benefit for their exporters from being granted MES by major trading partners. According to the accession protocol there are two ways of achieving this. First, if China can show “under the national law of the importing WTO Member, that it is a market economy”, or that a certain industry operates by market economy conditions, then the special provisions of the accession protocol will end, for China as a whole or the industry in question, and the WTO’s normal anti-dumping provisions will apply.³² This presupposes, however, “that the importing Member's national law contains market economy criteria as of the date of accession.”³³ Second, the accession protocol stipulates that the option of not using domestic prices or costs if the concerned producer fails to demonstrate that the business operates under market economy conditions will be terminated 15 years after accession, i.e. by late 2016.³⁴ Generally this is interpreted as meaning that other WTO members will have to start treating China as a market economy.³⁵ Strictly speaking, the provision is not very clear as the paragraph that puts the burden of proof on Chinese producers will not be invalidated after 15

²⁷ WTO Decision of 10 November 2001 on Accession of the People’s Republic of China, par.15a(i).

²⁸ WTO Decision of 10 November 2001 on Accession of the People’s Republic of China, par.15a(ii).

²⁹ Vermulst 2005, p.5.

³⁰ Vermulst 2005, p.5.

³¹ For anti-dumping statistics, see European Commission 2002 to 2007a.

³² WTO Decision of 10 November 2001 on Accession of the People’s Republic of China, par.15d.

³³ WTO Decision of 10 November 2001 on Accession of the People’s Republic of China, par.15d.

³⁴ WTO Decision of 10 November 2001 on Accession of the People’s Republic of China, par.15d.

³⁵ Green 2004, p.3.

years. It is unlikely, however, that this will be used as a legal trick to extend the current regime beyond 2016. First of all, in agreeing on the 15-year period of non-market economy treatment China made a major concession that no other WTO accession country has made before. Of this, policy makers in China and elsewhere are aware, and there is a general expectation, and resulting political pressure, that from 2016 on China will enjoy full MES in the WTO system. Second, although it will be more difficult, even the normal AD provisions in the WTO treaties will leave some leeway to impose AD duties against certain Chinese producers.³⁶

(iii) The EU Approach to MES

In its relations with the EU, China has been trying to benefit from early recognition as a market economy, which means it has to fulfil the EU's five market-economy criteria. Conforming to the requirements of China's accession protocol, these criteria were part of EU law at the time of China's accession, since they had been established in the Council Regulation of April 1998. They comprise the following points:³⁷

- (1) Decisions of firms on prices, costs and inputs must be based on the market signals of supply and demand;
- (2) Firms must have one set of basic accounting records which are independently audited in line with international standards;
- (3) Firms' production costs and financial situation must not be subject to distortions carried over from a former non-market economy system;
- (4) Firms must be subject to bankruptcy and property laws that guarantee legal certainty and stability of their operation;
- (5) Exchange rate conversions must be carried out at the market rate.

The Chinese efforts to demonstrate that it is a market economy by EU standards have so far not been successful though. In reaction to the repeated Chinese requests to be granted MES the Commission has usually pointed out China's shortcomings with regard to these criteria. In June 2004 it mentioned that, despite "significant progress", further reforms in the financial sector and with regard to corporate and banking law, state interference and property law were necessary for a favourable decision on Chinese MES in the future.³⁸ In September 2006, Commission President Barroso pointed out that the EU expected improvements with

³⁶ This is visible for example in the anti-dumping case against Chinese polyester apparel producers: even the 25 companies that were granted MES were charged anti-dumping duties; see Asia Pulse, 18 March 2005, "Chinese Fabric Firms to Challenge EU's dumping ruling".

³⁷ Council Regulation (EC) No.905/98 of 27 April 1998.

³⁸ Associated Press Worldstream, 28 June 2004, "EU refuses to recognize China as 'market economy'" and Hong Kong Trade Development Council 2006.

regard to state influence, accounting rules, bankruptcy laws, and financial services.³⁹ Nevertheless the Commission has repeatedly affirmed that it will be “ready to act quickly once all the conditions are met.”⁴⁰

4.2 The Evolution of the Issue

4.2.1 Before WTO Accession – MES as One Issue among Many

The removal of China from the list of non-market economies in the regulation of April 1998 was certainly a friendly gesture towards China. Yet there is no sign of any sustained Chinese efforts to achieve recognition as a full market economy at that time. This means that MES has been an issue in China-EU relations for a long time already but not always in the same way.

MES was also a big issue in China’s WTO negotiations, although not in the bilateral ones with the EU. The provisions on China’s status as non-market vs. market economy were a result of its negotiations with the US.⁴¹ The China-US Agreement of November 1999 established that the US could continue for 15 years after accession to treat China as a non-market economy and to apply its current practice with regard to anti-dumping procedures; it specifically spelled out that a) the US would continue to use the same methodology to determine dumping, which implies non-market economy treatment and surrogate country method as default approach; b) that Chinese industries would continue to have the burden of prove in establishing that market economy conditions exist in their sector; and c) that China would continue to have the opportunity of demonstrating that market economy conditions prevailed in a sector or the economy as a whole.⁴² After the conclusion of the agreement these stipulations were applied to China’s relations with all other WTO members as well, based on the most-favoured-nation rule.

China concluded its negotiations on WTO accession with the EU in May 2000, i.e. after those with the US. Therefore, in China-EU relations the issue of MES may have been one among many in the context of highly complex, technical negotiations on the terms of China’s

³⁹ Financial Times, 11 September 2006, “Brussels refuses to yield over market economy status for China”.

⁴⁰ Commission 2006c.

⁴¹ Green 2004, p.3, fn.4.

⁴² See China-US Agreement on China’s WTO Accession 1999, section “Anti-Dumping”.

membership. Yet it appears that for the EU the terms of the China-US agreement on this point were fully satisfying, as it decided to push hard on issues related to telecommunication and financial services instead.⁴³ In fact, unexpectedly for the Chinese side, the negotiations with the EU turned out very difficult,⁴⁴ and dragged on until the final rounds were led not by the top negotiators but by the Chinese Minister Shi Guangsheng and European Commissioner Pascal Lamy themselves.⁴⁵

4.2.2 After Accession – MES as a Main Item on China-EU Agenda

In any case, in China-EU relations MES only emerged as a major issue by itself after China's accession in December 2001. From public statements and related reporting in news media one can sketch the evolution of MES as an issue in China-EU relations. In a first period, from September 2002, when MES surfaced the first time in public statements, until the end of 2003, China cautiously raised the issue towards those authorities on the EU side that are formally responsible for trade matters, in particular the Commission. This changed in the second period, roughly from late 2003 till June 2004. This was a time of frenzy during which China raised the issue constantly in any possible instance of interaction with the EU and its member states. From the EU side, a large majority of member states emphasised support for granting China MES while the Commission repeatedly pointed out that it is favourable in its basic disposition but that review of the problem is ongoing. After the EU's first explicit refusal to recognise China's MES in June 2004, a third period started that lasts until the present. China-EU interaction on the issue has been getting more and more sober. China continues to broach the issue with various European stakeholders but with decreasing energy and expectations. The general EU rhetoric, from both the Commission and member states, is that of "technical criteria" that need to be fulfilled first, while explicit public support for Chinese MES from among EU members gets weaker.

⁴³ Facts on File World News Digest, 21 February 2000, "China: EU talks on WTO entry break off".

⁴⁴ Interview China 7, Shanghai Q3 2007; Interview China 8, Beijing Q3 2007.

⁴⁵ People's Daily (English), 20 May 2000, "China, EU sign agreement on China's WTO accession".

(i) A Technical Issue between Technical Bureaucracies

The starting point of the first period was Zhu Rongji's invocation of the Chinese desire to be granted MES by the EU at the 5th EU-China summit in Denmark in September 2002.⁴⁶ This was the first public evidence of MES on the diplomatic agenda between China and the EU, although the issue did not make it into the final joint statement.⁴⁷ A few weeks later, Ms. Wu Yi, Chinese Vice-Premier in charge of international trade, called on the EU to grant China full MES during a visit to Beijing of trade commissioner Pascal Lamy.⁴⁸ In November, Chinese officials went to Brussels to discuss a number of specific commercial disputes with their counterparts in the Commission and on this occasion they also urged the EU to recognise China's MES.⁴⁹

In June 2003, the Chinese MOFCOM for the first time submitted a formal request to the Commission to be recognised as a market economy by the EU.⁵⁰ From that point on there was indirect evidence of continuing Chinese pressure on the issue towards the Commission in that high officials repeatedly assure China that the Commission is working on verifying China's economic status, that a favourable outcome is not unlikely and that a decision should be expected soon. For example, in October 2003, at the 6th EU-China Summit in Beijing, Commission President Romano Prodi stated that he was "very optimistic about this" and that it is "something we will do within a short timeframe."⁵¹ Similarly, in the context of the 19th meeting of the Joint Committee of Economy and Trade, also in Beijing in October 2003, Trade Commissioner Pascal Lamy confirmed that Commission is working on the issue and it will decide no later than first half of 2004.⁵²

(ii) MES Travels to the Top

The first public indication that the dynamic of China-EU interaction on MES was changing appeared during a visit of German Chancellor Gerhard Schröder to Beijing in December 2003. On this occasion Chinese Premier Mr. Wen Jiabao expressed his hope that

⁴⁶ Xinhua General News Service, 24 Sept. 2002, Tuesday, "China to further enhance China-EU relations"; Sun Shangwu, China Daily, 26 Sept., 2002, "Zhu: Nation values China-EU dialogue".

⁴⁷ Commission 2002.

⁴⁸ Xinhua General News Service, 17 Oct. 2002, "China calls on EU to grant it full market economy status"; Asia Pulse, 18 October 2002, "China urges EU to grant it full market economy status".

⁴⁹ Business Daily Update, 8 November 2002, "China".

⁵⁰ Green 2004, p.2, and Hong Kong Trade Development Council 2006, p.1; the receipt of a formal request at that time is also acknowledged in Commission 2003b, p.19 and in Interview EU 29, Brussels Q1 2008.

⁵¹ Prodi comments during Press briefing at 6th EU-China summit; see also AFX.com, 30 October 2003, "Roundup: EU, China agree to address trade problems, seek economic partnership".

⁵² BBC Monitoring Asia Pacific – Political, quoting Xinhua News Agency, 30. October 2003, "China, EU to establish trade dialogue mechanism".

Germany would exert a positive influence in brining the EU to recognise China's MES.⁵³ This is evidence, on the one hand, that on the Chinese side the issue had left the circle of trade policy makers and reached the top leadership. On the other hand, it shows that the target on the European side had changed, in that it was no longer only the Commission, i.e. the organ with formal competence to negotiate trade matters with third countries, but also member states who have no formal influence on this matter expect when voting on Commission initiatives in the Council.

This marks the beginning of the second period during which the Chinese side exerted pressure with regard to MES on virtually any EU representative at hand, whatever the institutional affiliation. In March 2004, Chinese Minister of Commerce, Mr. Bo Xilai, urged the EU to grant MES soon, "as promised by President Prodi,"⁵⁴ towards Trade Commissioner Lamy and Irish Deputy Prime Minister and Minister of Enterprise, Trade and Employment, Mary Harney, also representing the Irish EU presidency. Harney assured him that the Irish Council Presidency would promote the finding of a solution to the issue at an early date.⁵⁵ In March, during a visit of Italian Vice-Minister for Productive Activities, Adolfo Urso, the same Bo stated himself that Italy would push for the EU to grant China MES.⁵⁶ The climax of this period of frenzy was Chinese Premier Mr. Wen Jiabao's 11-day visit to Europe in May 2004 which brought him to Germany Belgium (including both Belgian government and EU institutions), Italy, UK and Ireland. During the meetings with top government leaders as well as with the commission president, Wen called on his hosts to recognise China as a market economy. From all member states he received assurance that their governments backed China in its quest to receive MES from the EU, and Prodi promised a decision from the Commission by June 2004.⁵⁷ The visits lead to a display of optimism on the Chinese side.⁵⁸ A similar

⁵³ BBC Monitoring Asia Pacific – Political, quoting Xinhua News Agency, 1 December 2003, "Chinese Premier, German Chancellor stress cooperation."

⁵⁴ Asia Pulse, 16 March 2004, "China will play active role in new WTO talks".

⁵⁵ Business Daily Update, 19 March 2004, "China willing to expand trade with Ireland".

⁵⁶ Business Daily Update, 5 April 2004. "Sino-Italian [sic] to strengthen cooperation".

⁵⁷ BBC Monitoring Asia Pacific – Political, quoting from Xinhua News Agency, May 4, 2004, "Chinese premier, German chancellor address Berlin high technology forum"; Channel NewsAsia, May 6, 2004, "Chinese premier urges rewards from EU on economy, arms ban"; BBC Monitoring Asia Pacific – Political, quoting Xinhua News Agency, 6 May, 2004, "Chinese premier Wen Jiabao raises proposal for promoting ties with Belgium"; European Report, 8 May, 2004, "EU/China: Customs deal but no move in arms row during premier's visit"; BBC Monitoring Asia Pacific – Political, quoting Xinhua News Agency, 10 May, 2004, "China, Britain agree to strengthen bilateral relations"; Channel NewsAsia, 11 May, 2004, "Wen urges Europe to recognise China as market economy"; China Daily, 13 May, 2004, "Premier pushes for stronger Sino-Irish partnership".

⁵⁸ AFX.com, 6 May, 2004, "China Premier Wen confident of end to EU's arm ban"; China Daily, 14 May, 2004, "Wen's visit advances Sino-EU relations"; BBC Mon Asia Pacific – Political, quoting Xinhua News Agency, 14 May, 2004, "Chinese foreign minister views achievements of premier's European trip".

dynamic then unfolded during the visit to France of Chinese Vice-Premier Mr. Zeng Peiyan in June 2004.⁵⁹

An interesting aspect of this second period was also the rumour that, in addition to the rhetorical pressure on EU member states as well as the Commission, China uses its economic muscle to push for MES, namely through a limitation of its coke deliveries.⁶⁰ This coal product is essential for steel making. While China started exporting coke in 1993, this low-cost competition forced European (and US) coke producers out of the business by the late 1990s. By 2001, China accounted for 60% of the world's coke exports. In 2004, China cut its coke exports, thus putting European steel makers in trouble, a move suspected to be designed to pressurise the EU on MES. By late May, the problem was solved as China agreed to keep exports at the level of 2003. Wen Jiabao's remarks in December 2004 at the EU-China Business Summit in The Hague may have been an indirect attempt to disperse any such accusation. He stated that "China has developed a policy of relying mainly on domestic resources [...] China does not pursue its development at the expense of other's interests."⁶¹

(iii) Disenchantment – MES Moves Down the Agenda

The Commission's refusal in late June 2004 to grant China MES on the grounds that it did not fulfil the EU's market economy criteria initiates the third period. From then on China continued to demand recognition of MES in various venues of China-EU relations, although by no means with the same intensity as during the previous six to eight months. In October 2004, at the Asia-Europe Meeting in Hanoi, the Chinese Minister of Commerce Bo repeated the call on the EU to grant China MES, and, on the same occasion, assured a supportive statement by a French trade official.⁶² Similarly, at the 7th EU-China Summit in The Hague in December 2004, Premier Wen Jiabao raised the issue and received supportive statements from Dutch Prime Minister Balkenende both in his role as Council President and as Dutch head of government.⁶³ The following months saw the development of an almost "ritualistic" practice during meetings between EU member states and China: while the Chinese side called for MES, the European states expressed support but pointed out at the same time that this was

⁵⁹ BBC Monitoring Asia-Pacific – Political, quoting Xinhua News Agency, 12 June, 2004, "France, China discuss energy, transport, aviation cooperation".

⁶⁰ On this see AFX.com, 30 May, 2004, "China becoming more important player in global coal market – industry sources".

⁶¹ Business Daily Update, 10 December 2004, "Market recognition benefits all".

⁶² BBC Monitoring Asia Pacific – Political, quoting from Xinhua News Agency, Oct.9, 2004, "China urges EU to recognise..."].

⁶³ China Daily, 9 December, 2004, "EU moves to lift arms embargo"; BBC Monitoring Asia Pacific – Political, quoting from Xinhua News Agency, 9 December, 2004, "Chinese PM holds talks with Dutch counterpart".

an EU matter and that a single member cannot do much about it.⁶⁴ This was the case, for example, in January 2005, both during the visit of Portuguese President Jorge Sampaio to Beijing, and also when the head of the International Department of the Chinese Communist Party visited Italy.⁶⁵ At the same time, Commission officials, like Deputy Head of EC Delegation in Beijing, Franz Jessen, or Peter Mandelson, new Trade Commissioner, tended to stress more and more that MES was a technical rather than a political issue, based exclusively on fulfilment of specific economic criteria.⁶⁶ These patterns of interaction remain largely unchanged until today.

At the beginning this period Sino-European interaction on MES has also saw a new initiative to avoid a deadlock. After the EU's refusal of June 2004 to grant MES, it was agreed with the Chinese side to establish a common working group on the issue.⁶⁷ In the end, the working group only met once in November 2004, and initiative failed to bring any progress.⁶⁸

4.3 Explaining China-EU Interaction on MES

After this overview of who did what with whom on the issue of MES, the task will be to explain the evolution of those patterns of bureaucratic interaction. In order to do so this section will look at them through the three dimensions of the analytical framework introduced in chapter II.

4.3.1 Chinese Foreign-Policy Making and MES

⁶⁴ Interview EU 20 Beijing, summer 2007.

⁶⁵ BBC Monitoring Asia Pacific – Political, quoting from Xinhua News Agency, 13 January, 2005, “China, Portugal issue joint communiqué on EU, human rights”; BBC Monitoring International Reports, quoting from Xinhua News Agency, 21 January, 2005, “Italy pledges to push for early lifting of EU weapons export ban on China”.

⁶⁶ See for example Asia Pulse, 15 December, 2004, “China exports to the EU jump 38%, January to October”; or World Markets Research Centre – World Markets Analysis, 24 February, 2005, “EU trade commissioner discusses Chinese progress on market economy, human rights and IP protection”.

⁶⁷ See Relex Commissioner Chris Patten's speech in Singapore in June 2004, as reported in BBC Monitoring Asia Pacific – Political, quoting Xinhua News Agency, 30 June 2004, “European Commissioner Patten stresses importance of Sino-EU trade ties”.

⁶⁸ Interview EU 20 Beijing, summer 2007; see also Business Daily Update, 15 December 2004, “Nations hail Sino-European trade”.

In the first period, on the Chinese side decision-making with regard to MES was largely contained within the commercial policy structure. This involved the MOFCOM, the Finance and Economics LSG and, at the very top, Vice-Premier and PB member Wu Yi. From the point of view of Chinese foreign-policy making, the decision to engage Commission trade officials on MES and to submit a formal request for MES to them can probably best be seen as a result of organisational routine. As one Chinese interviewee, familiar with both MFA and MOFCOM activities in Brussels, explained, for most day-to-day or technical matters there is no explicit consideration of who in the EU to engage and how as the contacts simply follow routine.⁶⁹

As an institution the MOFCOM has built up significant experience on dealing with the EU on trade matters. At least since the 1985 Agreement on Trade and Economic Cooperation the normal EU counterparts for MOFCOM (or previously MOFTEC) were the trade commissioner and Commission officials from DG Trade, with annual meetings in the framework of the Joint Committee and a growing number of working groups and dialogues on various specific trade topics. In addition to this, these same EU officials and entities were leading the bilateral negotiations with Chinese commercial diplomats on China's accession to the WTO.⁷⁰ Aside from this one could also argue that a routine procedure when selecting a foreign counterpart is to study the formal distribution of competences within the other administrative structure. In the case of the EU, the Common Commercial Policy (CCP) is exclusive competence of the EC with a prominent role for the Commission to play, as discussed in chapter IV.

That in this first phase even State Premier Zhu Rongji and Vice-Premier Wu Yi became involved does not contradict this explanation based on organisational routine with regard to a technical trade matter. Wu Yi's remit as Vice-Premier was international trade and her counterpart, by routine and by formal competence, was therefore Pascal Lamy. Zhu Rongji's involvement more than anything is an indicator that for China trade was of prime importance in its relations with the EU. And Zhu also carefully followed formal competences, in that he only brought up MES during the EU-China summit meeting and not during his ensuing visit of France, although commercial contacts were also very high on his agenda for Paris.⁷¹

⁶⁹ Interview China 9, Beijing Q3 2007.

⁷⁰ Due to the complexity of the negotiations, various other entities were involved on the Chinese side. However, MOFCOM was the lead actor, although it was not always strong enough to impose its position. For details on the Chinese politics behind WTO accession based on the example of negotiations with the US, see Pearson 2001.

⁷¹ SDA – Service de base français, 27 September 2002, “France: visite du premier ministre chinois, Zhu Rongji demande la levée de l’embargo européen sur les armes”; Emmanuel Defouloy, Agence France Presse, 27 September, “Zhu Rongji demand la levée de l’embargo européen sur les armes”.

The second period identified above is more intriguing. Why would Chinese policy makers decide to move off the beaten MOFCOM-Commission track in late 2003 and start to engage not only trade policy makers in Brussels but also several EU member states? It appears that in the transition between phase I and phase II, within the Chinese foreign-policy structure, the issue of MES moves up, changing as a result the dynamics of decision making. Interviewees have pointed out that the years 2002-2003 constituted a period of deep reconsideration among Chinese foreign-policy makers on the structure of the international system and China's opportunities in it.⁷² The result was that relations with the EU moved to the top of the Chinese foreign policy agenda.⁷³ This implied that MES was no longer one technical issue among others in the context of the important commercial relations with the EU. Instead, MES became one of the very few top issues for a relationship which was considered of strategic importance for China.

With regard to the bureaucracies involved this also meant a significant change. While trade related matters are largely contained within the commercial policy-making structure already mentioned at the beginning of this subsection, the key issues of foreign relations deemed of strategic significance are discussed in other contexts as well. On the one hand there is of course the MFA, in particular its Europe Department, in charge of the general management and development of relations with Europe. On the other, there are analysts and advisors at the level of the top leadership. It appears that, already from the time of Jiang Zemin, there has been a team of diplomatic advisors to the top leadership, largely consisting of former ambassadors, i.e. linked to the MFA, who are regularly consulted on major foreign policy issues.⁷⁴

It is important to note that neither the MOFCOM nor the MFA or the team of top advisors have any direct influence on the final decision, be it on trade or any other kind of issues. Yet their approach to the development of options and to implementation is quite different. With this involvement of career diplomats, an alternative to the previously practiced contained engagement based on habitual patterns of commercial discussions and formal competences emerged quite naturally, namely a larger diplomatic initiative through virtually all available channels. Interviewees linked to the MFA emphasise that throughout the period under review, MES did continue to be treated mostly by the MOFCOM – however the MFA

⁷² Interview EU 28, London Q1 2008; Interview China 11, Brussels Q1 2008.

⁷³ See on this Xiang 2004.

⁷⁴ Interview China 8, Beijing Q3 2007.

intervenes precisely with regard to related political issues and at the political level, in particular in order to lobby high officials on the EU side.⁷⁵

This change in the interpretation, and as a result the treatment, of the MES issue led to the larger diplomatic offensive in phase II, when virtually any EU counterpart was called on to support China's recognition as a market economy. The choice of this strategy of a general attack was certainly facilitated by the parallel emergence of yet another top issue, the arms embargo, to be studied in the following chapter. It is possible that, to some extent, MES was drawn into the political logic of lobbying for the lifting of the arms embargo.

From a focused look at decision making in China it is difficult to discern any particular changes in 2004 that could explain the beginning of period III, i.e. steadily decreasing energy in Chinese lobbying efforts. Most certainly, the insistence by the EU since its initial refusal of MES in June 2004 that this is a technical issue has contributed to a decrease in the fervour of diplomats, foreign policy advisors and top leaders, and has served to push the issue back into the realm of the MOFCOM.

4.3.2 EU Reactions to Chinese Approach on MES

How did the EU foreign policy structure constrain Chinese approaches and thus shape the evolution of bureaucratic interaction? The first period does not pose any major problems: the competent EU authorities had been approached and there was no intra-EU contestation of their role or their actions. The question gets more interesting with regard to the second period: how did the EU react to the diplomatic "general attack", and especially to the fact that member states were massively approached on an issue outside their normal competences?

On the EU side the lack of formal competence by member states was made up for by strong interest in the issue. As a result, in period II virtually no member state refused or re-directed Chinese lobbying on MES. The interest was not so much related to the substance of the MES question, an issue at that time still rather unproblematic from the EU's point of view.⁷⁶ It was rather that actors within the EU were keen to please the Chinese on a largely uncontested issue, especially as the other matter China was pressing on, the arms embargo,

⁷⁵ Interview China 9, Beijing Q3 2007; Interview China 15, Beijing Q4 2008.

⁷⁶ An EU official familiar with the matter claimed that up to 2003 hardly anyone in the EU thought that China should not get MES, and that China simply missed a window of opportunity; Interview EU 29, Brussels Q1 2008.

was far more contentious and obviously not ripe for any fast progress. In addition, the very positive and supportive reactions by EU member states to Chinese requests on MES also suggest that they may have consciously profited from the freedom of making easy promises on issues they know they cannot be asked to deliver on. In a way it is the official Commission reaction on China's formal request of MES that brings things back to the order of formal competences: the competent actor, i.e. the Commission, assesses a concrete request based on specific technical criteria.

This points to yet another difficulty in EU's foreign policy process: the problem of the negotiating mandate. In activities and decisions on trade policy towards third states, the Commission is obviously bound by the existing rules of the EU. In the case of MES, these rules consisted of the technical criteria for granting MES as defined in the regulation of April 1998. In addition, these criteria were locked in through the stipulations of China's accession protocol that market economy criteria had to be defined in the law of the respective WTO member at the time of China's accession. For the Commission this meant that it only could play a role of pure technical verification – unless of course it had a negotiation mandate from the Council which it did not.⁷⁷ The irony on the EU side is that during a period in which there would have been widespread agreement among member states on granting MES, i.e. in phases I and II, the difficulty of doing it based on the existing criteria was not yet obvious. At the time this was understood, the mood in several member states had changed against MES for China, mostly in the Mediterranean countries which tend have stronger protectionist reflexes than central and northern European states.⁷⁸ This means that even if, in substance, a political deal could maybe have been reached, i.e. a selling of MES against some issue of importance for the EU, the Commission was confined to seeking concessions from the Chinese that could be interpreted in some way as bringing China closer to the technical criteria of MES.⁷⁹

This situation of deadlock also has an impact on the reaction of EU member states to Chinese approaches on MES in phase III. Whether really in favour of granting MES or not, most member states revert to an almost ritualistic diplomatic formula that was repeated on any occasion when Chinese officials requested MES: namely that the member state in question supported China on this but that the decision was largely a technical matter of which the Commission was in charge.⁸⁰

⁷⁷ Interview EU 29, Brussels Q1 2008.

⁷⁸ Interview EU 1, Berlin Q1 2007; Interview EU 26, Beijing Q4 2007; Interview EU 27, London Q1 2008.

⁷⁹ Interview EU 29, Brussels Q1 2008.

⁸⁰ Interview EU 2, Berlin Q1 2007, Interview EU 19, Beijing Q3 2007, Interview EU 20, Beijing Q3 2007.

4.3.3 Independent Dynamics of Bureaucratic Interaction

With regard to the explanatory factors presented under this dimension of the framework, it is obvious that in the first period of China-EU engagement on MES, previous experience of interaction plays a crucial role, as has already been pointed out above when discussing China's motivations to choose specific EU counterparts.

The change in the pattern of bureaucratic interaction from the first to the second period can be partly explained with the quality of personal ties. As the logic of decision making in China shifted from "important trade issue" to "top strategic relationship", the logic of interaction with the EU changed from looking for the functional counterpart to focusing on long-time "friends of China" like Prodi, Berlusconi, Chirac, and Schröder.⁸¹ Yet while these ties assured a certain continuity in China-EU bureaucratic interaction through phases II and III, changes and disruptions came from differences in preferences and perceptions.

In terms of preferences, one can argue that there was no mismatch through periods I and II: Chinese foreign-policy makers wanted recognition as a market economy and in the EU no-one seemed explicitly opposed. Yet perceptions started to diverge in the second period. On the Chinese side the MES issue had just entered a larger foreign policy logic, i.e. gained a political dimension as a key issue in a strategic relationship. This implied that political actors throughout the EU were perceived as the adequate counterparts. In EU member states the issue at that time was not of key political importance, but rather a symbolic one, a chance to demonstrate good will. As regards perceptions of themselves, all member states knew very well that they could do fairly little on MES. At the same time, this is the moment when in the Commission the trade officials really in charge became aware that from an EC perspective this issue could only be a technical one, and neither political nor symbolical, at least in the absence of a Council mandate to negotiate on the issue. As a result bureaucratic interaction with none of the EU counterpart could lead to any substantial result.

In the third period there was again a change, both with regard to preferences and perceptions. Chinese policy makers continued to pursue recognition of MES, yet the continued denial by the EU conferred a symbolic dimension to the issue. If a trusted "strategic partner" holds back on such an issue in spite of intensive lobbying it amounts to lack of

⁸¹ Interview China 15, Beijing Q4 2008.

respect.⁸² At the same time, many of the traditionally more protectionist member states started favouring continued non-recognition, in light of a growing trade deficit with China and liberalisation of textile trade. As a result, for them the issue also lost attractiveness as an opportunity to show a friendly attitude, and for them it became again a simple question of trade defence. While in China a symbolic dimension was building up, in many EU member states this dimension was lost. By contrast, the Commission started to move from a purely technical approach of the issue to a more political view, and expected something substantial in return for MES, ideally somehow linked to the market economy criteria.⁸³ The willingness to “sell” MES was expressed quite explicitly towards the Chinese.⁸⁴

This led to a grotesque situation. The Commission was willing to exchange MES for something, yet it was bound by the rigid EC rules framework and also received strong pressure from the more protectionist member states *not* to engage in any “horse trading.”⁸⁵ The Chinese wants MES but has gained the conviction that it somehow has the right to get this without any concession in exchange.⁸⁶ The only possible outcome then becomes continued non-recognition – which is probably the explanation why the joint working group on MES only met once in November 2004 with no substantial result.⁸⁷

Roughly in the last two years, there may have been yet another shift in Chinese perceptions of this issue. Probably from the MOFCOM, it seems that a new view emerged according to which MES was far less precious in commercial terms than initially assumed. For China the real economic value of MES depends on the frequency with which non-recognition of MES actually leads to anti-dumping duties. Yet since 2006 the EU has shown growing restraint,⁸⁸ much to the dismay of some European producers.⁸⁹ In addition, the fact

⁸² Compare Wen Jiabao’s comments in Sept. 2006; see David Ivison, *Financial Times*, 11 Sept. 2006, “Brussels refuses to yield over market economy status for China”.

⁸³ Interview EU 29, Brussels Q1 2008.

⁸⁴ See for example the remarks of Serge Abou, head of the EC Delegation in Beijing, that there “there is no free lunch”; *Xinhua Financial Network News*, 13 June 2005, “Europe ‘ready to talk’ on granting China market economy status – official”; Tschang Chi-chu, *Straits Times*, 14 June 2005, “Market economy status next for China? Europe says it will repay China for its decision to restrict its textile exports”. Similar remarks by Barroso; see *Xinhua Financial Network News*, 14 July 2005, Thursday, “EU’s Barroso says time not right for China market economy status [sic]”.

⁸⁵ Interview EU 32, Brussels Q1 2008.

⁸⁶ Interview EU 20, Beijing Q3 2007, Interview EU 29, Brussels Q1 2008.

⁸⁷ Interview EU 20, Beijing Q3 2007, Interview EU 29, Brussels Q1 2008; for confirmation of the working group and the meeting date, see *Asia Today*, October 2004, “Invisible barriers to future trade – labour standards GMO social issues”; *China Daily*, 9 Dec. 2004, “EU moves to lift arms embargo”.

⁸⁸ Interview EU 29, Brussels, Q1 2008; Interview China 12, Brussels, Q1 2008.

⁸⁹ Helena Spongenberg, *EUobserver.com*, 4 June 2007, “Brussels impressed by China ‘market economy’ progress”.

that generalised recognition in 2016 is just a few years away, Chinese policy makers hesitate to spend much energy on this issue.⁹⁰

4.4 Conclusion

The discussion in the previous pages has traced the evolution of China-EU bureaucratic interactions on the issue of China's status as a market economy. With regard to the conceptual frame proposed in chapter II, it confirms several points. First, transgovernmental relations do matter. The pattern of engagement of the EU changed substantially when the issue of MES moved beyond exclusive control by MOFCOM. Second, "fragmented authoritarianism" within the Chinese administration does affect negatively the capacity of Chinese policy-makers to effectively deal with the outside. Third, interests do matter in the reaction of European actors to Chinese approaches. An additional point that emerged was the apparently interrelated effect of interest and competence on EU actors' behaviour, in that the absence of competence gives large room for symbolical statements that are expected to promote interests in other spheres.

There are a number of obvious signs of influence from the larger international environment – although all indirect, concerning preferences and perceptions of bureaucratic actors, as set out in the analytical framework. First of all, the entire issue of MES is rooted in the WTO and China's accession to it. Similarly, the early "window of opportunity" that China missed by pressing MES too late, was largely related to the general perception, not only in Europe, that China was doing well on the implementation of its WTO commitments. Expectations on the EU side were aimed at getting this new big WTO member to actively participate in the Doha Round negotiations.⁹¹

In a next step, the reconsideration of China's international strategy in 2002-2003, which contributed to conferring a political dimension to MES in the Chinese foreign policy process, was clearly linked to the changes in global politics that became obvious after "9/11". The Bush administration, who in any case had significantly limited contacts with China, was seen as unreliable and unilateral in its foreign policy. The EU, by contrast, had long implemented a far more positive attitude towards China, including both substantial development cooperation

⁹⁰ Interview China 9, Beijing Q3 2007, Interview China 11, Brussels Q1 2008.

⁹¹ Interview EU 29, Brussels Q1 2008.

projects and a constantly upgraded political exchange,⁹² and visible in a series of Commission policy documents.⁹³ In addition to this, the transatlantic rift over the war on Iraq, during which the Chinese position was close to that of the European sceptics, seemed to herald the multipolar world order China had long been hoping for.⁹⁴ The decision not to “bandwagon” with a declining superpower but to “balance” with a rising new pole was probably an easy one.⁹⁵

⁹² See on this Casarini 2006.

⁹³ See Commission 1995, 1998, 2001, 2003.

⁹⁴ Interview China 7 Beijing, summer 2007, Interview China 8 Beijing, summer 2007.

⁹⁵ On these larger strategic issues, see also Xiang 2004, Shambaugh 2005.

Chapter V. Trading for Security? China's Efforts to Get the EU's Arms Embargo Lifted

This chapter will trace the evolution of China's efforts to convince the EU to lift the arms embargo it maintains towards China. A first section will elaborate why this issue is of importance to China, pointing out two major aspects, namely status and military procurement. A second section will provide a detailed account of what happened between bureaucratic actors on both sides. The following section will then propose explanations of these developments based on the general theoretical framework introduced in chapter II.

5.1 Why Does the EU's Arms Embargo Matter for China?

Aside from MES, another major issue in China-EU relations during the first term of office of the current Chinese leadership has been the future of the arms embargo the EU had imposed in the aftermath of internal repression in China in June 1989. Between 2003 and 2005 China has made considerable efforts to get the EU to lift it. Throughout this period no complete consensus emerged within the EU on how to react to this Chinese request, but there were more and more signs that those member states favourable of a lifting would eventually manage to convince their more sceptical partners. Nevertheless, in the end the arms embargo was not lifted, for a variety of reasons related to the internal politics of the EU, developments in China and the wider international environment.

5.1.1 The Arms Embargo and the Issue of "Face"

The Chinese interests behind the drive to get the EU to lift the embargo are less obvious than one would expect. When explicitly referring to why the embargo should be lifted Chinese policy-makers have mostly mentioned two points: first, the continuation of the embargo does not match the current state of the relationship between China and the EU, in

particular the “comprehensive strategic partnership;”¹ second, the embargo constitutes “political discrimination”, e.g. because China is put into the same category as a number of outright rogue states like Zimbabwe or Myanmar.² This emphasis on the symbolic dimension of the issue, i.e. the rejection of a treatment that is perceived as unequal or unfair, is more than simple rhetoric. Questions of China’s international status and the related symbols have indeed been of great importance for Chinese foreign policy makers, in reaction to what has been perceived as a “humiliation” of China at the hands of foreign imperial powers during the 19th and 20th centuries. According to historian John W. Garver,

“[t]he central aspect of recent Chinese history, as interpreted by the Chinese Communist Party (CCP), is the Chinese people’s struggle against the ‘humiliation’ of China by foreign imperialism during the 110 years between 1839 and 1949. To the CCP, the era between the [beginning of the] first opium war and the establishment of the People’s Republic of China is essentially a chronicle of wars imposed by aggressive and arrogant imperialist powers, and of increasingly harsh terms forced on China in consequence of its defeat in those wars.”³

Garver calls this “century of National Humiliation” a myth, not because the criticised foreign encroachment did not happen, but rather because “the fact of belief is more important than what actually occurred.”⁴ In his view, this myth “stands at the centre of the political culture of the People’s Republic of China.”⁵ Yet this is not only a characteristic of Chinese communists. Garver adds that “[t]he common denominator of the leaders of modern China – from Sun Yat-sen, to Chiang Kai-shek, to Mao Zedong and Deng Xiaoping – has been a deep bitterness at China’s ‘humiliation’, and a determination to blot out that humiliation and restore China to its rightful place as a great and respected power.”⁶ And also according to political scientist Zhao Suisheng “[a]lmost all powerful Chinese political leaders from the early twentieth century

¹ See Interview China 8 Beijing 3rd Q 2007; see also quotes from Chinese premier Wen Jiabao in BBC Monitoring International Reports, 29 April 2004, “Chinese premier comments on ties with Germany, EU arms embargo”, and in AFX – Asia, 15 December 2004, “Focus – China will upgrade weapons technology if EU lifts arms embargo”.

² See, for example, vice-foreign minister Zhang Yesui as quoted in South China Morning Post, 4 December 2004, “Arms embargo a ‘sign of inequality’; Beijing says EU ban will affect ties but denies holding up Airbus order in retaliation” or Chinese MFA spokeswoman Zhang Qiyue in United Press International, 7 December 2004, “Analysis: EU-China ties strained over arms”; unnamed Chinese MFA officials are quoted as complaining about China’s being part of a list of “true pariahs” in Financial Times, 10 February 2005, “The EU’s ban on selling military equipment to Beijing lacks credibility but Washington believes any change would be irresponsible”.

³ Garver 1993, p.4.

⁴ Garver 1993, p.7.

⁵ Garver 1993, p.8.

⁶ Garver 1993, p.20.

through today have shared a deep bitterness at this humiliation and have determined to restore China's pride and prestige, as well as its rightful place in the world.”⁷

For sure, concern about symbols of status on the world stage are not limited to China alone. However, Garver explains that while “[c]oncerns with security, development, and status are not unique to China”, there is “something more” in the Chinese case: “a deep and abiding conviction that China ought, by historical right, to be one of the great powers of the world.”⁸ With regard to the particular trait of the Chinese concern with status symbols another historian, Steven I. Levine, states that

“Chinese leaders tend to internalize a sense of historical resentment at the raw deal which history has given them. This resentment often translates into a claim of entitlement upon others. When other states behave toward China in accordance with their supposed obligations, everything is fine. But when these claims are not recognized, or are recognized only partially, additional layers of Chinese resentment may build up. This hypersensitivity is manifested with respect to symbolic and status issues no less than to substantive issues of resource allocation and power.”⁹

Against this backdrop, it does make sense to understand Chinese efforts at getting the arms embargo lifted as rooted in the conviction that such a measure is inappropriate both with regard to China *per se* and in the context of the EU's overall relations with it. The arms embargo is indeed perceived as a stigma which may imply that in some way China is not a fully respectable member of the international community. And in fact, on the EU side, many officials, both at member state and at EU level, are convinced that this symbolic dimension is the only or the main aspect of Chinese interests on this issue.¹⁰

5.1.2 Military Dimensions

However, there are also other interests behind Chinese activism, in particular related to military supplies. *China's EU Policy Paper* of October 2003, for example, does not mention anything with regard to the arms embargo that is connected to questions of status or symbols or might be interpreted within the Chinese logic of “face”. It is, by contrast, rather explicit on

⁷ Zhao 2005, p.133.

⁸ Garver 1993, pp.27-28.

⁹ Levine 1994, p.44.

¹⁰ Interview EU 5 Berlin 1st Q 2007, Interview EU 25 Beijing 3rd Q 2008, Interview EU 27 London 1st Q 2008, Interview EU 28 London 1st Q 2008, Interview EU 33 Brussels 1st Q 2008, Interview EU 34 Brussels 1st Q 2008, Interview EU 36 The Hague 1st Q 2008.

defence interests in that it states that “[t]he 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.”¹¹ This matches comments of various experts on Chinese affairs and Asian security. Wu Guogang of the University of Victoria, for example, has affirmed that China was interested in European military items, that it was trying to diversify its military suppliers and upgrading its defence technology in anticipation of increasing cross-strait tensions.¹² According to Robert Karniol, former Asia editor of *Jane’s Defence Weekly*, a lifting of the embargo would not have any major impact on Chinese military modernisation but it would allow for European products to fill niches in Chinese equipment.¹³ He also stated that “China has not been interested in European weapons platforms, and to a lesser extent weapons systems”, but rather “subsystems” as well as “dual-use technology and other military hardware.”¹⁴ Arthur Ding of Taiwan’s National Chengchi University pointed to the effect a lifting would have on current military suppliers, in particular in that it would provide China with more leverage towards Russia.¹⁵ One official on the European side also affirmed that China covets all European technology, including in the defence sector.¹⁶

Aside from the symbolic and the military dimension, another European official also pointed to the use of the arms embargo, along with other issues, as bargaining chips. In this interpretation, China balanced continuous criticism from the EU on a wide variety of issues, like market access, intellectual property, human rights, etc..., by picking its own “irritants” on the European side and repeatedly complaining about them.¹⁷

How can one make sense of this combination of interests? One interpretation points to a change in emphasis over time. A Chinese policy-advisor from a think-tank close to the central government claimed that the initial goal behind getting the EU to lift the embargo was that China wanted to buy military equipment. Only after the process had become blocked did Chinese decision makers start to emphasise political discrimination in a “face-saving” attempt.¹⁸ The fact that political discrimination appears in Chinese public statements only more than one year after the text of *China’s EU Policy Paper*, which links the lifting of the

¹¹ China’s EU Policy Paper 2003, p.9.

¹² AFX European Focus, 30 April 2004, “China premier Wen’s visit to Europe to focus on trade, arms embargo”.

¹³ Washington Post, 31 January 2004, “US pressing EU to uphold arms embargo against China; rights abuses, security cited; France, Germany back Beijing”.

¹⁴ AFX – Asia, 15 December 2004, “Focus – China will upgrade weapons technology if EU lifts arms embargo”.

¹⁵ AFX – Asia, 15 December 2004, “Focus – China will upgrade weapons technology if EU lifts arms embargo”.

¹⁶ Interview EU 27 London 1st Q 2008.

¹⁷ Interview EU 25 Beijing 3rd Q 2007.

¹⁸ Interview China 5 Beijing 3rd Q 2007.

embargo quite openly to strengthened defence cooperation, and after intensive lobbying towards the EU with no concrete progress, would seem to match this view.¹⁹

5.2 The Evolution of the AE as an Issue in China-EU Relations

5.2.1 The Jiang Zemin Years – “Don’t Mention the Embargo”

(i) The Origins – One of Several Restrictive Measures

The arms embargo is the only sanction from 1989 still in place. That year, the violent suppression of wide-spread demonstrations against the government in China, especially in Beijing where demonstrations on Tiananmen Square had caught international attention,²⁰ led the EC and its member states to condemn the Chinese government for the non-respect of human rights and to impose sanctions against China, or “restrictive measures” in EC parlance. In an immediate reaction to the events of 4 June in Beijing the Twelve issued a first declaration in the context of European Political Cooperation (EPC) on 6 June, in which they “condemn the violent repression used against peaceful demonstrators,” call on the Chinese authorities “to stop the use of force against the unarmed civilian population” and “to engage without delay in the search for a peaceful solution” through “political dialogue.”²¹ They warned that continuing repressive policies “will greatly prejudice China’s international standing and compromise the reform and open-door policies” and state that the EC and its members “have already taken a number of measures, including suspension of high-level contacts.”²² A second EPC declaration of 27 June largely re-affirms these points, with only a few minor variations, but adds a catalogue of restrictive measures.²³

“[I]n the present circumstances the European Council thinks it necessary to adopt the following measures:

¹⁹ The first public statements from the Chinese side interpreting the arms embargo as political discrimination appeared in December 2004, i.e. about 14 months after the publication of China’s EU Policy Paper in mid-October 2003.

²⁰ See Baum 1993.

²¹ “Statement Concerning China”, European Political Cooperation Documentation Bulletin 89/171, 06/06/1989.

²² “Statement Concerning China”, European Political Cooperation Documentation Bulletin 89/171, 06/06/1989.

²³ “Statement Concerning China” European Political Cooperation Documentation Bulletin 89/180, 27/06/1989; initially published as an annex to the final press release from the Madrid European Council, DOC/89/1, 27/06/1989.

- raising of the issue of human rights in China in the appropriate international fora; asking for the admittance of independent observers to attend the trials and to visit the prisons,
- interruption by the Member States of the Community of military cooperation and an embargo on trade in arms with China,
- suspension of bilateral ministerial and high level contacts,
- postponement by the Community and its Member States of new cooperation projects,
- reduction of programmes of cultural, scientific and technical cooperation to only those activities that might maintain a meaning in the present circumstances,
- prolongation by the Member States of visas to the Chinese students who wish it.

Taking into account the climate of uncertainty created in the economic field by the present policy of the Chinese authorities, the European Council advocates the postponement of the examination of new request for credit insurance and the postponement of the examination of new credits of the World Bank.”²⁴

(ii) But the Only One Left

Most of these measures were gone within a few years. A chronology of EU-China relations provided on the website of the Commission states that in October 1990 “[t]he Council and the EP decide[d] to gradually re-establish bilateral relations with China” and that in 1992 “EC-China relations [were] largely normalised but the arms embargo remain[ed] in place.”²⁵ A similar view, i.e. that sanctions have been “gradually relaxed” while “a ban of arms sales is still in place”, can be found in the Commission’s first communication on China, *A Long-Term Policy for China-Europe Relations*, of July 1995.²⁶

Looking at the specific measures, it appears that the postponement of projects and reduction of programmes did not have any major impact. Although development aid was “drastically curtailed”²⁷ in the immediate aftermath of the events, most programmes were quick to be back on track.

The same is true for the suspension of contacts between the political leadership of the two sides. Spanish Foreign Minister Francisco Fernández-Ordoñez visited Beijing in November 1990, with a mandate from all EC foreign ministers to discuss gradual

²⁴ European Council 1989.

²⁵ See Commission 2007. Found at http://ec.europa.eu/external_relations/china/docs/07_chronology_jan-07.pdf, last consulted 15/03/2008.

²⁶ Commission 1995, p.7.

²⁷ Taube 2002, p.85.

normalisation of EC-China relations.²⁸ This was quickly followed by further exchanges of visits. Chinese Foreign Minister Qian Qichen visited Portugal, Spain and Greece in February and March 1991, and in April Deputy prime minister Zhu Rongji held meetings with the Commission in Brussels.²⁹ The same month, EC Energy Commissioner Antonio Cardoso e Cunha went on official visit to China, followed in October of the same year by External Relations Commissioner Frans Andriessen.³⁰ Bilateral “ministerial and high level” exchanges involving EC member also gained momentum in 1991 with the visits to China of Italian Foreign Minister Gianni de Michelis in May and of Prime Minister Giulio Andreotti in September. Chinese Prime Minister Li Peng followed an invitation to Italy in January 1992.³¹ The pace of the exchange of visits only increased after that.

Military cooperation, in the form of mutual visits and dialogues, also revived rather quickly. After the US had taken the lead in re-establishing military consultations with China in 1993, Portugal became the first EU member to send a military delegation to China in October 1994, headed by air force Chief-of-Staff Mendes Dias.³² France followed suit in March 1995 by sending its Chief-of-Staff Jacques Lanxade to Beijing for talks with his Chinese counterpart Zhang Wannian.³³ In November of the same year, German Chancellor Helmut Kohl was the first foreign leader to visit Chinese ground forces since 1989, reportedly with the intention to integrate Chinese military leaders in political contacts since they were expected to play a role in China’s political evolution.³⁴ In September 1996, Liu Huaqing, vice-chairman of China’s Central Military Commission, was received in France and Italy.³⁵ For Britain, Chief-of-Staff Peter Inge visited Beijing in November 1996 and welcomed his Chinese counterpart Fu Quanyou in London in March 1997.³⁶ By this time Italy and Spain had also established direct contacts with the Chinese military.³⁷

The decision to raise human rights in China in the respective international arenas remained an issue for a little longer. Indeed all EC, and later EU, members jointly sponsored

²⁸ Möller 2002, p.17.

²⁹ Apparently Qian Qichen renounced to visit Germany and Luxemburg because it was refused to rank the visit as official; see Möller 2002, p.18.

³⁰ EC Press Release IP/91/292 of 09/04/1991 and Andriessen’s speech at the ABN AMRO-EEC Seminar in Beijing on 25/10/1991, reference SPEECH/91/108.

³¹ Studwell 2003, p.310.

³² Agence France Press, 8 October 1994, “Portuguese military team to visit China next week”.

³³ Agence France Press, 17 March 1995, “France resumes military contacts with China”.

³⁴ South China Morning Post, 9 November 1995, “Kohl to make rare PLA visit”.

³⁵ Agence France Press, 8 October 1996, “China poised to seal AWACS deal with British firm”.

³⁶ Associated Press Worldstream, 26 November 1996 “British military leader visits China, restoring high-level ties”, and The Independent, 25 March 1997, “China’s army chief shown latest British weaponry”.

³⁷ See reference to Italy and Spain in South China Morning Post, 9 November 1995, “Kohl to make rare PLA visit”.

resolutions on human rights in China in the context of the UN Commission on Human Rights since 1990, i.e., as its meetings were usually held in February or March, since the first opportunity after the Tiananmen events. This policy was abandoned in 1997 when the EU's emphasis shifted to the bilateral human rights dialogue with China.³⁸

(iii) An Unusual Restrictive Measure

Overall it is fair to say that by 1997, of the measures adopted in 1989, only the arms embargo was left. Yet this arms embargo against China is not only special in that it is the only restrictive measure left over from 1989 and in that it survived the rapid improvement in China-EU relations during the late 1990s and the early 2000s. It is also different from most other EU arms embargos currently because it is the only arms embargo from EPC times that has not been transformed, in the years after the entry into force of the TEU, into a CFSP measure through a Common Position based on art.15 TEU.³⁹ Since there was no agreement among member states on whether to continue the measure, and if so how, it continued in the old form by default.⁴⁰ As a result, the legal nature of the EU sanctions against China is unclear at best, especially as concerns the question to what extent they are legally binding for member states of the EU. The Single European Act, which for the first time integrated European Political Cooperation into the same treaty basis as EC provisions, does neither define specific EPC instruments nor establish any obligation for member states to implement EPC positions. It only provides that “[i]n adopting its positions and in its national measures each High Contracting Part shall take full account of the positions of the other partners and shall give due consideration to the desirability of adopting and implementing common European positions.”⁴¹ By contrast, the TEU, in setting up the framework for CFSP, establishes a more explicit legal obligation for member states to implement common positions by stating that “Member States shall ensure that their national policies states that their national policies conform to the common positions.”⁴²

Even in the absence of clear legal obligations for EU member states under the EU arms embargo against China, one could say that there is a political obligation to conform to the measure. Arguably, a clear breach of the ban by an EU member would cause considerable

³⁸ See Möller 2002, pp.22-23, Baker 2002, pp.55-60. In 1997, 5 out of 15 members withdrew support from the draft resolution, while by 1998 the unanimous policy of the EU had become to address human rights issues in the bilateral dialogue rather than in the context of the UN.

³⁹ Kreutz 2004, p.46, Kreutz 2005, p.11, Anthony 2005, p.11.

⁴⁰ Interview EU 34 Brussels, Q1 2007.

⁴¹ Single European Act, Title III, art.30 (2c).

⁴² TEU, Title V, art.15; this was already the wording of the original TEU in Title V, art.J.2(2).

negative repercussions for the transgressor. But given the general language of the declaration imposing the embargo it is unclear what exactly would constitute a breach. The simple listing of “interruption [...] of military cooperation” and “an embargo on trade in arms” without further specification leaves a lot of leeway for interpretation by the implementing agencies, i.e. the governments of EU member states.

Indeed, application of the arms embargo has been uneven across EU member states, and the limits of what is considered permissible have extended over time. Comments about possible or projected deals in militarily relevant materials between certain EU member states and China appeared as early as 1995. Indirect evidence of this is given by the French denial that chief-of-staff Lanxade’s visit to Beijing in March 1995 would result in military deals.⁴³ A press report on German chancellor Kohl’s visit to China in November 1995 stated that China was interested in European fighter jet electronics and in German diesel engine submarines.⁴⁴ While the German cabinet office also denied that Germany wanted to sell military items to Beijing, Kohl’s delegation did include representatives of the armament industry, and the US became suspicious of a number of German-Chinese infrastructure projects with potential military-strategic implications, like railways and ports.⁴⁵ In 1996, British GEC-Marconi Avionics reportedly was close to concluding a deal to provide China with advanced airborne radar systems, and another UK firm, Racal Electronics, was said to have formally agreed to sell surveillance equipment.⁴⁶ At about the same time, a conservative US observer, Richard D. Fisher of the Heritage Foundation, deplored the more generous interpretation of the embargo by certain European states. “By early 1996, Britain had revised its interpretation of the embargo to permit the sale of military technology except that which explodes or delivers explosives.”⁴⁷ According to him, concluded or imminent militarily relevant deals between EU member states and China included: British GEC-Marconi and German DASA participating in a project “to develop a radar satellite for military and civilian use”; British electronics firm Racal selling airborne radar systems to China; French, Italian and Dutch components in a new Chinese destroyer; and the joint production of transport helicopters between French Aérospatiale and Chinese producer Harbin Aircraft Manufacturing Corporation.⁴⁸ In fact, for the French defence and high tech industries, the Chinese market had remained largely closed

⁴³ Agence France Press, 17 March 1995, “France resumes military contacts with China”.

⁴⁴ South China Morning Post, 9 November 1995, “Kohl to make rare PLA visit”.

⁴⁵ South China Morning Post, 9 November 1995, “Kohl to make rare PLA visit”.

⁴⁶ Agence France Press, 8 October 1996, “China poised to seal AWACS deal with British firm”.

⁴⁷ Richard D. Fisher. 1997. *How America’s Friends are Building China’s Military Power*. Heritage Foundation Reports, 5 November.

⁴⁸ Richard D. Fisher. 1997. *How America’s Friends are Building China’s Military Power*. Heritage Foundation Reports, 5 November, Appendix.

for over five years after several companies had sold military equipment to Taiwan.⁴⁹ Nevertheless, by the end of the decade they were back in the game with dual-use technologies. In 2000, French Thomson-CSF, one of the firms involved in the sale of Lafayette frigates to Taiwan, won a contract for extending radar coverage to all Chinese skies.⁵⁰ About one year later, the same firm, now re-baptised Thales, concluded a contract to set up an integrated aerial control system for three largest cities in China, Beijing, Shanghai and Guangzhou.⁵¹ In 2002, Dassault, which had earlier supplied Taiwan with Mirage 2000-5 combat planes, concluded a deal by which it started constructing parts of a civilian plane in China.⁵²

In pace with the revival of military contacts and deals in items with military use, rumours about an end of the arms embargo appeared periodically. Ahead of German Chancellor Kohl's trip to China in November 1995 the South China Morning Post noted that "the ban is weakening."⁵³ The head of the EC Delegation in Beijing, Endymion Wilkinson, was quoted to have said that the embargo was still in place, although it "could come under review if some European countries feel they want to sell weapons to China."⁵⁴ Less than two years later, in March 1997, the Portuguese Defence Minister Antonio Vitorino stated that the arms embargo could soon be lifted: with the ongoing normalisation of relations between the EU and China it was natural to re-examine this policy.⁵⁵ On the occasion of Chinese President Jiang Zemin's visit to France in October 1999, it was speculated that China was targeting France to promote the lifting of the arms embargo within the EU.⁵⁶ Then, after the third EU-China summit of October 2000, the EU's High Representative for CFSP Javier Solana was quoted as saying that some member states, including France, UK and Italy, wanted to revise the arms embargo, although others were still committed to keeping it.⁵⁷

Despite its unclear legal status, the vagueness of its text and the talk about its possible end, the EU's arms embargo remained in place. In addition, until 2002, there was no trace of

⁴⁹ Libération, 1 October 2001, "Thales à la reconquête de la Chine"; François Hauter, Le Figaro, 20 March 2002, "Pour Dassault, la Chine n'est plus un mirage"; Caroline Puel, Le Point, 22 March 2002, "Chine, Dassault réhabilité".

⁵⁰ Le Figaro, 30 October 2000, "Le dernier sommet sino-européen a montré les limites d'une politique commune"; Libération, 1 October 2001, "Thales à la reconquête de la Chine".

⁵¹ Libération, 1 October 2001, "Thales à la reconquête de la Chine";

⁵² François Hauter, Le Figaro, 20 March 2002, "Pour Dassault, la Chine n'est plus un mirage"; Caroline Puel, Le Point, 22 March 2002, "Chine, Dassault réhabilité".

⁵³ South China Morning Post, 9 November 1995, "Kohl to make rare PLA visit".

⁵⁴ South China Morning Post, 9 November 1995, "Kohl to make rare PLA visit".

⁵⁵ The Independent, 25 March 1997, "China's army chief shown latest British weaponry".

⁵⁶ La Croix, 22 October 1999, "Un 'ami de la Chine' reçoit le président Jiang Zemin".

⁵⁷ Le Figaro, 30 October 2000, "Le dernier sommet sino-européen a montré les limites d'une politique commune".

any sustained efforts, neither from Chinese nor from the European side, to achieve a lifting. Although there has been some press coverage, it is sparse when compared to big issues on the China-EU agenda, like trade relations or WTO negotiations. Public statements on the issue were extremely rare.⁵⁸ Overall, while the arms embargo did come up occasionally in diplomatic circles,⁵⁹ it seems to have been rather low on the diplomatic agenda.

5.2.2 2002 to 2005 – Pushing for a Lifting

This changed in late 2002 when China started a major campaign aimed at pushing the EU to lift the arms embargo. These efforts were stopped in mid-2005, and since then the issue has virtually disappeared from China-EU relations. From media reports, public statements, and interviews it is possible to draw a rather detailed picture of the evolution of the arms embargo issue in China-EU relations during these three years. Three different periods can be distinguished. In a first period, from late 2002 to late 2003 the Chinese initiative was almost exclusively targeted at France. The French government was very responsive. Yet this made the problem of divergent views within the EU only more visible. In a second phase, from late 2003 to mid-2004, China approached the EU more broadly, including both various member states and EU institutions. On the European side, this phase saw an intensive public debate on the issue with some positions already shifting in favour of lifting the embargo. This was followed by a third period, roughly from mid-2004 to mid-2005, when China discontinued its advances towards EU institutions and focussed more on member states.

(i) Targeting France

As a starting point for the first period, one can refer to the visit of Chinese Prime Minister Zhu Rongji to France in September 2002. This was the first time that a member of the Chinese top leadership publicly expresses the desire to have the arms embargo lifted, and this on various occasions during the visit.⁶⁰ Zhu explicitly linked his call for a lifting to the prospect of substantially increasing volumes of commercial exchange between France and

⁵⁸ Solana's statement after the 3rd EU-China summit is exceptional indeed; *Le Figaro*, 30 October 2000, "Le dernier sommet sino-européen a montré les limites d'une politique commune".

⁵⁹ Interview EU 33 Brussels, Q1 2008, Interview EU 34 Brussels, Q1 2008.

⁶⁰ SDA – Service de base français, 27 September 2002, "France: visite du premier ministre chinois, Zhu Rongji demande la levée de l'embargo européen sur les armes"; Emmanuel Defouloy, *Agence France Presse*, 27 September, "Zhu Rongji demande la levée de l'embargo européen sur les armes"; Dorian Malovic, *La Croix*, 30 September 2002, "L'amitié franco-chinoise paiera-t-elle un jour?".

China, both in public, when responding to the question of French industrialist on how French business could improve its performance in China,⁶¹ and, according to his own statement, in a closed meeting with French president Jacques Chirac.⁶² Zhu also pointed out that, while past cooperation on armament and defence between China and France had already been good, there was great future potential.⁶³ This Chinese initiative came at a time when French commentators were clearly dissatisfied with the limited economic benefits France could attain from relations with China, especially as compared with other EU members.⁶⁴ Following up on this, the French Prime Minister Jean-Pierre Raffarin affirmed France's willingness to convince the EU to lift the embargo when visiting Beijing in April 2003.⁶⁵ In June, French defence minister Michèle Alliot-Marie reacted to respective Chinese demands, by assuring her counterparts that France was working in this direction but also pointing to the differing opinions in other EU capitals.⁶⁶ It is noteworthy that, in this phase, while major French newspapers and magazines comment extensively on the Chinese advances towards France, there was hardly any echo of them in the British and German presses.

(ii) A Broader Approach

Mid-October 2003 represents the beginning of the second period of China-EU interaction on the arms embargo issue. At this time, foreign policy makers in Beijing decided to include the request for a lifting in *China's EU Policy Paper*. The inclusion *per se* as well as the wording ("The EU should lift...") indicate that the claim was no longer directed at France alone but at the EU as a whole.⁶⁷ The document appeared as a response to the latest China policy paper by the Commission of September 2003, which, however, had not contained any mention of the arms embargo.⁶⁸ This new approach was confirmed during the 6th EU-China summit in late October. Although the final joint statement did not mention the arms

⁶¹ Les Echos, 30 September 2002, "Ventes d'armes; le meilleur moyen de developper les échanges franco-chinois selon Pékin".

⁶² Emmanuel Defouloy, Agence France Presse, 27 September, "Zhu Rongji demand la levée de l'embargo européen sur les armes".

⁶³ SDA – Service de base français, 27 September 2002, "France: visite du premier ministre chinois, Zhu Rongji demande la levée de l'embargo européen sur les armes"; Laurent Chemineau, La Tribune, 30 September 2002, "Zhu Rongji pose ses conditions à une amélioration des échanges franco-chinois".

⁶⁴ Philippe Massonnet, Agence France Presse, 24 September 2002, "Zhu Rongji en France dans l'attente d'une relance des échanges économiques"; François Hauter, Le Figaro, 26 September 2002, "Le premier ministre Zhu Rongji en visite en France jusqu'à Samedi".

⁶⁵ Arnaud Rodier, Armelle Bohineust, Delphine Denuit, 23 April 2003, Le Figaro, "Jean-Pierre Raffarin en visite officielle à Pékin"; Jean-Dominique Merchet, La Libération, 27 June 2003, "Pékin veut son satellite-espion".

⁶⁶ DPA – AFX, 30 June 2003, Monday, "Frankreich will China wieder Waffen liefern".

⁶⁷ China's EU Policy Paper 2003, p.9 (see above).

⁶⁸ Commission 2003b.

embargo,⁶⁹ Commission President Romano Prodi confirmed in a public statement that the question had been raised in the discussions during the summit.⁷⁰ Prodi was quoted as saying that “political difficulties” had been addressed and that “[w]e have also agreed we want to work on [sic] this direction so that in the not too distant future we may finally reach a shared position.”⁷¹ This may sound like a careful statement, but, in fact, working towards a common viewpoint with Beijing simply meant envisaging a lifting.

Considering that these comments were in contradiction with almost 15 years of EU policy, that they were made by the Commission president, and that the Commission has very limited formal competence in the field of CFSP to which the arms embargo belongs, it is surprising that they did not trigger a wide debate in Europe. Yet two further events were needed for that. First, German Chancellor Gerhard Schröder, during his visit to Beijing in early December 2003, publicly assured his Chinese hosts that he would promote the idea of a lifting within the EU,⁷² as, in his view, it was time to eliminate the weapons ban.⁷³ This kicked off almost immediately an intensive debate in the German press on the pros and cons of such a policy.⁷⁴ On this move, Schröder had previously consulted Chirac⁷⁵ who then placed the issue on the agenda of the Brussels European Council, in mid-December.⁷⁶ This led up to the second event, namely the decision of the European Council to request the General Affairs and External Relations Council (GAERC), i.e. the foreign ministers of EU member states, “to re-examine the question of the embargo on the sale of arms to China”.⁷⁷ It meant that the weapons ban became a pan-European media issue, aside from being at the top of the China-EU as well as the intra-EU diplomatic agenda.

⁶⁹ Commission 2003a.

⁷⁰ SDA – Basisdienst Deutsch, 30 October 2003, “Zusammenfassung EU-China-Gipfel – China will EU als ‘größten Partner’”; General-Anzeiger (Bonn), 31 October 2003, “Peking will EU als größten Partner: Europa/China: Berlusconi spricht von einem Quantensprung. Waffenembargo soll fallen”.

⁷¹ AFX.com, 30 October 2003, “Roundup: EU, China agree to address trade problems, seek economic partnership”.

⁷² Spiegel Online, 1 December 2003, “Grüne murren über Schröder”; SDA – Basisdienst Deutsch, 1 December 2003, “Schröder in Peking. Deutschland will Aufhebung des EU-Waffenembargos gegen China”.

⁷³ DPA – AFX, 1 December 2003, “Kanzler Schröder will Aufhebung des EU-Waffenembargos gegen China”.

⁷⁴ This is visible in all German language articles from early December 2003 quoted in this chapter (see fn 72, 73, 75). It emerges that, while Schröder had consulted the French on the arms embargo, he had failed to do so within his own governing coalition. This led to a harsh debate in Berlin. In addition the issue got entangled with the question of whether Siemens should be allowed to sell a complete nuclear plant to China, a thorny issue, especially for Schröder’s Green coalition partners.

⁷⁵ Spiegel Online, 3 December 2003, “Schröders China-Kracher”; DPA – AFX, 3 December 2003, “Schröders China-Politik empört Grüne – Kritik an Atomgeschäft”; Associated Press Worldstream – German, 3 December 2003, “Schröder sieht Mehrheit für Ende des Waffenembargos gegen China”.

⁷⁶ Agence France Press – German, 12 December 2003, “EU will Aufhebung des Waffenembargos gegen China prüfen”.

⁷⁷ Brussels European Council, 12-13 December 2003, Presidency Conclusions, 5381/04, par.72.

There is evidence that, with the beginning of the second period in late 2003, China extended its diplomatic initiative to EU member states other than France, an approach that was maintained also through the following period, i.e. until the arms embargo virtually disappeared from the China-EU agenda in mid-2005.⁷⁸ China consciously targeted member states in all possible venues, including in European capitals and in Beijing, and at all levels.⁷⁹ This method was perceived on the European side as a something like an all-out attack,⁸⁰ although the actual intensity of Chinese lobbying was still variable to some extent and intensified ahead of events that were considered important, like for example Council meetings.⁸¹ In fact, despite the rather open dialogue on the matter between China and France for more than a year, the sudden emergence of the arms embargo as a top issue of China-EU relations was unexpected for many European diplomats.⁸² Schröder's open expression of support for lifting the arms embargo, in December 2003, i.e. early in the second period, can be seen as a first success of this new approach. At the same time, China was hoping to use the influence of prominent supporters, initially France in particular but then also Germany, to promote the idea within the EU, and it continued to lobby with them for public backing and efforts of persuasion towards their EU partners.⁸³ This is visible for example in the visit of Chinese president Hu Jintao to France in late January 2004, during which Chirac publicly repeated his strong support for the Chinese request.⁸⁴

In May, Chinese Prime Minister Wen Jiabao's eleven-day visit of Europe provided another opportunity to advocate an end of the weapons ban at the level of the top leadership. He first visited Germany, the newly converted staunch supporter, before travelling on to Belgium, Italy, UK, and Ireland.⁸⁵ In Germany, Wen broached the topic with Schröder⁸⁶ and obtained a renewed expression of support for the Chinese request, a pledge to vote in this sense in the European Council, and a confirmation that work towards a quick solution that

⁷⁸ Interview EU 34, Brussels, Q1 2008, Interview EU 28, London, Q1 2008, Interview EU 36, The Hague, Q1 2008.

⁷⁹ Interview China 8, Beijing, Q3 2007.

⁸⁰ Interview EU 28, London, Q1 2008.

⁸¹ Agence France Presse, 5 May 2004, "Wen Jiabao 'confiant' mais ferme sur la levee de l'embargo".

⁸² Interview EU 36, The Hague, Q1 2008; SDA – Basisdienst Deutsch, 30 October 2003, "Zusammenfassung EU-China-Gipfel – China will EU als 'größten Partner'; General-Anzeiger (Bonn), 31 October 2003, "Peking will EU als größten Partner: Europa/China: Berlusconi spricht von einem Quantensprung. Waffenembargo soll fallen".

⁸³ Interview China 8, Beijing, Q3 2007; Interview EU 36, The Hague, Q1 2008.

⁸⁴ Robert Wielaard, Associated Press Worldstream, 26 January 2004, "'EU could lift arms ban for China in spring, ministers say"; Xinhua General News Service, 27 January 2004, "Chirac calls for lifting of arms embargo on China".

⁸⁵ Willy Lam, CNN.com, 2 May, 2004, "European embargo tops Wen's agenda"; AFX European Focus, 30 April 2004, "China premier Wen's visit to Europe to focus on trade, arms embargo".

⁸⁶ Berliner Zeitung, 3 May 2004, "Zahlreiche Projekte in der Pipeline".

would be acceptable for China was under way.⁸⁷ In Belgium, the second leg of his trip, Wen received further assurance. Prime Minister Verhofstadt clearly stated that Belgium was in favour of lifting the ban, adding, however, that in this context it would be important for China to ratify the UN Covenant on Civil and Political Rights and to intensify the political dialogue with the EU, especially in its human rights dimension, a link immediately rejected by the Chinese premier.⁸⁸ Wen's third stop, Italy, sticks out in that the arms embargo was not topic of any public statements. This may be related to an intensive yet inconclusive debate on the issue. The previous Italian government had wanted to end the embargo,⁸⁹ and as the holder of the Council presidency Prime Minister Silvio Berlusconi had been present when Prodi made his favourable statement in Beijing in October 2003. Yet during the Brussels European Council in mid-December, Berlusconi only stated that a decision should be expected at the earliest in May 2004, without expressing his government's position on the matter.⁹⁰ Shortly thereafter, Roberto Antonione, a high official in the foreign ministry, said that Italy was opposed to a lifting.⁹¹ Just about one year later, though, Italian President Carlo Azeglio Ciampi openly articulated Italy's strong support for the Chinese position.⁹² These evolutions would suggest that the issue was on the agenda for closed-door talks during Wen's visit to Italy. In his last two destinations, the UK and Ireland, Wen did not achieve any immediate public support for a lifting either. However, in London he publicly repeated the Chinese request,⁹³ and, according to a leak from the Chinese side, British Prime Minister Tony Blair's sent positive signals, possibly as a consequence of consultations with the French leadership a few days before.⁹⁴ In Ireland, no public comments were given due to time constraints, but an official statement listed the arms embargo as a topic of discussion.⁹⁵ But the Chinese guest did not obtain an endorsement of Beijing's position.

⁸⁷ DPA – AFX, 3 May 2004, “China und Deutschland wollen Handel verdoppeln – Wen Jiabao in Berlin”; Associated Press Worldstream – German, 3 May 2004, “Noch keine Entscheidung über Atomfabrik-Export”.

⁸⁸ Agence France Presse, 5 May 2004, “Wen confiant sur l’embargo mais réclame un lien avec les droits de l’homme”; Europolitique, 8 May 2004, “UE/Chine: accord douanier mais maintien de l’interdiction de la vente d’armes”.

⁸⁹ Le Figaro, 30 October 2000, “Le dernier sommet sino-européen a montré les limites d’une politique commune” (see above).

⁹⁰ Associated Press Worldstream – German, 12 December 2003, “China zu Erfüllung der Auflagen für Hanau-Geschäft bereit; Treffen im Kanzleramt; Entscheidung über Aufhebung des EU-Waffenembargos frühestens im Mai”.

⁹¹ Die Tageszeitung, 18 December 2003, “Keine Böller nach China; EU-Parlamentarier lehnen Schröders Forderung nach Ende des Waffenembargos gegen China geschlossen ab”.

⁹² Franco Venturini, BBC Monitoring Europe – Political, quoting Corriere della Sera, 7 December 2004, “Italian daily hails Rome’s stance against China arms embargo”.

⁹³ Ed Johnson, Associated Press, 10 May 2004, “Chinese premier calls for UN to be given the leading role in Iraq”.

⁹⁴ The Scotsman, 11 May 2004, “Blair’s backing for China trade angers activists”.

⁹⁵ Agence France Presse – English, 12 May 2004, “Chinese premier begins Irish visit with Ahern talks”.

Throughout this second period, aside from lobbying with EU member states, the Chinese initiative for removing the ban on military sales included a targeting of EU institutions, especially the Commission. This was first visible when the matter was raised in discussions with Prodi during the EU-China summit of October 2003. A few months later, in March 2004, Mr. Zhang Yesui, Chinese Vice Foreign Minister in charge of Western Europe, visited Brussels and broached on the arms embargo question both with external relations commissioner Chris Patten and with Solana.⁹⁶ Then in April, the embargo came up as Prodi was visiting Beijing, apparently in the context of a larger charm offensive during which Prodi was given “the red carpet treatment in Beijing – a welcome not always afforded to the president of the EU’s executive arm.”⁹⁷ Finally in May, Wen Jiabao’s *tour d’Europe* also included a stay in Brussels and a meeting with Prodi. Confronted once again with the question of lifting the arms embargo, Prodi limited his comments to stating that the matter was being discussed by the member states.⁹⁸

(iii) An Intra-EU Process of Convergence

Aside from direct Chinese pressure on various European actors, there was also an intra-EU dynamic on the question of lifting the weapons ban. In general, in late 2003 most actors within the EU seemed rather well disposed towards China, given a promising evolution of the relations with China over the previous years.⁹⁹ This impression is confirmed by the decision of the European Council to have the arms embargo re-examined. Yet beyond this general attitude, positions of individual governments on the question of lifting were far apart at that time. For France and Germany the embargo was outdated and to be lifted unconditionally, whereas Italy voted for a review in the European Council but, as noted above, expressed strong reservations. And while Swedish Foreign Minister Laila Freivalds commented on the European Council vote that “a compromise has been made that we will examine the matter and have a discussion on the issue but in no way at this stage decide on it”, Danish Foreign Minister Per Stig Moeller reportedly said it was necessary to review the matter as rules on arms embargos had changed since 1989.¹⁰⁰ At the same time, however, the long-standing

⁹⁶ Paul Ames, Associated Press Worldstream, 8 March 2004, “European Union holds talks with China ahead of decision on lifting arms embargo”.

⁹⁷ George Parker, Financial Times – US Edition, 14 April 2004, “Human rights key to lifting China arms ban, say Prodi”; according to press reports Solana was not approached by Wen on this topic, see Agence France Presse, 5 May 2004, “Wen Jiabao à Bruxelles pour consolider les liens UE-Chine”.

⁹⁸ Channel NewsAsia, May 6, 2004, “Chinese premier urges rewards from EU on economy, arms ban”.

⁹⁹ Interview EU 34 Brussels, Q1 2008.

¹⁰⁰ Lisa Jucca, the Sunday Times (Perth, Australia), 14 December 2004, “EU may lift arms ban”.

French support for China's request and the new German stance in favour of a lifting combined to create a strong momentum among EU member states to accept the issue on the EU agenda, to position themselves and to develop a common approach with a positive perspective for China. Among the proponents of a lifting, this resulted in increasingly firm expressions of their views. The French government is an example of this, as it further stepped up its public advocacy for a policy shift. In the context of Hu Jintao's visit to France, Hervé Ladsous, spokesman of the French foreign ministry, noted that in the EU no-one was "really opposed" to re-examining the arms embargo, and that "[w]hen you look at the countries subject to similar EU sanctions, you will surely feel that China should not be on the list."¹⁰¹ French Foreign Minister Dominique de Villepin said that more discussion was needed but that a decision should be made at the next European Council meeting in March.¹⁰² As to the sceptics, they continued to voice concerns but appeared to be growing more open about an eventual lifting and less demanding with regard to preconditions. For instance, the Netherlands seemed to be shifting its policy stance rather abruptly. They had been for some time, along with the Scandinavians, among those favouring a continuation of the arms embargo, and in late January 2004 a Dutch diplomat was reported as saying that while the Netherlands were ready to discuss the issue, they thought it was not yet the right time for a lifting.¹⁰³ But just about one week later the Dutch government announced that it favoured a lifting of the ban.¹⁰⁴ In terms of common policies at the EU level, this new dynamic helped bring about a GAERC decision in late January 2004, to charge both the Political and Security Committee (PSC) and Coreper with a review of the arms embargo.¹⁰⁵ From then on, the bulk of substantive work was performed in the PSC, with support of the EU's Working Party on Conventional Arms Exports (COARM) and, marginally, of COASIE, the committee on policy towards Asia.¹⁰⁶

The dynamic of converging positions also included representatives of EU institutions. At the beginning of the second period, the commissioners in particular were very vocal on the

¹⁰¹ Robert Wielaard, Associated Press Worldstream, 23 January 2004, "EU may lift ban on arms sales to China, allowing exports of cutting-edge weapons"; Xinhua General News Service, 27 January 2004, "Chirac calls for lifting arms embargo on China".

¹⁰² Robert Wielaard, Associated Press Worldstream, 26 January 2004, "EU could lift arms ban for China in spring, ministers say".

¹⁰³ Robert Wielaard, Associated Press Worldstream, 23 January 2004, "EU may lift ban on arms sales to China, allowing exports of cutting-edge weapons"; for earlier reports on the position of Nordic countries, see François Hauter, *Le Figaro*, 24 September 2002, "Le quatrième sommet des chefs d'Etat de l'Asem (Asia European Meeting) s'est ouvert hier à Copenhague"; Philippe Grangereau, *Libération*, 28 September 2002, "Les Chinois voudraient acheter des armes françaises".

¹⁰⁴ Phillip Pan, *Washington Post*, 31 January 2004, "US pressing EU to uphold arms embargo against China; rights abuses, security cited; France Germany back Beijing".

¹⁰⁵ 2559th Council meeting, external relations, 26 January 2004, Press release 5519/04 (Presse 26), p.8.

¹⁰⁶ Interview EU 28, London, Q1 2008; for brief introduction of COARM, see Bauer and Bromley 2005, p.5.

issue, although not very much in unison. Then, over the following months, positions converged somewhat. At the same time, they also seemed to become more aware of the limits of the Commission formal competences and accordingly grew more cautious in their public statements. At the EU-China summit in October 2003, Prodi had expressed support for working towards a lifting of the arms embargo. However, little more than a month later, in early December, Relex Commissioner Chris Patten was quick to rebut explicitly Schröder's very similar advance. His spokeswoman Emma Udwin was quoted as saying, first, that China would have to improve its human rights record before one could even think of a lifting and, second, that decisions in the EU were not taken by a single member state.¹⁰⁷ Shortly after these comments, Trade Commissioner Pascal Lamy reacted by recalling Prodi's positive statement during the summit, and by emphasising the EU's readiness to examine the embargo.¹⁰⁸ Over the following weeks, Patten's viewpoint seemed to be softening. In January 2004, the same spokeswoman said that the mood in member state capitals was shifting more in favour of a lifting, and she added that there was "clear pressure from China."¹⁰⁹ Patten himself was quoted on the arms embargo issue as acknowledging the enormous changes in China since 1989, all the while continuing to insist that despite some progress the human rights situation in China was not yet satisfying.¹¹⁰ At the same time his boss Prodi opined that it was high time to reconsider the situation and get rid of the arms ban.¹¹¹ Positions continued to converge, and on different occasions in March and April, both Patten and Prodi told their respective Chinese counterparts that assurances on human rights would be helpful in getting the embargo lifted.¹¹² Then by the time of Wen Jiabao's Europe trip in May 2004, as already noted above, Prodi refrained from any strong comment and referred to the ongoing discussion among member states.¹¹³

¹⁰⁷ Associated Press Worldstream – German, 2 December 2003, "EU reagiert verhalten auf Schröder's Forderung"; Stuttgarter Zeitung, 5 December 2003, "Das deutsche Versprechen verärgert den Kommissar; Brüssel über ein mögliches Ende der China-Sanktionen uneins".

¹⁰⁸ General-Anzeiger (Bonn), 3 December 2003, "Schröder will Peking Atom-Fabrik verkaufen"; Spiegel Online, 3 December 2003, "Schröders China-Kracher"; Katja Ridderbusch, Die Welt, 3 December 2003, "Gemischte Reaktionen aus Brüssel"; Frankfurter Rundschau, 3 December 2003, "China will Hanauer Atomfabrik kaufen".

¹⁰⁹ Robert Wielaard, Associated Press Worldstream, 23 January 2004, "EU may lift ban on arms sales to China, allowing exports of cutting-edge weapons".

¹¹⁰ Robert Wielaard, Associated Press Worldstream, 26 January 2004, "EU could lift arms ban for China in spring, minister said".

¹¹¹ Xinhua General News Service, 27 January 2004, "Chirac calls for lifting arms embargo on China".

¹¹² Paul Ames, Associated Press Worldstream, 8 March 2004, "European Union holds talks with China ahead of decision on lifting arms embargo"; George Parker, Financial Times – US Edition, 14 April 2004, "Human rights key to lifting China arms ban, say Prodi".

¹¹³ Channel NewsAsia, May 6, 2004, "Chinese premier urges rewards from EU on economy, arms ban".

Outside the Commission, Solana commented on Schröder's statement of early December 2003 with cautioning remarks that "the entire EU" had to decide on the issue and that there were still concerns about human rights.¹¹⁴ However, for most of the period, he kept a low profile, a stance he largely maintained until the question of lifting the arms embargo disappeared from China-EU diplomatic agenda. The emerging strong divisions among EU member challenged his own understanding of his role as a mediator and put him in an uncomfortable position.¹¹⁵ This must have been noted by the Chinese side, as there are signs that during his visit to Brussels Wen Jiabao did not approach Solana on the arms embargo issue.¹¹⁶

(iv) China Focuses on Member States

The beginning of the third period of Chinese efforts to get the EU to lift its arms embargo is hard to specify. Over late spring and summer 2004 China seemed to reduce significantly, or even phase out, its efforts towards EU institutions and focus on member states. This approach was then maintained until mid-2005 when the issue was dropped. After the Commission had progressively lowered its profile on this matter in the first months of 2004, and with Solana keeping his restraint, there were no more signs of important initiatives on the arms embargo towards these targets. Then in mid-2004, a new Chinese initiative towards member states started to gain momentum, namely the sending of special presidential envoys.

This change in China's approach to the EU can be seen in part as a reaction to the limited success of previous efforts. In spring 2004, it had become obvious that, despite intensive Chinese lobbying and some intra-EU convergence of positions, disagreement on how to handle the issue persisted among EU member states and blocked progress. Instead of having a final decision on the question in March, as announced by de Villepin in January, the GAERC in April simply noted that "a solution for the matter had to be found which was in line with the current situation in China, the increasingly close bilateral relations and the EU's intention to develop a strategic partnership with China", added that "the issue required further discussion" with regard to human rights in China and the application of the EU Code of Conduct on Arms Exports, and requested Coreper and the PSC "to take the discussion

¹¹⁴ BBC Monitoring International Reports, quoting from Bild am Sonntag (Hamburg), 10 December 2003, "Solana says entire EU must decide on lifting of arms embargo against China".

¹¹⁵ Interview EU 28, London, Q1 2008.

¹¹⁶ Agence France Presse, 5 May 2004, "Wen Jiabao à Bruxelles pour consolider les liens UE-Chine".

forward.”¹¹⁷ In the same vein, the Brussels European Council of June 2004 stated that “[t]he European Council invites the Council to continue its consideration of the arms embargo in the context of the EU’s overall relations with China.”¹¹⁸

China sent at least two special presidential envoys to EU member states, both of them former ambassadors to EU member states and deeply involved in foreign policy making as advisors to the top leadership.¹¹⁹ Neither from interviews, nor from available official documents or media reports is it possible to establish the dates and destinations of their missions with precision. Reconstructing from approximate indications on timing in various interviews and considering the general evolution of the issue, it is likely that they took place between late summer 2004 and spring 2005.¹²⁰ Mei Zhaorong, ambassador to Germany from 1988 to 1997, was sent to Germany, Portugal, and several Nordic countries, while Wu Jianmin, Chinese ambassador to France from 1998 to 2003, visited France, Spain, and Italy, and possibly other countries.¹²¹ It is not entirely clear whether their travels also included a visit to Brussels. Two interviewees firmly deny it.¹²² Two others confirmed it, although they were not completely certain and contradicted each other as to who of the two ambassadors they thought went there.¹²³ Still, the focus on EU member states instead of EU institution is obvious, and even more so, the Chinese hope to be able to count on the support of “key member states”¹²⁴ and their influence on the debate within the EU. Mei and Wu had been consciously selected because of their former positions and their network of highly placed contacts.¹²⁵ It is telling indeed that, among the many former ambassadors to EU member states currently involved in foreign policy making in Beijing, those chosen had been in Germany and France respectively.

The concrete impact of these missions is hard to assess. Chinese foreign policy makers consider the special presidential envoys as a key element of their lobbying strategy towards the EU, with the advantage of direct access to the top leadership in EU member states.¹²⁶ By contrast, on the European side the visits are attributed much less significance. One

¹¹⁷ 2577th Council meeting, external relations, 26-27 April 2004, Press release 8567/04 (Presse 116), p.10.

¹¹⁸ Brussels European Council, 17-18 June 2004, Presidency Conclusions, 10679/2/04, par.77.

¹¹⁹ Interview China 7, Beijing, Q3 2007

¹²⁰ Interview China 7, Beijing, Q3 2007; Interview China 8, Beijing, Q3 2007; Interview China 10, Brussels, Q1 2008; Interview EU 33, Brussels, Q1 2008.

¹²¹ Interview China 7, Beijing, Q3 2007; Interview EU 28, London, Q1 2008.

¹²² Interview China 10, Brussels, Q1 2008 and Interview EU 33, Brussels, Q1 2008.

¹²³ Interview China 8, Beijing, Q3 2008 and Interview EU 28, London, Q1 2008.

¹²⁴ Interview China 8, Beijing, Q3 2008.

¹²⁵ Interview China 7, Beijing, Q3 2007.

¹²⁶ Interview China 7, Beijing, Q3 2007, Interview China 8, Beijing, Q3 2007.

interviewee called them a “waste of time.”¹²⁷ Another acknowledged that the visits did take place but denied any link to the arms embargo issue.¹²⁸

Aside from the special envoys, China continued to press for a lifting of the arms embargo through many other channels of interaction with the EU.¹²⁹ At the EU level, instead of Brussels-based bureaucracies, efforts now concentrated on the Council, especially on getting the issue on the agenda of Council meetings. Otherwise the question was raised with EU member states during bilateral meetings, by Chinese embassies in Europe and towards European embassies in China. Lastly, meetings with representatives of the EU and its member states on the margin of multilateral events, like for example the UN General Assembly or the Association of Southeast Asian Nations (ASEAN) Regional Forum (ARF) were used to keep pushing towards a lifting. Visits to the EU by members of the Chinese leadership, reportedly about ten in 2004,¹³⁰ indicate a certain effort to cultivate also some of those member states that are more critical of an end of the weapons ban. In November 2004 Hu Jintao made a short visit to Portugal, the leadership of which had not yet publicly committed itself to any specific position, and he obtained the assurance from Portuguese Prime Minister Pedro Santana Lopes that Portugal would not oppose a lifting when the question was debated the next time by the EU.¹³¹ A few days later, Chinese Vice-Prime Minister Huang Ju visited Luxemburg and Ireland, two other countries that had so far not publicly stated their support for the Chinese request.¹³² In December, when Wen Jiabao attended the 7th EU-China summit in the Netherlands, the first involving the new Barroso Commission, the issue was brought up yet again.¹³³ In addition, it was regularly discussed during visits from the EU to China, including for example Chirac in early October 2004, Schröder and Ciampi in December, and Irish Prime Minister Bertie Ahern in January 2005.¹³⁴

¹²⁷ Interview EU 28, London, Q1 2008.

¹²⁸ Interview EU 25, Beijing, Q3 2007.

¹²⁹ Interview China 8, Beijing, Q3 2007.

¹³⁰ BBC Monitoring Asia Pac – Political, quoting Xinhua News Agency, 4 December 2004, “Chinese official urges ‘positive decision’ on EU arms embargo at summit”.

¹³¹ BBC Monitoring Europe – Political, quoting *Diário de Notícias*, Lisbon, 12 November 2004, “Portugal says not against lifting EU’s China arms embargo”.

¹³² BBC Worldwide Monitoring, quoting from Xinhua News Agency, 16 November 2004, “BBC Monitoring news prospects for Tuesday 16 November 2004”.

¹³³ BBC Monitoring Asia Pac – Political, quoting Xinhua News Agency, 4 December 2004, “Chinese official urges ‘positive decision’ on EU arms embargo at summit”.

¹³⁴ Martin Walker, *United Press International*, 13 October 2004, “With friends like Chirac”; Gareth Harding, *United Press International*, 7 December 2004, “Analysis: EU-China ties strained over arms”; Franco Venturini, *BBC Monitoring Europe – Political*, quoting *Corriere della Sera*, 7 December 2004, “Italian daily hails Rome’s stand against China arms embargo”; Tom Lyons, *Irish Independent*, 19 January 2005, “Taoiseach ‘not taking a soft line’ on Chinese rights abuses”.

Within the EU, the third period sees a further convergence of positions, more in favour of an eventual lifting. By November this had gone far enough to allow for the GAERC to conclude that “the EU was ready to give a positive signal to China”, a rather upbeat statement compared to comments earlier that year, although it continued that “a number of concerns must be addressed, including in the field of human rights, and work must continue on strengthening the EU Code of Conduct on arms exports.”¹³⁵ Ahead of the 7th EU-China summit in early December 2004 comments on the EU side got more concrete on the question of timing. Bernard Bot, Foreign Minister of the Dutch Council presidency, expressed the hope for a lifting during 2005, while Solana said that he hoped the arms embargo might be lifted at the European Council meeting in March 2005.¹³⁶ The summit’s Joint Statement stopped short of giving any date, but it read that “[t]he EU side confirmed its political will to continue to work towards lifting the embargo” while “[t]he Chinese side welcomed the positive signal.”¹³⁷ The most concrete, and for the Chinese side most promising, statement by the EU then came in the Presidency Conclusions after the Brussels European Council in mid-December 2004 which implied that a lifting could be expected during the first presidency of 2005. The conclusions stated that “[t]he European Council reaffirmed the political will to continue to work towards lifting the arms embargo” and “invited the next Presidency to finalise the well-advanced work in order to allow for a decision.”¹³⁸

(v) A Dissenting Voice of America

What is noteworthy about the momentum of convergence within the EU towards eventual lifting of the weapons ban is that it was maintained despite increasingly sharp criticism and even outright threats from the US. In fact, the US had first protested against EU considerations about ending the embargo in January 2004 and kept voicing its concerns throughout the year.¹³⁹ In February and March 2005 the US Congress got involved as the House of Representatives approved by a large majority a non-binding resolution condemning

¹³⁵ 2622nd Council Meeting, external relations, 22-23 November 2004, Press release 14724/04 (Presse 325), p.13.

¹³⁶ Japan Economic Newswire, 8 December 2004, “EU-China summit begins with focus on arms embargo”.

¹³⁷ 7th EU-China Summit, The Hague, 8 December 2004, Joint Statement, Press release 15065/04 (Presse 337), par.7.

¹³⁸ Brussels European Council, 16-17 December 2004, Presidency Conclusions, 16238/1/04, par.57.

¹³⁹ Philip P. Pan, Washington Post, 31 January 2004, “US pressing EU to uphold arms embargo against China; rights abuses, security cited; France, Germany back Beijing”; Franco Venturini, BBC Monitoring Europe – Political, quoting Corriere della Sera, 7 December 2004, “Italian daily hails Rome’s stance against China arms embargo”.

the EU efforts, and several Senate hearings were held on the issue.¹⁴⁰ The American objections were forcefully conveyed to EU leaders during three high-level visits, first Secretary of State Condoleezza Rice in February, then later that month President George W. Bush himself, followed in April by Deputy Secretary of State Robert Zoellick.¹⁴¹ The US's objections were based on a variety of points, most importantly that lifting would send the wrong sign to China given its weak human rights record and its resistance to democratic reforms; that it would accelerate China's military modernisation and create a threat for Taiwan and other neighbours; that this might directly endanger US troops in Asia; and that China has had a bad track record on weapons proliferation.¹⁴² These criticisms were underlined by open threats to restrict technology transfers between the US and Europe.¹⁴³

Some of these points had already come up in the intra-EU debate on whether or not the arms embargo should be lifted. Especially European parliaments and some of the more sceptical member states had been emphasising the human rights situation in China, and the EU had repeatedly declared that it expected China to take an initiative in this field, e.g. by committing itself to ratify the International Covenant on Civil and Political Rights which it had signed in October 1998.¹⁴⁴ This was never formulated as an explicit conditionality, but it was emphasised that some progress on human rights would facilitate the lifting by the EU.¹⁴⁵

¹⁴⁰ Jim Abrams, Associated Press Worldstream, 2 February 2005, "House urges EU to maintain arms embargo"; Bill Sammon and Bill Gertz, Washington Times, 23 February 2005, Wednesday, "Bush warns of China arms sales"; CQ Transcriptions, 16 March 2005, "U.S. Senator Richard G. Lugar (R-IN) holds hearing on lifting the EU arms embargo on China".

¹⁴¹ Anthony Browne, The Times, 9 February 2005, "All smiles again... until it comes to arms sales to China"; Daniel Dombey and Peter Spiegel, Financial Times, 10 February 2005, "The EU's ban on selling military equipment to Beijing lacks credibility but Washington believes any change would be irresponsible"; Robert J. Saiget, Agence France Presse, 20 February 2005, "Bush to seek EU support against China's rising military might: analysts"; Terence Hunt, Associated Press, 22 February 2005, "Bush warns Europe not to lift arms embargo against China"; Graham Bowley, International Herald Tribune, 6 April 2005, "US raises stakes for Europe on China ban; relations will suffer if arms embargo ends, State Dept. No.2 says"; Associated Press Worldstream, 6 April 2005, "French foreign minister says arms embargo is 'anachronism'".

¹⁴² Philip P. Pan, Washington Post, 31 January 2004, "US pressing EU to uphold arms embargo against China; rights abuses, security cited; France, Germany back Beijing"; Jim Abrams, Associated Press Worldstream, 2 February 2005, "House urges EU to maintain arms embargo"; Daniel Dombey and Peter Spiegel, Financial Times, 10 February 2005, "The EU's ban on selling military equipment to Beijing lacks credibility but Washington believes any change would be irresponsible"; Robert J. Saiget, Agence France Presse, 20 February 2005, "Bush to seek EU support against China's rising military might: analysts"; Bill Sammon and Bill Gertz, Washington Times, 23 February 2005, "Bush warns of China arms sales".

¹⁴³ Daniel Dombey and Peter Spiegel, Financial Times, 10 February 2005, "The EU's ban on selling military equipment to Beijing lacks credibility but Washington believes any change would be irresponsible"; Douglas Barrie, Robert Wall, Aviation Week & Space Technology, 28 February 2005, "Pandora's Bunker: Pending end to Europe's arms embargo on China will open transatlantic rift, but UK remains cautious".

¹⁴⁴ See, for example, Philip P. Pan, Washington Post, 31 January, 2004, "US pressing EU to uphold arms embargo against China; rights abuses, security cited; France, Germany back Beijing" or Gareth Harding, United Press International, 7 December 2004, "Analysis: EU-China ties strained over arms".

¹⁴⁵ See, for example, quotes from Patten and Prodi in Paul Ames, Associated Press Worldstream, 8 March 2004, "European Union holds talks with China ahead of decision on lifting arms embargo" and George Parker, Financial Times USA edition, 14 April 2004, "Human rights key to lifting China arms ban, says Prodi".

Aside from waiting for human rights initiatives from the Chinese side, in the intra-EU debate the main argument in favour of a lifting was that, even without the embargo, exports to China, like to all other destinations, would still be subject to controls based on the EU's Code of Conduct on Arms Exports from 1998.¹⁴⁶ This code was supposed to be revised and strengthened, as well as completed with a “‘tool box’ or set of measures providing for increased sharing of information and transparency, to be applied by Member States for a specific period with respect to arms exports to a previously embargoed destination.”¹⁴⁷

In reaction to both scepticism within the EU and opposition from the US, the Brussels European Council of December 2004 added to its favourable conclusions on the prospect of getting the arms embargo lifted that

“the result of any decision should not be an increase of arms exports from EU Member States to China, neither in quantitative nor qualitative terms. In this regard the European Council recalled the importance of the criteria of the Code of Conduct on arms exports, in particular criteria regarding human rights, stability and security in the region and the national security of friendly and allied countries. The European Council also stressed the importance in this context of the early adoption of the revised Code of Conduct and the new instrument on measures pertaining to arms exports to post-embargo countries (‘Toolbox’).”¹⁴⁸

During the first months of 2005, the EU kept up this policy course towards an eventual lifting against mounting US pressure. In January EU presidency Luxemburg indicated that the ban could be lifted by summer.¹⁴⁹ The same month, Ahern said he expected the issue to be solved in the course of the year, a shift from the previously rather reluctant Irish position.¹⁵⁰ In February, UK Foreign Secretary Jack Straw avoided the criticisms by calling the dispute a mere “presentational problem.”¹⁵¹ Then, just ahead of Bush's visit a source from the Lithuanian foreign ministry indicated that Lithuania would follow an EU consensus on lifting the embargo.¹⁵² At about the same time, the Swedish Prime Minister Goran Persson was

¹⁴⁶ See European Union Code of Conduct on Arms Exports, Council, Brussels, 5 June 1998, 8675/2/98 as well as Bauer and Bromley 2004. For examples of positions of EU governments, see Robert Wieldaard, Associated Press Worldstream, 23 January 2004, “EU may lift ban on arms sales to China, allowing exports of cutting-edge weapons” or Franco Venturini, BBC Monitoring Europe – Political, quoting Corriere della Sera, 7 December 2004, “Italian daily hails Rome's stand against China arms embargo”.

¹⁴⁷ Council Fact Sheet on Code of Conduct, p.2.

¹⁴⁸ Brussels European Council, 16-17 December 2004, Presidency Conclusions, 16238/1/04, par.57.

¹⁴⁹ Nicholas Watt, The Guardian, 12 January 2005, “EU could lift arms embargo on China”.

¹⁵⁰ Tom Lyons, Irish Independent, 19 January 2005, “Taoiseach ‘not taking a soft line’ on Chinese rights abuses”; on previous Irish reluctance see Japan Economic Newswire, 8 December 2004, “EU-China summit begins with focus on arms embargo”.

¹⁵¹ Daniel Dombey and Peter Spiegel, Financial Times, 10 Feb 2005, “The EU's ban on selling military equipment to Beijing lacks credibility but Washington believes any change would be irresponsible”.

¹⁵² Baltic News Services, 16 February 2005, “If EU agrees on lifting of arms embargo on China, Lithuania will not oppose it”.

quoted as saying that the arms embargo had never been efficient and that what was needed was a strong Code of Conduct, adding, however, that Sweden had hesitated for a long time before following the UK's shift in favour of a lifting.¹⁵³ In late February a specialised magazine commented that "[t]here's widespread expectation the European Union will commit to lifting the partial embargo during Luxembourg's EU presidency, partly because the following British presidency appeared "eager to avoid a decision on ending the sanctions during its watch."¹⁵⁴

This steadfastness on the part of the EU started to dwindle with the passage of the Anti-Secession Law by the National People's Congress in Beijing on 14 March 2005.¹⁵⁵ Within a few days it became obvious, mostly from unofficial sources in EU institutions and member state governments, that this would have a clear negative impact on the prospects for an early lifting of the arms embargo, as within the EU it provided a new argument for the sceptics.¹⁵⁶ It also reinforced US criticisms, as experienced painfully by Annalisa Giannella, Solana's personal representative for non-proliferation, who arrived in Washington to defend the EU policy – "she was massacred" in the words of one interviewee.¹⁵⁷ At first the public discourse in the EU did not change significantly, with French foreign minister Michel Barnier and Schröder defending the EU policy and reaffirming their desire to end the weapons ban,¹⁵⁸ and Luxemburg's foreign minister Jean Asselborn indicating that, with some progress on human rights, a lifting before the end of the presidency was not impossible.¹⁵⁹ Signs from the UK were more mixed, as vice-prime minister John Prescott stated that he expected the embargo to be lifted soon, while Tony Blair put the emphasis on the need to implement a strong Code of

¹⁵³ Greg Sheridan, *The Weekend Australian*, 19 February 2005, "PM vindicated over China arms".

¹⁵⁴ Douglas Barrie, Robert Wall, *Aviation Week & Space Technology*, 28 February 2005, "Pandora's Bunker: Pending end to Europe's arms embargo on China will open transatlantic rift, but UK remains cautious".

¹⁵⁵ Interview EU 21, Beijing, Q3 2007; Interview EU 27, London, Q1 2008; Interview EU 36, The Hague, Q1 2008; for full text of Anti-Secession Law as adopted at the Third Session of the Tenth National People's Congress, 14 March 2005.

¹⁵⁶ European Report, 16 March 2005, "General Affairs and External Relations: ministers to decide on accession talks with Croatia at March 16 gathering"; Judy Dempsey, *International Herald Tribune*, 23 March 2005, "EU's resolve frays on China embargo; plan to lift ban on arms faces delay"; Jonathan Eyal, Director of Studies at the Royal United Services Institute in London, *Straits Times*, 25 March 2005, "EU outmanoeuvred by US diplomatic strategy".

¹⁵⁷ Interview EU 28, London, Q1 2008; on this, see also comments by EU and US officials quoted in Judy Dempsey, *International Herald Tribune*, 23 March 2005, "EU's resolve frays on China embargo; plan to lift ban on arms faces delay"; and US Fed News, 19 September 2005, "US, Europe: addressing global challenges together".

¹⁵⁸ Associated Press Worldstream, 6 April 2005, "French foreign minister says arms embargo is 'anachronism'"; Tony Czuczka, Associated Press Worldstream, 14 April 2005, "Schroeder reinforces call for lifting China arms embargo".

¹⁵⁹ Chris Buckley, *New York Times*, 12 May 2005, "China and European Unions discuss trade ties and arms embargo".

Conduct and to ensure that there would not be an increase in arms sales to China.¹⁶⁰ China continued to raise the issue on various occasions of interaction with the EU, e.g. during Hu Jintao's visit to the UK, Germany and Spain in November 2005,¹⁶¹ and has been doing so until the present.¹⁶² However, no progress has been made compared to the Joint Statement of the 7th EU-China summit and the Presidency Conclusions from the Brussels European Council of December 2004. In fact, the Joint Statement from the 8th EU-China summit simply refers to those two documents:

"Leaders discussed the EU arms embargo. The Chinese side was of the view that lifting the arms embargo would be conducive to the sound development of the China-EU comprehensive strategic partnership and urged the EU to lift the arms embargo at an early date. The EU side reaffirmed its willingness to continue to work towards lifting the embargo on the basis of the Joint Statement of the 2004 EU-China Summit and the subsequent European Council Conclusions on this subject."¹⁶³

The following summits simply repeated the same phrases, with only very minor changes, almost "like a mantra."¹⁶⁴ China does not harbour any great hopes on the issue and would only start serious efforts again if there was a very tangible chance of a quick lifting.¹⁶⁵ As to the EU, it seems that it is trying hard not to create any expectations on the Chinese side.

5.3 Explaining China-EU Interaction on the Arms Embargo Issue

Based on this detailed analysis of the evolution of China's engagement of the EU with regard to the arms embargo, the goal of this section will be interpretative. I will look subsequently at the three dimensions of my analytical framework and assess to what extent the causal mechanisms it proposes can account for the patterns of China-EU transnational bureaucratic interaction on the arms embargo.

¹⁶⁰ Ed Johnson, Associated Press Worldstream, 23 March 2005, "Britain says it expects EU to lift arms embargo on China"; Ed Johnson, Associated Press Worldstream, 24 March 2005, "Blair says China arms embargo will not be lifted without strong replacement code in place".

¹⁶¹ Hannah K. Strange, United Press International, 8 November 2005, "Hu Pushes embargo lifting on UK trip"; Renwick McLean, International Herald Tribune, 15 November 2005, "Hu presses Spain on EU arms embargo; Europe tour that focused on strengthening ties comes to an end".

¹⁶² Interview EU 19, Beijing, Q3 2007.

¹⁶³ 8th EU-China Summit, Beijing, 5 September 2005, Joint Statement, Press release IP/05/478, par.8.

¹⁶⁴ Interview EU 34, Brussels, Q1 2008; see also 9th EU-China Summit, Helsinki, 9 September 2006, Joint Statement, Press release 12642/06 (Presse 249), par.6; 10th EU-China Summit, Beijing, 28 November 2007, par.4.

¹⁶⁵ Interview China 5, Beijing, Q2 2007.

5.3.1 Chinese Foreign-Policy Making and the Arms Embargo

The increasing importance Chinese policy makers attached to the arms embargo during the last years of President Jiang Zemin can be explained, at least in part, with an internal process on the Chinese side. The bombing by NATO forces of the Chinese embassy in Belgrade triggered a debate on strategy during the year 1999 within the Chinese foreign affairs community, in the large sense, i.e. also including academics and intellectuals. The result was that the international environment was not as peaceful as concluded during previous such debates and that a new emphasis on military modernisation was needed.¹⁶⁶ This implies that the question of military procurement, and as a result of the EU's arms embargo, imposed itself as a key issue of Chinese foreign policy.

The targeting of a member state initially, i.e. France from late 2002 to late 2003, is also partly explainable with reference to the Chinese policy process. From this perspective, the question of the arms embargo was an issue for the foreign ministry and the top leadership. Both of them had, at this time, only limited diplomatic experience with EU institutions, and the initiative to bring the issue out on the agenda did come from the very top of China's leadership.¹⁶⁷ At working level there was certainly some familiarity, yet the horizontal divisions between different hierarchical levels, here the officials directly involved with EU reality and the leadership were too deep. Also this was before the push in the building up of EU-specific expertise when the Chinese mission to the EU in Brussels was separated from the embassy to Belgium in 2005, with more than double the personnel. On the other hand, the relations with the governments of member states and their foreign ministries were well established.

Why did the Chinese strategy change in late 2003? A key factor lies within the Chinese foreign policy establishment. The arrival of George W. Bush at the US presidency, the tougher China policy of the new administration, and, most importantly, the beginning of the war in Iraq in March 2003, had contributed to yet another debate and a rethinking in the Chinese foreign policy establishment concerning China's international strategy in general and its relations with the EU in particular.¹⁶⁸ To Chinese foreign-policy makers it appeared (a) that a more unilateralist US needed balancing and (b) that in face of the transatlantic rift over

¹⁶⁶ See Finkelstein 2000.

¹⁶⁷ Interview China 8, Beijing Q3 2007.

¹⁶⁸ Interview EU 28, London, Q1 2008; Interview China 10, Brussels, Q1 2008.

Iraq and the clear anti-war policies by the two “engines” of European integration, France and Germany, the EU seemed the ideal partner for such a strategy. In addition, since the mid-1990s Chinese ties with the EU had been improving constantly. This rethinking also included the realisation that the arms embargo was an EU issue, as witnessed by its inclusion in *China’s EU Policy Paper* of October 2003, and that it needed to be solved in cooperation with the entire EU.

The most remarkable feature of the second period is the explicit targeting of leaders of EU institutions, like Prodi, Patten and Solana. This can again be related to the divisions in the Chinese foreign policy process and limited understanding of EU-related issues among the top leadership who led on this issue. Moreover, their senior foreign-policy advisors in charge of this issue largely had a MFA background, i.e. with stronger experience on the side of the member states than EU institutions. The MOFCOM, by contrast, had built up considerable expertise on the EU institutions as it had been in charge of the relationship with the EC in the more than 20 years since the first trade agreement had been signed in 1978. Yet, here the vertical divisions between different bureaucracies were too deep to include expertise from MOFCOM.

The third period has been identified as being marked by a slow turn in the Chinese strategy away from EU institutions and towards member states. This can be explained to a large extent by the slow inner workings of Chinese foreign-policy making, mostly due to horizontal divisions. In fact, the limited impact of the strategy aimed at EU institutions and even the growing silence from the Commission clearly was noticed by working level staff in the Chinese MFA. As a result the new strategy, mostly based on the sending of “special envoys” was elaborated by the Chinese MFA and brought to the attention of the top leadership by the bias of a group of top advisers with strong ties to the MFA.¹⁶⁹ Despite this relatively direct link, which avoids the many layers of hierarchy between MFA working level and top leadership, it took some time to catch the attention of leaders and get their approval for a change of strategy.

¹⁶⁹ Interview China 7, Beijing, Q3 2007, Interview China 8, Beijing, Q3 2007, Interview China 10, Brussels, Q1 2008.

5.3.2 EU Reactions to China's Push for a Lifting

From the perspective of the EU's response, it seems that the Chinese approach in the first period, i.e. exclusive targeting of France, matched both formal institutional rules and informal structures in interest. This means that the arms embargo was (and is) not a Community issue, i.e. with a strong role for member state governments and very limited influence of the Commission. In terms of interests, a survey of press coverage of the issue during this whole first period suggests that no other EU government had any interest in picking up this issue. In fact, in the non-French press the question of the arms embargo was hardly mentioned at all prior to Schröder's pronouncements and the European Council vote of December 2003.

The EU's response to this Chinese approach changed during the second period. Obviously in talking to Commissioners on the arms embargo there was a mismatch with the formal distribution of competences within the EU. Yet this is a case where personalities do matter as explanatory variables. In fact, the Prodi Commission was more vocal than both its predecessor and its successor. This concerned first of all Prodi himself, but also Patten. This active approach to CFSP matters allowed the Commission to be initially rather responsive to the Chinese advances. The evident correlation between an intensifying debate among member states on the issue and the growing restraint on the part of the Commissioners indicates that, in light of a mismatch with formal competences and a strong interest in the issue on the side of member states, the Commission was forced to take a lower profile.

The EU response to the shift in China's strategy back member states, i.e. when special envoys were sent in the third period, was largely affirmative. The new Chinese approach matched formal competences. With regard to interests, it neglected the smaller member states, counting a lot on the support of France and Germany for intra-EU lobbying. Here the Chinese MFA had clearly underestimated the alienation of the smaller member states, especially those who had been sceptical from the outset because of human rights issues. Although no explicit "carrots or sticks" had been used by the Chinese,¹⁷⁰ there was a clear sensation that a small member state could not oppose itself if it did not want to get into trouble.¹⁷¹ With regard to the Commission, the new Chinese focus on member states was in line with the lower profile taken by the incoming Barroso Commission on foreign policy.

¹⁷⁰ Interview EU 2, Berlin, Q1 2007, Interview EU 19, Beijing, Q3 2007, Interview EU 21, Beijing, Q3 2007.

¹⁷¹ John Leicester, Associated Press, 24 February 2005, "China arms embargo not what it seems".

The feeling of alienation among some of the smaller member states was exacerbated by Chinese passage of the Anti-Secession Law, a clear sign for the sceptics in the EU that China was not going to make any compromise on the fields that they linked to the arms embargo, namely human rights and cross-strait relations. One can say that the passage of this bill in Beijing ended the uneasy assent of the sceptics and brought out the difficulties in interaction related to very different perceptions of the issue.

5.3.3 Independent Dynamics of Bureaucratic Interaction

The interactive dimension can explain many details that have escaped explanatory efforts within the first two process of the analytical framework. First of all, why did the arms embargo issue surface in precisely in 2002 and why towards the French leadership rather than any other EU entities? Certainly the issue had been raised informally already before that. Overall the signs of constantly improving personal relations between Jiang Zemin and Jacques Chirac since 1999 suggest that the French president was rather well disposed towards this Chinese request. In fact, in October 1999, during a visit to France Jiang was invited to Chirac's private residence, a signal that did not go unnoticed in the press.¹⁷² About a year later, Chirac was accorded the honour of an invitation to Jiang's hometown Yangzhou in the context of his visit to China, in the function of EU president, for the fourth EU-China summit.¹⁷³

This means personal relations appear to play a crucial role. The reason why, from the new prioritisation of military modernisation and the warming of relations with Chirac, it took another three years before the issue was openly raised during an official encounter in 2002 is related to the French government: the relations between Chinese leaders and the French Prime Minister Lionel Jospin and his Foreign Minister Hubert Védrine, both in the office since June 1997, were rather cool.¹⁷⁴ This would suggest that the arrival of Jean-Pierre Raffarin and Dominique de Villepin in May 2002 was considered by the Chinese as a chance finally to launch the issue openly.

Perceptions also played a role in the choice to target France initially. In China, France was perceived as a leading force in reacting strongly to the Tianmen repression in 1989 and

¹⁷² La Croix, 22 Octobre 1999, "Un 'ami de la Chine' reçoit le président Jiang Zemin".

¹⁷³ AFX – TD, 22 October 2000, "Differenzen mit EU über WTO-Aufnahme Chinas überschatten Gipfel".

¹⁷⁴ François Hauter, Le Figaro, 26 September 2002, "Le premier ministre Zhu Rongji en visite en France jusqu'à Samedi".

therefore in bringing about the arms embargo. Therefore it seemed to be a natural strategy to start the open push towards a lifting with France.¹⁷⁵

Similarly, the inclusion of the Commission as a target in the second period is related to perceptions. In fact, for long Chinese leaders and analysts have tended to overestimate European unity.¹⁷⁶ This is to say that to some extent the focus on leaders of EU institutions could be described as “wishful thinking” – strengthened of course by the activist approach the Prodi Commission adopted towards CFSP matters.¹⁷⁷ One could say Chinese perceptions of the Commission matched the self-perceptions of the Prodi Commission. The contestation by the member states then forced the Commission to reconsider its self-perception.

In terms of issue perceptions, the second period also presents the first confusions with regard to the nature of the issue: Is it purely symbolic? Is it strategic? Is it related to human rights? At this point there were not yet clear-cut positions but it foreshadowed the later debate that erupted especially with the intervention of the US.

In the third period, the focus of Chinese foreign-policy makers on the foreign ministries of France and Germany meant that the three actors who shared the same perception of the issue interacted directly. For all three the lifting of the arms embargo was a largely symbolic step, it was to be granted with no conditions and no price attached and it was not fundamentally linked to the human rights or the Taiwan questions. By avoiding intensive interaction with actors who had very different issue perceptions, China chose to leave other member states to efforts of persuasion by France and Germany, i.e. to intra-EU politics.

The “special envoy” strategy of the third period also built explicitly on the strong personal ties established by ambassadors, and usually maintained even after the end of the term of office. This strategy was successful to some extent. After all the arms embargo was almost lifted. However, the alienation of smaller EU members with a strong human rights tradition was exacerbated by yet another perception problem, namely the growing sense of entitlement on the Chinese side. This means while in the second period the issue had maintained a political dimension, in that there was talk about the need for a positive gesture on human rights on the part of China, during the third period, from the Chinese side it had turned almost purely symbolic, and for China lifting the embargo became a gesture overdue by the EU.

¹⁷⁵ Interview China 14, Beijing Q4 2008.

¹⁷⁶ See on this Yahuda 1994 and Shambaugh 1996.

¹⁷⁷ See Kurpas, Grøn, and Kaczyński 2008.

5.4 Conclusion

This chapter has introduced the significance of the arms embargo to China, reconstructed a detailed account of what happened and attempted to explain the evolution based on the general theoretical framework introduced in chapter II. The analysis confirms that the dimensions and the explanatory factors matter and can account to a large extent for the changing patterns of China-EU interaction. Changes in Chinese strategies can be related to the improved understanding of the EU by the Chinese MFA. Lags between the obvious problems with one strategy and the implementation of a new one can be attributed to either vertical or horizontal divisions within the Chinese administration. Formal and informal patterns in EU foreign policy process did constrain the Chinese approaches several times, especially when it concerned an involvement of the Commission on an issue that was perceived as member state “turf”. Lastly, with regard to the direct interactive dimension of the framework both previously established transgovernmental relations and the question of matches and mismatches of perceptions can contribute to the understanding of China-EU bureaucratic interaction.

Also, the indirect impact of the international environment is again visible. An important background factor accounting for the end of the China-EU discussion on the lifting of the arms embargo is the rising US protest, also channelling to its EU partners the critical voices of its allies in East Asia, Taiwan and Japan. Yet while the US did manage to influence the preferences of some of the directly involved bureaucratic agents, it could not match the impact of intra-EU lobbying for a lifting by France and Germany. This only changed with the passage of the Anti-Secession Law in Beijing.

Conclusion: Explaining China-EU Bureaucratic Interaction

This study started out from the question of how outsiders engage the EU with a threefold goal. First, it wanted to explore the reverse side of the findings on the EU's growing impact in international affairs,¹ namely how difficult it is to approach the intricate EU structures from the outside. Second, it suggested the need to inquire into the concrete challenges this implies for the decision-making process in a third agent. Picking China meant insights into how the Chinese policy-makers structures manage relations with a complex agent like the EU. Third, the study wanted to contribute more generally to the analysis of bureaucratic interaction between international agents, a topic under-researched so far by theorists of international relations.

This concluding chapter will try to pick up these threads set out at the beginning of the study, and recapitulate the insights of the application of the analytical framework to empirical cases has been able to create. The following sections will therefore, first, discuss the findings on the EU in international affairs, second, summarise the results on Chinese decision-making processes vis-à-vis the challenge of engaging the EU, and, third, at a more theoretical level, draw conclusions on bureaucratic interaction in general and on the usefulness of the proposed analytical framework.

6.1 Engaging the EU: Challenges for Outsiders

The case studies in the precious chapters have largely followed the structure of the framework introduced in chapter II. From the various dimensions of the framework and the related discussions of empirical evidence, the goal is now to select the specific points that tell something about the “approachability” of the EU with its current structure.

Overall it appears that the EU is tough to engage. The challenge is to find the right counterparts at the right time, not so much from the point of view of formal competences but rather in view of an effective strategy that also considers interests and *de facto* involvement of not formally competent actors. The *de jure* structure of EU policy making is already very complicated, yet it is not impossible for outsiders to gain a good grasp of who deals with what

¹ Bretherton and Vogler 1999 and 2006, Ginsberg 2001.

and of the procedures that link the various actors. What is very difficult, though, almost impossible for outsiders, is to understand the preferences and perceptions of EU actors as conditioned by intra-EU politics.

(i) Evidence from MES: Wrong Timing and Victim to Intra-EU Competition

In the case of China's quest for market economy status (MES), Chinese policy makers initially followed the logic of formal competence, not knowing that this could not lead anywhere since the political logic of EU politics forces the Commission to stick to technical matters rules body on trade policy unless it has a negotiating mandate. When in light of lacking progress, China chose a more political approach, including most notably EU member states, i.e. entities who are involved in trade policy only through qualified majority voting in the Council. Yet the Chinese initiatives were not immediately and explicitly redirected to the competent authority, as member states had an obvious interest in declaring their support for MES – although this meant virtually nothing. Given competition among member states for China business, the slow progress on MES by the formally competent authority, and a fear of negative repercussions from China, each member state had strong incentives to use any chance of pleasing China, rather than admitting that its individual position is rather meaningless. Once the initial refusal of the Commission to grant MES had clarified the situation a shift in preferences among more protectionist member states, even further reduced the freedom of action for the formally competent body to broker a deal with China. It can be argued that more intensive pressure earlier on, when MES was still a low priority for most member states, and an immediate push for a political deal rather than technical reconsideration, might have brought China closer to its goal.

(ii) Evidence from the Arms Embargo: Erratic Targeting of EU Bureaucratic Agents

In the arms embargo case, China started from the members – in conformity with formal competence which has not been transferred to EU level in the field of security policy. The focus, all through the lobbying process, on the big member states also reflects a sound grasp of the key actors most interested in the issue, although it could be argued that more efforts to defuse worries in the more sceptical member states could have helped the issue advance more quickly. Nevertheless, through its efforts towards the large member states, in particular the ardent advocates of a lifting France and Germany, and by relying on their intra-EU lobbying, China managed to get very close to a lifting. Yet it also appears to have made some erratic

moves, resulting from apparent confusion with European governance structure. When approaching the Commission, a marginal actor in this policy field, Chinese policy makers did not receive a polite comment redirecting them to the Council Secretariat and member states. Rather there was a vocal and promising reaction, no doubt because the Commission at that time was promoting higher EU level ambitions in the security policy field than formally determined in the treaties.²

In both cases, erratic engagement efforts towards EU bureaucratic actors resulted from misunderstandings interests and motivations of actors rooted within the logic of intra-EU policy making, although, in principle, the formal distribution of competences seems to have been fairly well understood. This points to a serious default in the EU's institutional structure. It may be convenient for individual bureaucratic actors to profit from such misunderstandings in order to promote their own interests. For the EU as a whole the fact that outsiders may easily get confused about whom to talk to on which topic, even in the course of an ongoing engagement, is detrimental to its further emergence as an active player among the major agents of the international stage.

6.2 China's Foreign Policy Apparatus and Complex Policy Targets

What do the analytical framework and the cases tell us about the Chinese foreign policy process? First, it appears that vertical or functional divisions within the foreign policy structure may impede the continuous development of processes of bureaucratic interaction initiated by China. In the case of MES, it was visible that the moving up on the diplomatic agenda also implied the involvement of MFA-related officials in addition to those from the MOFCOM who had been in charge before. The result was a clear break with the previous strategy of approaching the EU. The point is not that either of the two ministries would have a better or worse strategy. It is rather that the sudden shift demonstrates a lack of structured cooperation that could bring out synergies. An approach like the alternative strategy for MES outlined in the previous section, could only be the result of such a closer cooperation. In fact, Chinese interviewees independently confirmed that the structure of the Chinese foreign-policy

² See Kurpas, Grøn, Kaczyński 2008.

process does not allow for elaborate strategies on complex issues that go beyond the purview of a single ministry, like for example the diplomatic approach of the EU.³

Second, there are important horizontal divisions in China that make coordination between the elaboration of options, the actual decision, and implementation difficult. In the case of the arms embargo, there was a decision from the leadership to lift it to the top of the agenda,⁴ short-circuiting the usual MFA channels through which policy options are developed. The result was a diplomatic approach that was perceived negatively as a “blanket attack” on the EU side,⁵ and that included the erratic engagement of the Commission on an issue on which it has virtually nothing to say. Only with a delay of more than a year a new strategy could be elaborated by the Europe staff of the MFA and move up to the top leadership for approval. It was based on the idea of special presidential envoys to EU capitals, and reflected the degree of familiarity with EU processes at the working level of MFA.⁶ Chinese officials at working level do indeed display an amazing degree of familiarity with the intricacies of EU decision-making, a situation at least partially related on the very direct and open relations between Chinese diplomats and their European counterparts.⁷

Horizontal divisions, i.e. between the different levels of authority in the Chinese foreign-policy process, may also be visible in the decision to make MES a top issue. In fact, it is questionable whether the changes in the approach of the EU, and the erratic engagement of member states, were carefully prepared by working level officials familiar with EU structures. It may very well be a similar case as for the arms embargo, where a decision from the top came too suddenly to allow for due preparation. It should be added that, in principle, the MOFCOM has a more direct link to the central leadership than the MFA, since its former minister, Ms. Wu Yi, is Vice-Premier and member of the Politburo. For the MFA the link consists only in advisors to the top leadership.

³ Interview China 4, Beijing Q2 2007, Interview China 8, Beijing Q3 2007, Interview China 9, Beijing Q3 2007.

⁴ Interview China 8, Beijing Q3 2007.

⁵ Interview EU 28, London Q1 2008.

⁶ Interview China 9, Beijing Q3 2007.

⁷ This situation is the result of constant improvement of the relations over the past decade; see Interview EU 1, Berlin, Q1 2007, Interview EU 2, Berlin, Q1 2007, Interview EU 7, Brussels, Q1 2007, Interview EU 9, Brussels Q1 2007.

6.3 Analysing Bureaucratic Interaction: Assessment of a New Framework

With regard to a general assessment and explanation of transnational bureaucratic interaction, this study cannot provide any definite answer. In fact, far more empirical research would be needed to reach the level of detail aimed at and allowed for by the analytical framework. Yet a few important findings can already be pointed out. First of all, transnational bureaucratic interaction between international agents is a key phenomenon of international relations that can be closely linked to the substantial outcomes of diplomacy and foreign policy. Second, the proposed analytical framework appears to be a valid guide for a thorough explanatory effort on transnational bureaucratic interaction.

Here a few more detailed observations may be in place. The first two dimensions of the framework, namely the development of a policy and related approach in one agent and the reaction to it in the other, are crucial dimensions of the explanation. In the case of China-EU relations, changes in the modalities of engagement between decision-making units from both sides can be related to a large extent to processes inside the two foreign policy structures. The third dimension, independent dynamics of direct bureaucratic interaction, also plays an important role. It is obvious that previous experience of interaction initially guides the modalities of the approach. In addition to this, the question of match versus mismatch in preferences and perceptions appears to have a decisive impact on the evolution of a pattern of interaction and on the chances of reaching specific policy goals. In the cases of MES and arms embargo in China-EU relations complex interplays of matching and mismatching preferences and perceptions have contributed to the eventual failure of both initiatives. Personal ties, another element of this dimension of the framework, also contributed to shaping the interaction to a certain degree. For example, the initiative to send former ambassadors as special envoys relied substantially on networks of personal relations. Also “like-mindedness” among officials dealing with similar issues on both sides, e.g. trade, does appear to help create personal links that do have an influence on larger patterns of bureaucratic interaction.⁸ An important obstacle to this kind of phenomenon is certainly the rotation of staff at least every four to six years, practised in most administrations.⁹ Still two Chinese interviewees emphasised the openness of MOFCOM and the excellent contacts with foreign trade policy makers while acknowledging fundamental differences with MFA staff.¹⁰ There is also

⁸ Interview EU 9, Brussels Q1 2007.

⁹ Interview EU 7, Brussels, Q1 2007, Interview EU 19, Beijing, Q3 2007.

¹⁰ Interview China 1, Beijing Q2 2007, Interview China 4, Beijing, Q3 2007.

evidence that the relations do not necessarily stop after rotation. One interviewee pointed out that personal ties between officials from China and the EU that started while cooperating on a specific technical issue were maintained even after the concerned persons had rotated into new positions.¹¹ Another interviewee stated that relations between decision-making units are passed on to successors after one person in charge switches to a new position.¹² On the EU side it appears that generally the role of personal relations is less important in dealings with the Commission than in dealings with member state ministries, since the Commission has a more functional, technical work culture.¹³ If we move above the administrative level to the top leadership, personal relations between leaders seem to matter a great deal.

At the same time, undeniably the independent dynamics of bureaucratic interaction do not play the same role in relations between China and the EU as, say, between the US and Japan or among states within the EU. In fact, in the interviews no instance of “transgovernmental coalitions” in Keohane and Nye’s sense could be found. This may be related to two reasons. On the one hand, China-EU relations are not yet as dense as relations between the US and Canada or Japan in the 1970s, as in the examples used by Keohane and Nye.¹⁴ On the other hand, intra-EU cooperation and transparency is such that a “ganging up” with outsiders against EU colleagues is close to impossible.¹⁵

The indirect impact of the international environment has also been confirmed. Changes in the China-EU interaction, both in the MES case and on the arms embargo, could be indirectly related to changes in the international system that became apparent after “9/11”. The immediate cause of the changes were shifting perceptions and preferences by Chinese policy makers on opportunities of relations with the EU. This means that the patterns and evolution of bureaucratic interaction depend exclusively on the choices of policy-makers on two sides and the quality of the relationship between them. Yet not to refer to the indirect influence of the international environment would mean to leave out a key factor that obviously shapes the hearts and minds of those directly involved.

¹¹ Interview China 4, Beijing, Q2 2007.

¹² Interview EU 26, Beijing, Q3 2007.

¹³ Interview EU 25, Beijing, Q3 2007.

¹⁴ Keohane and Nye 1975, pp.47-48.

¹⁵ Interview EU 7, Brussels, Q1 2007.

Annex: Description of empirical data

19 interviews on the Chinese side (i.e. persons working directly for or consulting the Chinese government), with 18 different persons (during one interview two officials were present, two officials were interviewed twice); they include:

- 4 MFA officials (level section director, first secretary)
- 1 MOFCOM official (level section director)
- 1 former official from the General Administration of Customs (level section director)
- 12 policy consultants from:
 - o Chinese Academy of Social Sciences
 - o China Institute for Contemporary International Relations (attached to Ministry of State Security)
 - o China Institute for International Studies (attached to MFA)
 - o Institute of World Development (attached to State Council)
 - o Shanghai Academy of Social Sciences
 - o Shanghai Institute for International Studies
 - o Shanghai WTO Consultation Centre
 - o Beijing University
 - o Fudan University
 - o Private sector (law firms)

39 interviews the EU side (i.e. persons working directly for or consulting EU bodies or member state governments), with 41 different persons (during six interviews two officials were present, four officials were interviewed twice); they include:

- 11 officials from European Commission (level department director, desk officer)
- 6 officials from Council Secretariat (level department director, section director)

- 3 officials from European Parliament (desk officer)
- 2 British Foreign and Commonwealth Office (level section director)
- 3 officials from Dutch Ministry of Foreign Affairs (level department director)
- 1 official from Dutch Ministry of Economics (desk officer)
- 1 official from Finnish Ministry of Foreign Affairs (level department director)
- 3 officials from French Ministry of Foreign Affairs (level department director, section director)
- 3 officials from German Ministry of Foreign Affairs (level department director)
- 2 officials from German Ministry of Economics (level department director)
- 5 policy consultants from:
 - o European Institute for Asian Studies
 - o German government think tank *Stiftung Wissenschaft und Politik*
 - o Clingendael Institute, The Hague
 - o Party group in German parliament
 - o SciencesPo Paris.
- 1 Brussels-based lobbyist (working for industry association).

Preliminary interviews, i.e. with general questions, focussing in particular on perceptions, were conducted in Q3 2006. All otherwise interviews were conducted between January 2007 and December 2008.

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