The European Union and the Modernisation of the People’s Liberation Army Navy
The Limits of Europe’s Strategic Irrelevance

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ABSTRACT: This article argues that the European Union has more interests in the People’s Liberation Army Navy (PLAN) modernisation and maritime security issues in East Asia than has traditionally been recognised. The PRC’s naval modernisation intersects with the EU’s foreign and security policy interests in five main areas: the international Law of the Sea; the risks for Europe of being dragged into an Asian maritime conflict and the safety of European trade with Asian partners; Europe’s competitiveness in international markets for naval military systems; the potential for maritime security cooperation against non-traditional threats; and finally, the arms embargo issue and the question of naval technology transfers to China. Through an assessment of the current PLAN modernisation – and Europe’s significant contribution to this effort – the article argues that European policy towards China doesn’t adequately address these five policy areas.

KEYWORDS: People’s Liberation Army Navy, European Union, Maritime Security, EU embargo, UNCLOS, anti-piracy, arms sales, naval technologies

Since 2008, European academics have pointed out a lack of substance in the European Union (EU)-People’s Republic of China (PRC) “comprehensive strategic partnership.”(1) Chinese Premier Wen Jiabao has proposed his definition of the concept as a “long-term” and “stable” relationship “transcending the differences in ideology and social system” so that it is “not subjected to the impact of individual events that occur from time to time.”(2) From an EU perspective, by contrast, a strategic relationship generally entails cooperation beyond purely bilateral issues, to include joint action to maintain international peace, security, and global governance.(3) China’s reluctance to develop a security relationship with the EU has led to introspective analyses on Europe’s weakness as a security actor, depicting China as not taking the EU as a relevant strategic partner and preferring to put narrow economic and technological objectives at the top of its EU agenda, while Beijing deals with the US more seriously on issues of international security. This view is currently widely shared in European foreign policy circles.

Through an assessment of how the modernisation of the People’s Liberation Army Navy (PLAN) impacts Europe’s foreign and security policy interests, this article proposes a nuanced perspective of the EU’s irrelevance as a security actor in maritime East Asia. Beijing rejects the idea of European involvement in the maritime territorial disputes that undermine regional security, and resists European attempts to include discussions on Asian security matters on the agenda of EU-China meetings. Chinese academics generally consider Europe not to be a legitimate security actor in East Asia.(4)

This article argues that, despite Chinese assertions to the contrary, the PRC’s naval modernisation intersects with the EU’s foreign and security policy interests in five main areas:

1. the international Law of the Sea;
2. the risks for Europe of being dragged into an Asian maritime conflict and the safety of European trade with Asian partners;
3. Europe’s competitiveness on international markets for naval military systems;
4. the potential for maritime security cooperation against non-traditional threats; and finally, the arms embargo issue and the question of naval technology transfers to China.

The notion of a “comprehensive strategic partnership” was first mentioned by Chinese Premier Wen Jiabao in May 2004. It was then included in the final joint communiqué of the 7th EU-China summit, held in The Hague on 8 December 2004. For examples of articles pointing out the lack of a strategic dimension in the EU-China strategic partnership, see: Charles Grant, Katinka Barysh, Can Europe and China Shape a New World Order?, Center for European Reform, May 2008; François Godement and John Fox, A Power Audit of EU-China Relations, European Council of Foreign Relations, April 2009; Jonathan Holslag, “The Elusive Axis, Assessing the EU-China Strategic Partnership,” Journal of Common Market Studies, vol. 49, no. 2, 2011, pp. 293-313.

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(4) the potential for maritime security cooperation against non-tradi-
tional threats;
(5) the arms embargo issue and the question of naval technology trans-
ters to China.

So far Europe has only addressed two of these issues: the arms embargo
and the prospects for maritime security cooperation with the PLAN. The
three other issues have been ignored, probably because the EU’s foreign
policy systematically focuses on cooperation, engagement, and trade, and
downsplays security and military issues and the long-term evolution of
the global balance of power, which is typically seen as being the preserve
of the North Atlantic Treaty Organization despite French attempts to define
a European Security Policy. As a result, none of the main pillars of the EU’s
policy towards China addresses the impact of China’s military modernisation
on Asian regional security, the international order, and European secu-

For purposes of background, the first section of this article describes the
current EU approach towards China’s military modernisation. The second
section, through an analysis based on equipment and technology produc-
tion and acquisition, argues that the modernisation of the PLAN is under-
pinned by the pursuit of a bastion strategy and discusses the implications
for Europe of security turbulence in China’s maritime periphery. The third
section turns to the major contribution of European firms to the moderni-
sation of the PLAN through naval technology transfers. The article then ad-
dresses the prospects for maritime security cooperation between Europe
and China through the case study of the anti-piracy operation in the Gulf
of Aden, and the upcoming Europe/China competition on export markets
for naval technologies. In the fifth section, the article argues that the EU
embargo on arms sales to China is unlikely to be lifted, primarily as a result
of the transatlantic partnership. Finally, the last section explores the con-
sequences for Europe of China’s interpretation of the Law of the Sea, and
argues that Europe has a strong interest to bring China to full compliance
with the UNCLOS.

The paradigm of the EU’s strategic irrelevance

The EU’s foreign policy is conceived in normative terms. (5) As far as China
is concerned, the main goal of EU foreign policy is to socialise China to-
wars an acceptance of European political norms of liberal democracy
through engagement. This policy consists of four main pillars defined the
following way on the official webpage of the European External Action
Service: “Engage China further, bilaterally and on the world stage, through
an upgraded political dialogue; support China’s transition to an open soci-
ety based upon the rule of law and respect for human rights; encourage the
integration of China in the world economy through bringing it fully into
the world trading system, and supporting the process of economic and so-
cial reform; raise the EU’s profile in China.” (6) In addition, the EU recognises
that China’s rise as a major power has made it a key partner to address
problems of international security and global governance, with the ult-
imate goal being a “situation where China and the EU can bring their re-

In this line of thought, stronger Chinese naval forces would enable Beijing
to increase its contribution to the international community inasmuch as
the PLAN would be better able to participate in the struggle against such
non-traditional threats as piracy, terrorism, smuggling, and natural disas-
ters. This vision of the future defines the EU’s external security agenda of
“effective multilateralism.” (6)

But China also has unresolved maritime sovereignty disputes with eight
countries in Northeast Asia and Southeast Asia that could spiral into
armed conflict, and subsequently put European trade interests under
threat. Beijing’s commitment to a peaceful resolution through dialogue is
constant r st r to, but China’s naval modernisation has already provoked
a shift in the national defence policies of its maritime neighbours. Japan
and Vietnam are implementing naval modernisation programs aimed at
balancing the rise of China’s naval power. (7) Besides actively developing
counter-anti-access defence technologies, the United States in late 2009
began implementing a new operational “AirSea Battle concept” that di-
rectly targets the PLAN. (70) In East Asia, the maritime sphere increasingly
is becoming an area of strategic rivalry.

Unfortunately, despite the manifest importance of grasping the implica-
tions for Europe of these developments, the EU by and large lacks the ca-
pacity to independently assess China’s growing maritime power. European
policymakers tend to free ride on US expertise, and few European academ-
ics engage in PLA studies. (11) Among EU member states, the strategic as-
essment departments in the Ministries of Defence put limited resources
into the study of the modernisation of the PLA, and rarely exchange infor-
mation with each other. (12)

There are indications, however, that Brussels is now willing to integrate
Asian military issues into the EU’s foreign and security policy towards
China. Three elements point in this direction, including:

- the deterioration of maritime security in East Asia since 2008, with inci-
dents in which China has confronted Japan, Vietnam, the Philippines, and
the US, all of which have collectively raised concerns that a crisis could
erupt that jeopardises European trade and economic interests in East Asia;
- repeated requests by China’s neighbours asking the EU to issue a state-
ment calling for restraint and point out the lack of transparency of
China’s military modernisation; and
- the implementation of the Lisbon Treaty, which further federalises Euro-
pean foreign policy with the creation of the European External Action
Service (EEAS) and a high representative for Foreign and Security Policy
of the EU who also serves as the vice-president of the EU Commission.

The EEAS will be equipped with more efficient tools to monitor strategic
developments in East Asia.

Furthermore, two member states have gone further in addressing poten-
tial risks related to China’s military modernisation. France’s 2008 White
paper on defence identifies the proliferation of ballistic and cruise missiles

5. Zaki Laïdi, EU Foreign Policy in a Globalized World, Normative Power and Social Preferences, Abing-
December 2011).
7. Communication from the Commission to the Council and the EU Parliament, “EU-China, closer part-
gners, growing responsibilities,” 24 October 2006.
8. A Secure Europe in a Better World, European Security Strategy, approved by the European Council held
in Brussels on 12 December 2003.
9. Acquisition by Vietnam of Kilo-class attack submarines and development by Japan of a XASM-3 su-
personic anti-ship missile appear to be targeting China’s aircraft-carrier ambitions (sources: Jane’s Air-
Launched Weapons, 6 December, 2010; Jane’s Underwater Warfare Systems, 12 November 2010).
2011.
11. Recently published European work on China’s Military includes Jonathan Holstag, Tapped Giant,
12. Interviews with various officials from European ministries of defence and foreign affairs, Paris, Brussels,
2010 and 2011.
as a new vulnerability for Europe, implicitly giving a justification for France’s longer-range submarine launched M51 missiles (11,000 km) capable of reaching East Asia and operational since 2010. It addresses Asian and Chinese issues, expressing concern for the EU’s 75 percent dependence on oil while China and India’s demand is rising, citing the possibility of “competition and possibly even conflict” over energy resources.

The regional priorities of the PLAN’s modernisation: Implications for Europe of China’s bastion strategy

The Chinese navy’s current objective is to replace its obsolete vessels and extend its radius of operations beyond the first island chain. By 2025, the PLAN will have built a force structure similar to that of the French Navy during the Cold War. It will have expanded the area covered by its air arm, commissioned two aircraft carriers, commissioned six to eight new nuclear attack submarines (Shang-class follow on) for blockade operations beyond the island chains against the adversary’s sea lanes of communications, and probably three more Jin-class follow-on ballistic missile submarines to perform counter-attack, deterrence, and anti-access operations. Power projection in Europe’s traditional spheres of influence – Africa and the Middle East – is currently not a priority of China’s maritime modernisation. Several Chinese experts defend the need to develop a “Mahanian” navy to protect the expansion of Chinese economic interests. But an analysis focused on equipment procurement suggests the regional priorities that underpin China’s naval modernisation.

Chinese strategists tend to display a comprehensive sense of China’s maritime vulnerability, including traditional and non-traditional threats (see Table 1). So far, China has not yet elaborated a comprehensive maritime strategy to tackle this wide range of perceived threats in an integrated way, although military and civilian experts have been commissioned to propose ideas and recommendations to integrate threat perceptions and operational doctrine into a single strategy paper. Still, China does have a fairly clear hierarchy of goals. Gaining effective control over its claimedExclusive Economic Zone (EEZ) in the East and South China Seas stands out as a priority and serves as a guiding principle, albeit a very loose one, for China’s maritime policies. This regional priority is driven by sovereignty and economic considerations, but its military rationale is also very

Table 1 – China’s comprehensive approach to maritime security: security sectors seen by Chinese naval experts

<table>
<thead>
<tr>
<th>Security sector</th>
<th>Interests and stakes</th>
<th>Current threat assessment</th>
<th>Tasks and missions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Political security</td>
<td>Sovereignty, territorial integrity and protection of China’s rights on sea</td>
<td>Foreign occupation of Chinese territory</td>
<td>Crisis management, back a political solution, recover by force</td>
</tr>
<tr>
<td>Political-military security</td>
<td>National unification</td>
<td>Taiwan Independence Movement</td>
<td>Contain and divide</td>
</tr>
<tr>
<td>Political-territorial security</td>
<td>Counter-interference</td>
<td>US maritime surveillance, Japanese MSDF* expansion</td>
<td>Getting prepared</td>
</tr>
<tr>
<td>Economic security</td>
<td>Economic interests resource exploitation</td>
<td>Resources plundered, vulnerability of SLOC**, smuggling</td>
<td>Enhance the struggle</td>
</tr>
<tr>
<td>Societal security</td>
<td>Public security at sea</td>
<td>Piracy, smuggling, crime, terrorism</td>
<td>Hit and prevent</td>
</tr>
<tr>
<td>Environmental security</td>
<td>Maritime ecology protection</td>
<td>Pollution, disasters</td>
<td>Control and prevention</td>
</tr>
</tbody>
</table>

* Maritime Self-Defence Forces ** Sea lines of communication


17. Interview with a Chinese maritime security expert, Beijing, June 2010.
strong. Establishing sea and air superiority over the area claimed as Chinese maritime territory would enable China to enforce a naval bastion strategy (haijun lengbao zhanlue)
20 fighters, 15 helicopters, and four training aircraft. (20) China has built copies of the Russian fighter-bomber Su-33 (J-15) and is producing its own carrier-flight trainer, the J-9. (21) Having acquired the Ka-31 early warning helicopter from Russia, China is also developing a small carrier-borne early warning plane. (22) The ex-Varyag's military potential should be considered as representing one eighth that of an American aircraft carrier and one fourth that of the current French carrier with limited strike outside of YJ-83K missiles. (23)

The ex-Varyag should be used in China's maritime periphery, first for training in the Yellow Sea in the immediate period after it completes its sea trials, later in the South China Sea, where it can be used to counter the territorial claims of China's small neighbours to features of the Spratly islands. The construction of a new submarine base at Sanya on Hainan Island suggests that the new strategic submarines will also be based in the South China Sea. Safeguarding the patrol areas of the SSBNs (24) would conform to a historically Soviet-inspired "bastion" concept of carrier employment. Such an approach would assign a defensive mission for the carrier, using it to protect the PLAN's SSBNs so as to create the conditions for a credible second strike capability by keeping US submarines, ships, and aircraft away from China's maritime periphery. The Taiwan contingency also remains a potential arena in which the carrier may be employed. From a military perspective, the characteristics of the ex-Varyag would enable her to attack Taiwan's east coast from Hainan using her fighter wing to protect its submarine patrol areas from Japanese and US patrol maritime aircrafts during a Taiwan confrontation. A Chinese carrier could also participate in humanitarian relief operations, and provide strategic support for repatriation operations such as those associated with the evacuation of PRC nationals from Libya in early 2011. Outside of these roles, it seems unlikely that China would employ for offensive operations an asset designed for securing China's peripheral areas.

Underwater weapons represent a powerful dimension of China's area denial architecture. China sees the submarines as an asymmetric answer to delay the progression of US naval forces while the PLA would try to secure victory in Taiwan. To perform this area denial strategy, it is likely that China will field up to 20 air independent propulsion submarines and 30 conventional submarines within the next ten years to extend "the reach of naval defence" across the first island chain (i.e., out to 500-1000 nautical miles). Chinese authors appear to believe that anti-submarine missions should be left to the conventional submarine fleet and to the use of minefields.

All new Chinese conventional submarines are armed with anti-ship cruise missiles and some with land-attack cruise missiles. The modern and conventional submarines (i.e., the Kilo, Song, and Yuan-class boats) would stand a chance of remaining undetected while attempting to ambush US task forces. In addition, China may use Russian super-cavitating, high-speed underwater rockets (Skvall) and already fields Russian wake-homing (53-65) and anti-submarine (Test-71) torpedoes that are difficult to evade. Defensive minefields laid in advance could be activated or deactivated when required.

A Chinese naval force of about ten ships reached the Pacific at the beginning of 2010 by following the shores of Okinawa and Miyako, causing consternation in Japan and demonstrating the PLAN's ability to break out of the inner island chain. Within ten years China should have about 20-22 air defence and cruise missile destroyers, 25 air defence frigates and 30 patrol corvettes. Destroyers will be essential in protecting China's future aircraft carrier(s). The PLAN's best destroyers (052B/C) and frigates (054A) are already attached to the Southern fleet where the future carrier will most likely be based. (25) The 052C (Luyang II) destroyer has been chosen as the preferred class with the third and fourth launched in 2010-2011 at the new Jiangnan shipyard. By 2020, China will have about 20-22 air defence and cruise missiles destroyers, compared with only 13 at present. Some of the new ships will have better anti-submarine capabilities than China's current fleet. They will replace the remaining nine Luda (051) vessels.

China does not have enough destroyers to meet its needs, so it must continue producing frigates. A further 15 frigates of 054A, Jiangkai II-class, or modified versions of this type, will probably be built by 2020 for a total of at least 25. A smaller corvette (056), less sophisticated and less costly than the Jiangkai II, should replace the obsolete Jianghu. (26)

In a specialised journal published by the China Shipbuilding Industry Corporation, Jiang Yu (a pen name) estimates that by 2020 the naval air arm will have 200 long-range attack aircrafts. Priority will be given to concentrating naval resources in the East and South China Seas. By 2020, the Eastem fleet will possess 120 modern aircraft of JH-7A, SU-30Mk2, J-10, and J-11 classes to accompany the H-6s on attack missions within a radius of 400 nm. The Southern fleet will have about 100 aircraft capable of in-flight refuelling as well as the carrier battle group that can handle conflicts in the Spratly Islands. (27)

From now on, naval air cover and stealth missile-carrying catamarans will take on most combat operations in in-shore areas (up to 200 nm), replacing units without integrated combat systems. In peacetime, fishery protection and surveillance missions will be performed by the armed police, which is being provided with vessels decommissioned by the PLA Navy, and by civil paramilitary organisations, as described in Table 2. In disputed areas, such civilian-manned vessels are better suited to reducing tensions with neighbouring powers. (28)

China has also doubled its sealift capability in the past 15 years in response to the perceived threat from the Taiwanese independence movement. China's combined landing crafts could carry at least 30,000 troops and probably as many as 60,000 troops, including 37,000 on small, potentially unseaworthy vessels (see Table 3). Therefore, the widely-accepted estimate of a total sealift capacity of just 10,000-20,000 troops by 2020 – about two brigades – probably underestimates China's current and future sealift capabilities. (29) In addition, by 2025 a series of landing dock ships and possibly helicopter carriers should be available to replace China's older...
tank landing ships, thus greatly enhancing the PLA’s ability to project force across the Taiwan Strait.\(^{(30)}\)

China has also made progress in developing command, control, communications, and intelligence (C3I) systems based on a very low-frequency radio system for communicating with its submarines and on Loran and Changhe long-wave navigation systems, which can be used for operations up to 1,000 nautical miles. From 2020 onwards, Chinese C3I will probably centre on the use of five geostationary and 30 high-earth orbiting satellites. China may have a fully integrated global information system by 2020. Jiang Yu writes that “the period from 2010 to 2020 will be crucial in getting the navy equipped with integrated combat systems (xitong peitao de zuozhan zhuangbei tixi”
conflict would suddenly disrupt the flow of Chinese products to the Western hemisphere, causing shortages in many sectors made dependent on those imports by the massive deindustrialisation process in the European Union. In addition, trans-Atlantic solidarity may drag the EU into a conflict were one to erupt between China and the US over the South China Sea. During the 1995-1996 Taiwan Strait crisis, for example, the US formulated initial requests for support and assistance to allies in Europe. (39)

On the other hand, the prospects for maritime competition with China in the Indian Ocean, the Atlantic Ocean, or even the Mediterranean Sea are distant, and there is room for cooperation. There is no stated ambition from Beijing to project maritime power in these areas. (40) Still, there is clearly no guarantee that China’s strategy will not change. Realist international relations literature argues that intentions change with the accumulation of power. But while for Europe, the potential challenges of the PLAN modernisation rest primarily with maritime security issues in East Asia, Europe-China interactions in the military sphere during the past three decades have resulted in a hugely significant European contribution to the modernisation of the PLAN.

### Europe’s contribution to China’s naval modernisation before and after the embargo

As Liu Huaqing stated in his memoirs, buying foreign weapons is an intermediary step to learn foreign techniques and fill gaps in capabilities and time. China’s ultimate goal is to access the industrial capacity to produce advanced weapons without foreign technical assistance because foreigners won’t share their newest techniques and do not have the same requirements. (41)

Deng Xiaoping’s 1978 reforms opened the door for Western capitalism and technologies alike to enter China. (42) With Washington’s approval, the NATO allies (mainly UK, France, the Netherlands, Germany, and Italy) transferred armaments or dual-use technologies that helped upgrade the PLA in general and the PLAN in particular. For example, the Chinese Navy acquired:

- French naval helicopters (Aerospatiale Dauphin)
- Italian torpedoes (Whitehead A244S)
- Jet engines (Rolls-Royce Spey engines)
- Composite materials technology (from British Petroleum America and Sikorsky)
- Mark 46 Anti-Submarine Warfare torpedoes
- and diesel engines (French Pielstick, German MTU). (43)

During the 1980s, thanks mainly to these European equipment transfers – in comparison, the United States only sold Gas turbines, helicopters, chaffs, and perhaps sonar – the Chinese Navy was able to upgrade or retrofit a dozen platforms (Luhu-class destroyers, Jiangwei I/II-class frigates, some old Luda-class destroyers) with better defensive capabilities. Even so, the gap between the Chinese Navy and the Soviet Pacific fleet remained considerable. China also developed the Exocet-like C-801 anti-ship missile and later made it own variant, the C-802, using a French small reactor from the company Microturbo. A limited number of those small turbo reactors had been sold legally to China. (44) These forms of technology assistance helped the PLAN begin to recover from years of neglect during the Cultural Revolution.

The 1989 Tiananmen Square massacre resulted in a Western arms embargo limiting further weapons sales. European companies were nevertheless authorised to complete the contracts they had signed with China before 1989. In the aftermath of Washington’s spectacular victory in the 1991 Gulf War against an entrenched army resembling the PLA, Beijing redefined its doctrine to be able to win “local wars under high-tech conditions,” focusing on an approach built around “active defence.” Modern technology was deemed to be the key to China’s military transformation. With the end of the Cold War, formal military relations resumed with Russia. A starving post-Soviet defence industry was eager to secure Chinese orders and replace lost orders from East European militaries. However, the end of the Cold War also meant the lifting of restrictions on the export of Western dual-use technologies. Partially circumnavigating the Tiananmen embargo, China acquired space, laser, and ballistic missile technologies from the US, and aircraft, helicopters, ground vehicles, radars, marine engines, and machine tools from Europe. (45)

During the 9th and 10th five-year plans, China used Franco-German Pielstick civilian marine diesel engines to power every single one of its new frigates, amphibious ships, and auxiliary vessels. Those civilian diesel engines lacked the endurance of their military equivalents and were prone to failure at high speeds; however, they were key to China’s naval modernisation. The design for the Jiangkai I/II-class frigates looked so similar to French Lafayette-class frigates sold to Taiwan that some argued that France had passed the blueprints on to China or that some information had filtered out from Taiwan. It seems, however, that this design was due mainly to China’s careful study of all available data. Song-class conventional submarines were clearly inspired by the French Agosta; the information had most likely come from an operator and strategic ally, Pakistan. These platforms merged foreign technologies acquired legally or through espionage and resulted in genuine and apparently successful Chinese designs.

Knowing French and Italian combat systems, China’s 709 Institute is reported to have developed a local area network to integrate the ship’s sensors and weapons fire-control systems. China also copied Russian technol-
ogy, and many of China’s most recent weapon systems are predominantly based on Russian systems. Prominent exceptions include the Type 730 anti-missile gun, which is very similar to the Dutch Goalkeeper; a radar reminiscent of the Thales Smart-L; and an outright copy of the US-German RAM Close-In Weapons System for end-stage missile defence. This analysis is based on resemblances between systems. Generally there is not enough information available to pinpoint an espionage case.

A global outlook: European-Chinese security cooperation and industrial competition

The development of a blue-water capability by the PLA Navy could present Europe and the international community with new opportunities for maritime security cooperation. In many regional security crises, China is seen by some in Europe as a “swing power”: if China remains neutral or opposed to a proposed international response, crisis resolution remains out of reach. During the past decade, this has been the pattern in Sudan, Myanmar, Zimbabwe, North Korea, and Iran, with varying outcomes.

Most importantly for Europe, however, the Continent’s active diplomacy has completely failed to secure Chinese support for European positions and approaches. China has favoured a dialogue with the United States and overlooked European security concerns and cooperation requests. This is also true even in those areas of security policy where Beijing has incrementally adopted an approach more convergent with Western norms and practices, such as China’s evolving approach on nuclear non-proliferation, which has moved in the direction of increasing convergence with the West, but largely as a result of US, not EU, engagement. (46)

The trend in China to overlook European concerns and requests can also be observed in the area of maritime security. In December 2008, the Central Military Commission took the unprecedented decision to send a PLAN flotilla to the Gulf of Aden to take part in an international counter-piracy operation. As the PLA Navy’s first operational deployment outside of Asia, the move raised expectations in Europe that a window of opportunity had opened for bilateral cooperation in the maritime security sphere. The operations in the Gulf of Aden offered a platform for European military-to-military engagement with China at the operational level. Increased interactions with the Chinese navy could ideally initiate a virtuous circle of trust-building and mutual understanding.

At the same time, European naval officers and China-watchers were aware that the PLAN was taking advantage of this deployment abroad to gain operational experience. In the longer term, the operation could justify a Chinese decision to set up naval bases abroad for logistical needs because of the PLAN’s limited capabilities for replenishment at sea. China had strong economic incentives to secure the area, such as the rise of maritime transportation insurance costs, (47) which explains the CMC’s decision better than China’s ambition to become a responsible stakeholder in maritime security. On the whole, however, China’s decision was welcome in Europe because the potential for setting up cooperative security mechanisms at sea exceeded the uncertainties over China’s long-term strategic intentions.

At first China escorted Chinese and Taiwanese ships, outside of the three international coalitions, operation Atalanta (EU operation), operation Ocean Shield (NATO operation), and Combined Task Force-151 (a 25 nations coalition under US command). Communications with other navies were limited, and direct contacts with European naval ships were kept to a minimal level.

The United States took the lead in interacting with the PLAN, with the US Navy being the first to establish contact. US-China communication has led to an informal but intense dialogue at the tactical level with Combined Task Force 151. (48) In Europe, the debate centred in 2010-2011 on China’s participation in Shared Awareness and De-Confliction (SHADE), a dialogue mechanism established in December 2008 to share information among participating navies on a monthly basis. China favours a geographical separation of the theatre of operations into responsibility zones where national navies would escort ships independently but in a coordinated way. (49)

While naval cooperation with China was slow in evolving, the number of ships attacked and hijacked kept rising throughout 2009 and 2010. (50) The area where pirates operate now affects a wide area from the Red Sea to the Seychelles and the Maldives, thus fuelling Indian anxieties about a Chinese naval presence near the sub-continent. (51)

While there is still room for improvement in EU-PRC naval cooperation, Europe and China are also competing over lucrative arms markets. For a long time Chinese naval weapons could not meet Western standards. Their poor quality and lower prices meant that they were a second best for countries such as Egypt, Algeria, Bangladesh, Sri Lanka, Albania, and Romania. The sale of eight Chinese warships and offshore patrol vessels to Thailand since the late 1980s marked a change. Although those vessels revealed serious shortcomings, they were purchased as an alternative to more expensive Western warships, and four – two large frigates and two offshore patrol vessels – were fitted with American systems obtained under the US FMS program. More recently, China has modernised Pakistani frigates, built two frigates and assisted in the indigenous construction of a third for Pakistan with Chinese weapons systems, including copies of French Crotale and Italian Aspide air defence missiles. This latter program came as a substitute to the purchase of second-hand Western platforms. Pakistan is also said to have selected China over France and Germany for the construction of its future Air Independent Propulsion submarines. (52)

Chinese experts argue that arms sales to Pakistan serve as a window to showcase Chinese naval technologies to Middle East countries. (53) China is now likely to offer an alternative to Western designs in the Asian, African, and South American markets. Chinese shipbuilders have participated in the Chilean Exponaval since 2002 and could tender for the modernisation of the Ecuadorian Navy and perhaps the construction of a Brazilian aircraft carrier at the end of the decade, in direct competition with France. (54)

The arms embargo: Assessing Europe’s calculated ambiguity

The EU arms embargo towards China is the only EU embargo adopted before the construction of a Common Security and Foreign Policy (CSFP)

47. Interview with a senior Chinese maritime security expert, Beijing, December 2010.
53. Interviews with Chinese experts of South Asia, Beijing, March 2010.
54. Stephen Saunders, Jane’s Fighting Ships, various editions; Bernard Prezelin, Flottes de Combat, various editions.
under the 1992 Maastricht Treaty. As such, the EU arms embargo against China is not a “common position” of the European Union, but a non-legally binding political declaration of the Council. It leaves open room for interpretation by member states on non-lethal arms, dual technologies, information exchange, training, and software. This distinction is reflected in Chinese by two different terms, “comprehensive embargoes” (quanmian jinyun).
individual members’ export decisions based on national interests. Each member can still make its own interpretation of the Common Position to justify arms transfers if it so chooses. (67)

Addressing the issue of dual-use technology transfers, the European Council on 5 May 2009 adopted Regulation No. 428/2009 setting up a Community regime for the export, transfer, brokering, and transit of dual-use items. (68) The Regulation includes a list of dual-use items drawing from the practice of multilateral international agreements and export control regimes, including the Wassenaar Arrangement, the Missile Technology Control Regime, and the various international documents regulating the international trade of dual-use items used in manufacturing Weapons of Mass Destruction. But the final decision on implementation of the Regulation still lies in the hands of the EU member states. (69)

In reality, the debate over lifting the arms embargo made the EU realise the dramatic trans-Atlantic implications of such a decision. Threats of sanctions and loss of access to the US market have effectively deterred European defence firms such as the UK’s BAE Systems from supporting such a move. (70) Officially, the EU still considers lifting the arms embargo an “ultimate goal,” but in practice there is a tacit agreement among European governments that the issue should be set aside. No member state can launch a credible policy review on this issue. Hence, when in late January 2010, Spain’s foreign minister said that Madrid was “weighing the pros and the cons” of lifting the embargo, there was not even a strong public Chinese reaction. (71) The sense among most serious observers of Spanish foreign policy was that Spain was pushing its own China agenda, not describing a serious EU-wide position. Indeed, since the 2007 10th EU-China summit, mention of the arms embargo has been removed from the final joint communiqués of the annual summits. (72)

The 2011 financial crisis in Europe provided China with a new opportunity to raise the embargo issue. In November 2011, European countries asked Beijing to pursue European Sovereign Bonds through the Financial Stability Fund. On a subsequent trip to Europe, President Hu jintao stated that the easing of Europe’s restrictions on exports of high-technology products was still a priority, without explicitly linking the lifting of the arms embargo to possible Chinese assistance in overcoming Europe’s debt crisis. (73) The major weakness of Europe’s calculated ambiguity is that China can raise the embargo issue every time the EU attempts to further develop the EU-China strategic partnership. But the likelihood of a European policy shift on the embargo in the mid-term is very low, in view of the factors described above.

The international Law of the Sea and Europe’s long-term strategic interests

One of the problems encountered by Europe in crafting a policy towards East Asian maritime disputes is that there is only a very slim chance that international law will prove helpful in providing solutions to the competing sovereignty claims and security problems of the region. China does not recognise the competence of the International Court of Justice or other tribunals for adjudicating maritime disputes. On 25 August 2006, the Chinese government added a reservation under Article 298 of the United Nation Convention on the Law of the Sea (UNCLOS), under which it does not accept UNCLOS procedures to solve most categories of territorial disputes. (74) Article 298 defines compulsory procedures for legally binding decisions in case of dispute between signatory states. China thus rejects the compe-
the high seas applies to military activities. Therefore, the legal basis for coastal states to reject other states’ military activities in their EEZ, including surveillance and exercises, is weak. UNCLOS puts forward the notion of “due regard” that states should have to the rights and duties of coastal states, and of compliance to the national laws and regulations of the coastal states. Moreover, military activities in the EEZ of a coastal state could be interpreted in some cases as threatening and thus inconsistent with both the 1982 UNCLOS and the UN Charter.

However, China rejects activities that it considers hostile, such as “espionage.” Mark Valencia, a maritime security expert at the Nautilus Institute, argues that China could tolerate passive collection of electronic intelligence, but that interference with Chinese military communications to test its defensive systems would provoke a military reaction. China has also remained ambiguous on whether the Chinese Navy would enforce the rejection of military activities without prior notification only in China’s internationally recognised EEZ – calculated from China’s coastal baseline – or also in the maritime territories claimed by the PRC in the East and South China Seas.

The restrictions that the Chinese government wants to apply to innocent passage in China’s claimed EEZ are problematic for Europe for several reasons:

– They represent a factor of strategic instability that has caused military incidents such as the March 2009 harassment of the US surveillance ship USNS Impeccable by Chinese paramilitary forces 75 miles south of Hainan.

– Unlike the EU – and despite the fact that it has not ratified the UNCLOS – the United States refers to UNCLOS to legitimate its military activities in China’s EEZ. Risks of naval incidents with European military vessels are minimal since France, Britain, and Germany’s annual or biannual deployments to China are related to pre-approved port-visits, not military intelligence collection efforts.

– China’s rejection of innocent passage in its EEZ may be part of a revisionist strategy on the international Law of the Sea that could contradict European interests. With the exception of Portugal, the EU overwhelmingly supports UNCLOS as the basis for international maritime security. In the past, China has successfully built large coalitions at the Human Rights Council of the United Nations. China’s legal revisionism could weaken the EU and US positions.

**Conclusion: Understanding the EU’s true strategic relevance vis-à-vis China**

The EU has more interests in PLAN modernisation and maritime security in East Asia than has traditionally been recognised. Indeed, the modernisation of the PLAN raises bilateral, trans-Atlantic, and global issues for the EU’s nascent common foreign and security policies.

On the bilateral EU-China front, the first challenge for Europe is to reinforce its independent capacity to engage in strategic assessment; otherwise it will not be able to break away from a normative approach that fails to address China’s military modernisation in a comprehensive manner. There is a need in Europe for strategic reassurance on long-term Chinese intentions, as there is a need for assurances that China will exercise self-restraint in its maritime disputes with weaker neighbours.

European policies should focus on simple goals: making European concerns clear and unambiguous to China; and integrating maritime security into the Europe-China strategic dialogue and into European dialogues with the US and East Asian states. Only through such a process will Europe be able to explore cooperative engagements with China on counter-piracy, non-combatant evacuation operations, and rescue and relief operations on a sound basis.

Europe has a strong interest in bringing China into full compliance with UNCLOS. Chinese restrictions on freedom of navigation for military ships in the EEZ, and the notion of “historical maritime rights,” run counter to French and British approaches to the Law of the Sea. In a crisis, those gaps would increase the difficulty for Europe and China of finding common ground for crisis resolution. Additionally, Europe should pay attention to the challenges posed by China’s adoption of a strategy of “legal warfare,” which seeks to form an international coalition to renegotiate the UNCLOS, undermining European interests.

Furthermore, the trans-Atlantic partnership determines to a large extent the EU’s approach to maritime security in East Asia. There is no reason to think that new conditions would allow termination of the arms embargo towards China. The trans-Atlantic partnership could also drag Europe into a maritime conflict in East Asia. If the US intervened militarily in a regional crisis, European allies would almost certainly be asked to contribute politically or militarily. As such, Europe should press the United States to ratify UNCLOS in order to reinforce Europe and US common positions on this issue.

Finally, competition on the international arms market seems inevitable, and Europe will need to think hard about how it can stop the leakage of sensitive military and dual-use technologies to China.

In the short and longer terms, the EU and China have a number of common interests in international stability that call for improving naval cooperation, including humanitarian relief operations, repatriation operations from war zones, and anti-piracy operations. The maritime front will thus remain an area where increased engagement between the EU and China should be pursued.

