EU-China Relations: The influence of member states' preferences on decision-making

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I. Introduction

The bilateral relationship between the EU and China has increased in scope from the late 1990s onwards, and by the early 2000s some scholars spoke of the emergence of a new 'strategic axis' between the two powers (Shambaugh, 2004), or at least of a significant development in the landscape of the international system (Scott, 2007). The EU released a succession of policy papers recognising the importance of a rising China as a global actor, and by redefining the relationship the EU tried to expand its profile as an international actor. Both sides have (since 2003) started using the phrase 'strategic partnership' to describe a broader joint vision of where the relationship should be headed. This phrase is controversial and has been open to interpretation from different policy makers, scholars, and analysts: it is a phrase "suggesting recognizable convergence, collaboration and coordination, generally shared perceptions and/or interest" (Scott, 2007, p. 23) that seems to defy precise definition. The use of the word 'strategic' implies that the EU is trying to achieve greater coherence in its external relations with great powers, expanding the Common Foreign and Security Policy, which in the past have been the competence of member states.

While expectations were high on the basis of the 2003 policy papers, such strategic cooperation with China has arguably failed to emerge at the EU level. The relationship cooled by 2006 after a series of diplomatic disputes with China, revealing the difficulty in unifying the positions of different member states on issues as varied as trade, human rights, and technological exchanges. The EU-China relationship is fairly understudied, partially because it is a relatively recent development, partially because it runs parallel to member states' bilateral relations with the PRC, and also because it has usually been considered as secondary in importance to the US-China relationship (Yahuda, 2008). However, with China's presence in international politics increasing and the EU attempting to better define its foreign politics at the collective level, it is worth studying what the drivers and motivations are behind the development of a collective EU positions on China, and why the initial optimism about strategic cooperation cooled so abruptly.

My research is inspired by some of the issues raised by Christopher Hill and Reuben Wong (2011), who study the convergence or 'Europeanization' of national foreign policies and the impact national governments have on EU foreign policy output regarding great powers like China or Russia. Since their edited volume does not delve into the issue in any great detail, I pose the following research questions: to what extent do the policy positions of Germany, France and the UK influence collective EU decision-making towards China? Which factors improve or constrain their ability to do so successfully?

The main objective is to find out whether China policy is still a truly intergovernmental arena, or whether there has been some degree of convergence between member state positions and those of the European institutions. To do so, only the three largest member states are considered, because they are

at once recognised as probably being the most instrumental in shaping the EU-China relationship, providing strategies and diplomatic weight, but are also often in competition with each other, revealing something of what happens at the EU level when member state strategies conflict (Barysch, 2005). I study two recent cases in different policy areas, but in which disputes with China prompted the necessity for decisions to be made at the EU-level: the textile trade dispute and the debate over the arms embargo. The final analysis suggests that while these decisions mostly follow an intergovernmental logic, the ability of member states to influence the outcome of each decision is constrained much more than expected by EU institutions and business lobbying (in trade) and by external actors (in security).

II. The making of the EU's China policy

One of the main difficulties of studying the EU's foreign policy is the Union's ambiguous nature as an international actor. It is neither a state nor an international institution (Hill and Smith, 2005), leading to debates about what kind of an actor the EU is and whether there is a collective EU foreign policy. The Union's decision-making processes are characterized by their multidimensional and multilevel nature, in which formal and informal competences and relationships overlap and vary according to policy issue (Schimmelfennig and Wagner, 2004). Its foreign policy can best be described as the interwoven strands of national foreign policies of member states, external trade relations and development (the 'first pillar' in the Union's treaties), and the second-pillar Common Foreign and Security Policy (Hill and Wong, 2011; Keukeleire and MacNaughtan, 2008; Beach, 2012; Hill and Smith 2005; Tonra and Christiansen, 2004). The EU's relations with China span all of these dimensions- commercial policy, strategic issues and the political-normative are of human rights and democratization (Holslag, 2010) -, so we can expect the forces driving the EU's China policy to vary, depending on the level of analysis, policy area of the issue at hand, and the competences of the EU institutions involved.

Many studies on the development of the EU-China relationship emphasize the importance of the changing international context and the impact of globalization since the 1990s (Casarini, 2006; Scott, 2007; Stumbaum, 2007a; Shambaugh, Sandschneider and Zhou, 2008; Fox and Godement, 2009; Schweller and Pu, 2011), which is also evident from the EU's and PRC's repeated rhetorical commitment to global governance and multilateralism (Commission, 2003). At this level, systemic theories of International Relations usually focus on the potential challenge the emergence of China poses to the US's position as a superpower in a unipolar system, and lead naturally to the question of whether or not the EU itself is or will be a global power and how it sees China fitting into this. This balance-of-power approach argues that in the current international system either side could use the other "as a strategic weight to balance off troublesome neighbours or even partners" (Wong, 2012, p. 205), like Russia or the US (Lanxin, 2004). While American realists are concerned about the instability the emergence of a multipolar system would entail or about a more assertive China-as-threat, neither points of view are widely shared in Europe (Gill, 2008; Stumbaum, 2007b), also because the EU has no direct strategic presence in the East Asia region, unlike the US (Holslag, 2010). These differences were exacerbated by the deep divisions over the US-UK initiative in the Iraq war in the same period Europe and China sought to cooperate more closely (Shambaugh and Wacker, 2008), an element of the relationship that tends to be emphasized by French and Chinese scholars and commentators (Wong, 2012).

On the other hand, this element of security cooperation is unlikely to emerge because of the vast differences between the EU and China in foreign policy objectives, political structure, threat perceptions, and in their normative value systems (Scott, 2007; Stumbaum, 2013). While China might have hoped that the EU would challenge US dominance in international relations, this was unlikely to be an objective shared by the EU (Cabestan, 2006; Wong, 2012): the EU's vision for the international order is better described as a rules-based multilateralism (Scott, 2007). Cabestan (2006) argues that despite the traditional divide in the European Union between 'europeanicists' and 'atlanticists' (see also Keukeleire and MacNaughtan, 2008) it has become clear to China that the EU does not mean to oppose the US. Many member states identify closely with the US on a normative basis, while they might feel that China does not adequately respond to the 'normative posturing' of the EU on issues like human rights (Holslag, 2010, p.325). An example is the growing tension with China over regional power dynamics in Africa (Grant and Barysch, 2008), where China in pursuit of greater energy security has connections to regimes the EU condemns for their disregard for human rights (Barysch, 2005), and where China has also become a formidable competitor from an economic point of view.

China's economic growth is both a source of cooperation and tension in the relationship. Concerns are mainly about the EU's rapidly growing trade deficit with China, lack of protection of intellectual property rights, and China's position as a competitor in markets where the EU used to have an advantage (Schüller, 2008). Andreosso-o'Callaghan and Nicolas (2008) suggest the member states need to alter their political approach towards China in the view of China's increasing economic bargaining power: it is becoming increasingly harder for the EU to "strengthen its [political] influence on the back of economic interdependence" (Holslag, 2010, p. 334). The connection between the EU and China has intensified even further as a result of the recent economic crisis in recent years (Casarini, 2013), increasing the likelihood of political tension over these issus.

Most member states have carefully maintained their own China policies and bilateral relationships (Casarini 2006; Fox & Godement, 2009). It is generally accepted in the literature that the member states are unlikely to give up on their own 'special' bilateral relationships with great powers, an area of politics in which a realist conception of state sovereignty still weighs heavily. Relations with great powers in the EU are more likely to be intergovernmental in nature than other dimensions of the EU's external relations (Dahnhaerdt, 2011; Grant and Valasek, 2007). To complicate things further, the economic opportunities China presents to member states' national economies lead to stiff competition between larger member states to obtain the most favourable business contracts, which the PRC is known to take advantage of in its diplomacy towards individual member states (Sandschneider, 2002). Keukeleire and MacNaughtan (2008) explain that Member State interests may hinder the development of a common foreign policy position by being either by "divergent and incompatible" or "convergent but competitive" (Keukeleire and MacNaughtan, 2008) with each other. In general, "member states follow the EU line with different emphases," (Stumbaum, 2007b, p. 353). For instance, all EU

members subscribe to the 'one China' policy, and deal with China on a broad range of issues according to their own priorities, which also includes non-traditional security issues like climate change and counterterrorism. While it is also generally recognized that France, Germany and the UK have had the most impact on a collective China policy (Stumbaum, 2007b), it is less clear to what extent individual member states succeed in influencing the direction of the EU's China policy, particularly in cases of conflicting interests.

Despite frequent commercial competition between member states for access to China's markets, the EU's China policy arguably shows some progressive harmonization through its institutionalized mechanisms of cooperation, particularly high-level dialogues with China (de la Batie, 2002). Reuben Wong (2008) is one of the few to note that there has been a significant convergence in member states preferences and the Commission's China policy, shaped by a two-way process of 'Europeanization'. He argues that Germany, with its successful economic model paired with a non-confrontational diplomacy on human rights, has had a large impact on other member states' and collective China policy (Wong, 2008, p. 173), and even that collective human rights norms established at the EU-level has at times restricted the ability of other member states to manoeuvre away from the European consensus during negotiations.

Cameron points out that the member states seem to have coordinated their positions on very specific and often technical issues (Cameron, 2009), mainly through negotiation and bargaining with the Commission. May-Britt Stumbaum affirms this view, arguing that European China policy is based on a "congruence of interests, rather than a convergence of the foreign policies of individual member states" (Stumbaum, 2007a, p. 58), causing the EU's policy to lack an overarching strategy. Another factor might be found in the characteristics of national governments themselves: Keukeleire and MacNaughtan (2008) find that the constitutional set-up of a member state affects the efficiency and even the objectives of its foreign policy, while "leaderships and their visions in the past have served as very important, sometimes determining, elements for the development of the China-EU relationship" (Shambaugh, Sandschneider and Zhou, 2008, p. 307).

Finally, the impact of the European institutions themselves is also subject to debate. While the European Parliament has generally taken a much more critical approach to China than national parliaments and other EU institutions, particularly on human rights, Tibet, and the environment (Cameron, 2009), its actually role in foreign policy remains rather limited. The Council of the European Union does not give much attention to China policy, which generally adopts much of the Commission's proposals "without serious debate, although they were usually subject of extensive consultation with member states." (Cameron, 2009, p. 58) The European Commission is the main actor: by 2002 Algieri already claimed that the EU-China relations featured a "highly institutionalized and interwoven level of cooperation" (Algieri, 2002, p. 76). According to a neo-functionalist logic, he

argues that EU-China relations stem largely from the way the EU's external relations have been structured by the member states over time (Algieri, 2008). The Commission's initial output was based on German and French national China strategies of 'constructive engagement', aiming at involving China in global politics and encouraging internal reform through economic interdependence (Casarini, 2006). The Commission had already started political dialogues with China in 1994 and has been 'hammering out' its strategy (Scott, 2007, p. 24) through its Communications of 1995, 1998, 2001 and 2003 on the subject . Cameron (2009) argues they are a reflection of what was politically feasible to member states at the time and relevant to the international situation, noticing a shift towards concerns over economic and trade issues. The Commission has been particularly prominent in trade, frequently representing the Union in negotiations with strong economic powers, especially in the WTO (Hill and Wong, 2011, p. 8) On the other hand, it is constrained in CFSP, often "finding itself awkwardly straddling EU foreign policy" (Keukeleire and MacNaughtan, 2008, p. 86) due to the boundary problem between EC and CFSP, as in practice issues that come up in China policy often span both pillars.

III. Theoretical framework

One of the key questions in European integration theory and within my research centres on "the impact of the various actors on the development and functioning of EU foreign policy" (Keukeleire and MacNaughtan, 2008, p. 330). The literature reveals a general consensus that despite the different levels of analysis involved in the relationship with China, common foreign policy in the Union in general and the relationships with other great powers in particular are policy areas where states are the least likely to give up or compromise their national foreign policies. From this perspective, a liberal intergovernmental framework makes a good starting point to investigate to what extent the larger member states have been able to pursue their foreign policy objectives towards China through the EU. Liberal intergovernmentalism presupposes that the formation of member states's preferences at the domestic level and their ability to bargain and negotiate agreements with each other are the key drivers of integration. It assumes member states pool their resources to derive the benefits of scale that a collective policy offers, while avoiding political costs from negative actions such as sanctions against a third party (Moravcsik and Schimmelfennig,2009). On the flip side, the failure for a truly strategic partnership with China to emerge would then be down to the ultimate inability of the larger member states – here understood as France, Germany, and the UK- to reach a consensus, due to differences in national interests and competition with each other (Keukeleire and MacNaughtan, 2008), thus resulting in a non-decision at the EU level with no collective position being taken.

Liberal intergovernmentalism, as theorized by Andrew Moravcsik, features two basic premises. States are the main actors, driving European integration forward in a context of international anarchy; they rationally pursue their own interests, which are in turn shaped at the domestic level by interest groups, public opinion, and policy-making elites. It is liberal because of this focus on state-society relations and because it assumes the validity of international (economic) interdependence (Moravcsik, 1993). Integration at the European level occurs as a result of intergovernmental negotiating and bargaining, with supranational institutions like the European Commission as secondary actors, which are created or adjusted by member states to enable policy coordination (Moravcsik, 1993).The choice of supranational institution is thus the third and last step in Moravcsik's theory. This idea of split levels is partially based on Robert Putnam's famous idea of two-level games and on rational choice approaches, which assume that "states are rational actors; weighing courses and choosing the one that best maximizes utility," (Moravcsik and Schimmelfenig, p. 69, 2009) before entering negotiations. States' foreign policy objectives thus shift as a result of pressure from domestic interest groups, whose preferences are aggregated through political institutions. Domestic economic interests are usually considered the most important in preference formation, but Moravcsik argues that geopolitical and strategic considerations often also have a strong influence, especially when the trajectory of events is uncertain. Policy makers can be expected to incorporate the short-term possibility of

economic benefit (in the form of lucrative contracts or improving the state's competition position, for example) into their foreign policy strategies, which are projected to the EU level when states see an opportunity to improve the overall competitive potential of the EU or of defending its security interests in ways that cannot be achieved through national foreign policy alone: negotiations serve to find room in the EU's institutional structure and the strategic context to meet these demands. (Moravscik, 1993)

There are some caveats, however. One of the main problems of this approach (that is relevant to the questions addressed here) is that it "also posits that actors' preferences remain fixed during the processes of interaction and bargaining" (Risse-Kappen, 1996, p.56), which makes it difficult to account for processes in which actors' interests and preferences are shaped by the EU institutions and the integration process itself , or are "mutually influencing" (Keukeleire and MacNaughtan, 2008, p. 124). The forming of China policy often does not take place in formal negotiation situations among member states, meaning there are no 'historic decision-making moments' (M.E. Smith,2004) in the same sense that treaty negotiations are. Especially in areas that are more integrated and where the Commmission has more competences, such as trade and commercial policy, influence is "characterized by transnational and transgovernmental coalitions among private, subnational, national, and supranational actors" (Risse-Kappen, 1996) that are sometimes hard to distinguish from each other. As a result, theorists (particularly constructivists) expect that this process of actors influencing each other, combined with the socialisation of policy-making elites, will lead to subtle changes in member states' definitions of their interests (Øhrgaard, 2004, p. 33) Moravcsik and Schimmelfennig do recognize this dimension in the integration of foreign policy to some extent, arguing that " European integration is not about replacing the nation's state foreign policy but… adapting it to cope with globalization" (Moravcsik and Schimelfennig, 2009, p. 73). They argue this process of adaptation does not rule out processes of Europeanization and mutual influence.

However, the main argument in favour of liberal intergovernmentalism is that it helps avoid the pitfalls of causation the Europeanization and constructivist literatures stumble onto : if the two levels of foreign policy (national and European) interact and change simultaneously, it becomes difficult or even impossible to determine the direction of causality (Olsen, 2002; Hill and Wong, 2011) While it must be acknowledged that a single theoretical framework cannot explain all possible dimensions of the EU's foreign policy, these restrictions are perhaps useful when studying the EU's external relations with great powers such as China because it is one of the areas more likely to be decided along intergovernmental dimensions (Keukeleire and MachNaughtan, 2008, p. 330), and such a simplification helps avoid conceptual confusion.

I derive the following hypotheses concerning the shaping of member state preferences and their ability to influence decision making process in the EU's relationship with China from the theoretical

framework, with some adjustments. The first point derived from the theory is that we can expect policy arena to matter a great deal in how successful member states are at pursuing their own objectives in the China policy through the EU:

H1: the closer an issue is related to security or defence, the more likely it is that large individual member states will be able to project pre-existing strategies or foreign policy objectives onto the collective outcome of EU decision-making

H2: Because the Commission has exclusive competences in trade and economic policy, economic issues have a better chance of being decided by majority member state consensus so that no one member state is likely to dominate outcomes.

If there is relatively little public interest in a policy issue (and thus less pressure from civil society), Moravcsik expects more room for the government to pursue pre-existing foreign policy strategies (Moravcsik, 1993). This is probably particularly relevant because many EU-level issues are not particularly salient and so don't attract a lot of media attention. There are some modifying circumstances in the cases studied, however, which might have increased the importance of public opinion, for example the upcoming federal elections in Germany and the Constitutional Treaty referendums in France.

H2; the identity and influence of domestic groups vary across issue areas, with lobbying more likely to have a strong effect when pressure groups within a member state are united in their preferences. Because economic interests are probably the key factor in Europe's China policy, business lobbying is expected to have the strongest impact on national government preferences and decision-making at the EU level.

H3: *Public opinion is expected to be more important if an issue has a clear commercial dimension as opposed to more traditional issues of foreign policy;*

H4:, the closer a government is to a (national) election, the more likely it is that domestic public opinion and/or parliaments become more important in shaping its preferences for EU-level policy decisions.

The final factor that might influence national governments is pressure from external actors; while not strictly accounted for by the theoretical framework, it is clear from a review of the literature that the US and China itself also have the capacity to influence member state positions. Both pressure governments and EU institutions to adopt decisions in their interest, and sometimes purposefully play off member states against each other. A review of the development of EU-China relations reveal that the US relationship, for instance, is an important consideration for many member states, while China's internal reform decisions help shape European attitudes towards it.

H5: The more pressure from external actors like the US and/or China, the more divided the member states will be and the harder it will be for any one state to influence decision-making.

IV. Research methods.

Dependent variable

The dependent variable is the member states' ability to achieve the desired outcome in the EU-level decision making process, or in this case influence the emergence of a collective position towards China. Indicators would be the extent to which member states' national preferences are reflected in decisions taken at the EU level, or a member state's influence over the positions of other member states or supranational institutions (Müller, 2011).

One way to understand this process is by using the concept of 'uploading' or projection derived from the Europeanization literature of policy making, which refers to the "projection of national preferences, ideas and policy models to the EU level" (Wong 2008, p. 157). Preferences and ideas are formed at the domestic level according to the logic of liberal intergovernmentalism, and then pursued through negotiation at the EU-level.

Independent variables

Because of the EU's multidimensional nature, both national and international processes have an impact on the preference formation of member states and their ability to pursue these at the EU-level. These include developments in the international context or within the disputes itself; changes in national governments; and pressures from other international actors (Müller, 2011). While the dependent variable is the outcome of the decision-making process, the influence of these processes constitutes the set of independent variables (IV).Three of these are shaped on a national level, while the other two are international.

IV1: National government position

National governments's 'bargaining sets' emerge at least partially out of pre-existing policy preferences and commitments (Stumbaum, 2007b); especially in foreign policy, many governments have a general vision of the strategy they wish to pursue with regards to China. This is usually carried out by national leaders and other important government figures, and as a result is also subject to change through changes in the government. Naturally, being re-elected is one of the main aims of government leaders: therefore, national parliaments also help shape these positions, representing possible constraints posed by the electorate.

IV2: Public opinion and media coverage

Public opinion and media coverage reflect the amount of public attention paid to issues, as well as the relative salience of each issue to the electorate. A strong public opinion on a topic can either strengthen a member state's bargaining position, or act as a constraint on national leaders, particularly if elections are coming up.

IV3: Interest group lobbying

The technical nature of many EU-related issues make decision-makers more likely to rely on the expertise offered by lobbyists. Since economic interests are so important in many member state China policies and the EU's bilateral external relationships, we can expect business lobbies to have a strong impact on the bargaining sets of member states. This is also includes lobbying by associations at the European level.

IV4. Issue area and the competences of European institutions

The nature of the issue at stake determines to what extent European institutions are able to coordinate member state positions; when the Commission is involved in economic policies, it is probably easier for member states to compromise over issues through QMV voting procedures in the Council. Simply put, the issue area defines the rules of the decision-making procedure member states comply with.

IV5. Influence of external actors

In particular, pressure from the US and China is expected to constrain member states in their policy options or set them into a certain position.

Case selection

I consider two cases in which the EU collectively tried to form a position towards China, arising from situations where member states' interests clashed but a decision needed to be made regardless. The first case is the issue of the textile trade dispute with China, while the second deals with the debate around lifting the arms embargo against China and the possible security implications this might have. Because the two cases unfolded in the same period of time, other factors (like the international context and the EU's institutional structure) can be expected to be fairly stable, as were the composition of member state governments: the cases differ from each other primarily in terms of issue area (trade vs. foreign and security policy) and the respective decision making procedures involved.
I aim to analyse the formation of national objectives at the domestic level through to the final outcome of the EU decision-making process and assess to what extent national governments were able to influence the outcome, as well as the role played by the various independent variables. As Scott (2007) points out, it is it is interesting that the Trade Commissioner "made a point of embedding the technicalities of the textiles agreement into the wider EU–China 'strategic relationship," (Scott, 2007, p. 30), demonstrating just how broadly the concept is understood across different levels.

I've restricted the study to France, Germany and the UK, simply because they are the largest member states and are the most likely to be able to have an impact on collective bargaining outcomes. They

also all have well-developed national China policies, illustrating some of the conflict inherent in trying to translate aspects of national bilateral relations to the EU level.

Both case studies are treated in three sections each: first, I discuss the background of each case and the decision making processes that apply to the particular issue area; then I compare the formation of member states preferences in each of the three countries, before assessing the outcomes against the independent variables in order to reach a conclusion.

V. Beyond CFSP: the 2005 Textile Trade Dispute

a. Background & decision making procedure

The Commission considers China "the single most important challenge for EU trade policy" (Commission, 2003b). The EU collectively is China's largest trading partner, while China' share in the total trade of the EU is second only to the US, at a share of 12,5% of the total value in 2013 (DG trade, 2013). While a boom in trade and investment took place between the EU and China following the latter's accession to the WTO, which the European Commission helped negotiate, the 2003 Commission Communication already reveals some concerns about China as a competitor. Most member states have at one time or another complained about China as a unfair competitor that doesn't always honour WTO obligations, fails to provide sufficient legal protection to European companies, especially on intellectual property rights, and doesn't provide full market access. In response, the Commission states it cannot grant China Market Economy Status (MES), suggesting that "the technical aspects are vital, but I also believe that attitudes in Europe and elsewhere towards granting market economy status will be influenced by a broader perception of how China is developing, in its political, social and economic behaviour, both at home and abroad." (Peter Mandelson, 2005).

Trade policy is one of the few areas of the EU's external relations where the Commission has exclusive competences. The Commission acts as key negotiator and coordinator while decisions are made in the Council through a qualified majority voting procedure (QMV). Trade policy is "at the origin of the EU as an international actor" Keukeleire and MacNaughtan 2008, p. 200) and forms the basis of the EU's foreign policy mechanisms, including sanctions , embargoes and support for developing countries . On the other hand, it sits somewhat uncomfortably with the rest of the EU's external policies, reflected by the ongoing debate over the scope of the Community competence in trade at almost every treaty revision, and by the failure of the Constitutional Treaty, which would have established such competences for services, intellectual property and foreign direct investment (Meunier and Nicolaïdis, 2006).

The EU's trade policy is politicized further with the EU's role in the WTO, where the EU pursues its objectives of multilateral trade liberalization, much of which collapsed during the 'Doha development round' due to deep seated conflicts of interests between much of the third world and the EU and the USA over agricultural policies and access to emerging markets like China and India. The latter has been a long time goal of European trade policy towards China, including improving the rule of law and protection for European companies, but policy towards China also suffers from the ambiguity of not being able to open up own markets entirely :'the EU cannot demand openness from China from behind barriers of its own' (Commission, 2003).

Member states' shares in trade with China vary considerably (Hallaert, 2005), with Germany having by far the largest share of the EU's trade with China, nearing 40%. These discrepancies alter their

strategies and objectives towards EU policy (Fox and Godement, 2009) and leads Wong to hypothesize that trade is indeed the least likely candidate for an 'Europeanization' of China policies (Wong, 2008). The dominant position of economic interests in the foreign policies of member states towards China is usually suggested as one of the main reasons for the failure of a more concrete common policy to emerge (Casarini, 2006; Fox and Godement, 2009). This is in contrast to member states' relations with the US (and Russia, to a lesser extent), which tend to also prioritise strategic and political concerns, instead of the short term commercial interests that seem to primarily motivate China politics (Barysch, 2005, p. 11; Holslag, 2010), making the EU approach to China seem 'underpowered' (Smith and Xie,2 2009 p. 170). Others claim that actually, "EU members have succeeded in maximising their economic leverage as a trading superpower vis-à-vis China" by allowing the Trade Commissioner to negotiate on their behalf (Casarini, 2006, p. 17) and using 'the European card' (Wong, 2008, p. 162) in trade dealings with China, particularly when no single state wants to be singled out in the case of repercussions to negative EU measures (Müller, 2011). Furthermore, the institutionalization at the EU level of commerce with China arguably helps trade to continue to grow despite clashing interests between key European actors (Wong, 2008).

Direct confrontations with China usually involve European industries which are vulnerable to outside competition and the question of whether or not to shield them by protectionist measures. The impact of imports from China creates pressure on the competition position of the EU's own industries, as does the increasing trade deficit between China and Europe. Since the labour-intensive manufacturing sectors suffering the most from Chinese competition are located mostly in the southern and newer member states (with the exception of Portugal and Greece) (Barysch 2005), the issue is also a sensitive political question within the EU, illustrated painfully by the 2005 trade dispute with China.

Early 2005 saw a sharp increase in textile imports from China to the EU, which was the result of the gradual abolishment of trade quota beginning in 2002 and in 2005 for all countries as per agreements made within the GATT framework at the Uruguay Round of negotiations of 1993. Even though the new Agreement on Textiles and Clothing (ATC) allowed for a 10-year transition period, the removal of trade barriers on textiles that had been in place since the 1970s -and which had effectively helped to shield US and EU industries (Eckhardt, 2010) -led to China becoming able to quickly displace other suppliers and flood European markets with cheap clothing products (Hallaert, 2005). While the European Commission had tried to prepare member states with large domestic textile industries, it had not succeeded and the question of how to respond to the influx of Chinese goods into European markets quickly became a political one, dividing member states between protectionist and free-trading camps (Casarini, 2006). It was also tied to the question of China's Market Economy Status; the lack of China having MES made it easier for the member states to impose anti-dumping measures, while

China continued to suggest this be given as a sign of diplomatic goodwill and fairness in the relationship.

When member states released figures revealing the sharp increase in clothing imports- as high as 500% for certain products- from China over the first three months of 2005 (Eckhardt, 2010, p. 18), France, Italy and Spain requested that the Commission impose emergency measures to protect domestic textile industries. The EC launched an investigation into the claims on the 29th of April and threatened to take action under a safeguard clause in China's WTO accession agreement, which would allow the EU to restrict Chinese textile imports until 2008 (Barysch, 2005). This provoked intensive lobbying of the Commission, with countries with strong textile sectors on one side, along with workers' unions and small companies struggling to make an impact on the huge Chinese market, against big business lobbying from the larger members (Barysch, 2005, p. 46). The Commission opted to negotiate with China and reached an agreement that would shield domestic manufacturers for a few years, setting quotas for Chinese imports, but could not prevent a huge influx of orders from retailers in the intervening months, which invalidated the first decision and required the Commission to seek to unify the Council again as the case escalated further.

b. Member states' preferences

France

France was one of the first European states to recognize the PRC under the presidency of Charles de Gaulle in 1964, who envisioned France benefitting from a close bilateral relationship which could help to assert its national power independently of the European Communities or the US (Rees, 2009, p. 36). Although it has tried to uphold the "myth of a special relationship" (Charillon and Wong, 2011, p. 24) with China, it also works increasingly through EU frameworks in order to benefit of the advantage of scale. France has since typically been considered a 'mercantilist' power (Fox and Godemont, 2009; Wong, 2008) ; generally prioritizing economic considerations in the relationship with China and seeing the EU's ability to use anti-dumping measures as a useful commercial and political tool. Despite the fact that France has pursued a strategy of pushing "politically supported large scale grands contrats" (Taube, 2002), the actual share of its trade with China is much smaller than that of Germany, being about on par with the UK. Its focus on contracts means the government has a clear stake in cultivating China's goodwill for the benefit of national companies: thus, France has tended to "compensate for their readiness to resort to protectionist measures by shunning confrontation with China on political questions" (Fox and Godement, p. 6), such as the ever thorny issue of human rights. France followed Germany in its approach to China, establishing the basis for bilateral cooperation in 1995. Generally, it sees opportunities for European cooperation driven by the partnership between France and Germany (sometimes including Spain and Italy as well, depending on the issue).

Jacques Chirac tried to pursue a China policy similar to that of de Gaulle, pursuing primarily economic interests and trying to improve France's bilateral relationship with China and avoiding unnecessary confrontation (Eisel, 2007); His state visits in 2005 alone led to China purchasing 150 Airbus planes and a telecommunications satellite worth 150 million (Casarini, 2006, p. 17) On the other hand, France's sizable trade deficit with China, the largest with any French trading partner, considerably began to sour public opinion (Casarini, 2006). According to estimates, France lost about a third of its jobs in the textile sector between 1993 and 2003 (The Economist, 2005), with further losses becoming a main concern. This angle was also emphasized by the French media, which reported extensively on the French initiative to the Council to speed up safety guard measures, blaming the Trade Commissioner Mandelson for its slow progress and calling on Brussels to protect French industries. (Le Monde, 2005)

Trade unions hotly contested the Chinese imports, lobbying for protection against what was seen as unfair competition and a threat to the survival of France's textile industry. There was traditionally a strong connection between trade unions and the position of the government because of the importance of the textile industry to the French economy: the access of lobbyists was further enhanced by their personal connections: for example, Guillaume Sarkozy, the brother of future president Nicholas Sarkozy, was very influential as head of the Union of Textiles Industry (UIT) and able to co-author the petition the French government presented to the Commission (Financial T.: September 7, 2005 5:38 pmEU members back China textile quota deal). Other representatives sought support from Brussels directly, arguing only the EU could stand up to China.

Jacques Chirac also connected the issue to the outcome of the referendum on the EU's constitution, taking place in May 2005, arguing that an "European constitution would help secure European jobs threatened by Chinese textile imports" (voice of America, 2009), and that the textile dispute would be a' test case' for the European Union and its member states. The eventual defeat of the European Constitution referendum in 2005 may have had an impact on (or been an expression of) public opinion forming on the EU, limiting government room to manoeuvre. (Charillon and Wong, 2011). France requested that the Commission apply measures against China under WTO rules, even applying for expedited proceedings to hurry the matter along- a proposal accepted in April by the Council with only a slim majority vote, indicating France was able to move proceedings along at least initially.

Germany

Fox and Godement characterize Germany's China policy as that of an 'an assertive industrialist… ready to criticise China's politics and to defend industrial interests or protect jobs at home from Chinese competition… They will present China with specific demands for a given sector and support anti-dumping actions when they see them as justified" (Fox and Godement, 2009, p. 24). Not all agree with that assessment: the German strategy is also often described as pragmatic, emphasizing good

relations with China and a non-confrontational diplomacy with regards to political or human rights differences (Wong 2008; Heiduk, 2014), while Heillman (2002) even claims it is 'beyond question' that the maintenance of Germany's export position and commercial presence in China is the most important goal of the bilateral relationship.

Germany's domestic interests were entirely different from France's: what remains of Germany's textile industry has become highly specialized and focused more heavily on research and development, rather than production. Furthermore, 85% of textile production in Germany consists of chemical fibres for technical textiles, for which there is actually a growing export market in China; these industries noted the quota war was not likely to hurt them (Berliner Zeitung, 2005; Comino, 2007, p. 829) It took a while for media coverage to gather steam, as textile was not as salient an issue in Germany as it was in France, and when it did it mostly focused on costs for retailers and consumers. Indeed, media often referred to the "unvermeidliche Strukturwandel" (Financial Times Deutschland, 2005) – inevitable structural change- of its industries that China's unstoppable rise (Frankfurter Rundschau, 2005) and globalisation more generally had brought about. The implication was that Germany, unlike its Southern neighbours, had already been through these growing pains, and stood only to lose by the "neue Textilprotektionismus" (Stuttgarter Zeitung, 2005) that the Association of German Chambers of Commerce and Industry (DIHK) warned of. By August, large German retail chains- including Esprit, C&A, Boss and Gerry Weber- also began to protest, saying they were considering importing clothes from other Asian countries instead. They also expressed concern over an inevitable price hike as a result of the quotas, which would harm consumer interests (Die Welt, 2005b).

The German government seemed to shift position somewhat along with the increased media coverage, becoming more vocal in its rejection of the French position. By August, the minister for Economics, Wolfgang Clement, demanded a rise in the quotas (die Welt,2005a)However, public attention must be considered relative to the far more salient issue of Germany's upcoming federal elections, due to take place on September 18. Unlike France's case, there is no indication the textile dispute had much bearing on political campaigning.

Britain

British China policy has recently been defined by its commit to free trade and full market access for Chinese imports, while also emphasizing the importance of human rights in the relationship (particularly in connection with its ex-territory Hong Kong). It can thus be described as "ideological free-trader" (Fox and Godemont, 2009) and followed a more confrontational policy compared to Germany and France during the 1990s (Eisel, 2007) The return of Hong Kong to the PRC freed it of the single most contentious issue in the relationship and enabled it to follow a strategy under New

Labour that was more similar to that of Germany and France. New Labour emphasized that it would extend 'the third way' to foreign policy, including a more "business-like approach" for Britain's foreign for China policy in particular (Eisel, 2007). In May 2004 China and Britain signed their own bilateral strategic partnership, focused on increasing high level visits and strategic co-operation in non-proliferation and counter terrorism, as well as greater bonds in trade and investment (People's Daily, 2004)

The British have a large retail sector. While the production side of its textile and clothing sector has pretty much disappeared, retailers began to organise and struck coalitions with other organisations in similar member states, primarily Sweden and the Netherlands, the so-called "Northern coalition" (Eckhardt, 2006, p. 9) Retailers argued that the European Commission had failed to understand how their business worked and the length of time between orders and deliveries, allowing goods ordered pre-ending of the MFA to be unfairly restricted (Financial Times, 2005c; The Guardian, 2005) However, compared to the generally more centrally organised producers' lobbying associations (such as Euratex, which was quick to lobby the Commission; see Eckhardt, 2006), retailing groups were slow to respond to the crisis.

Gordon Brown, Chancellor of the Exchequer, labelled demands from France and Italy "the new protectionism" (AFPR, 2005), arguing that economic change would be inevitable and the quotas not sufficient to isolate the EU. Major media outlets ran stories reflecting this sentiment, frequently published letters from high-ranking government officials from Sweden and Denmark but also from representatives of Britain's retail industry like Peter Simon, founder of Monsoon and Accessorize, who accused the Commission of failing to understand all dimensions of trade with China, arguing that protectionist measures would negatively impact Chinese workers and spark "a new lunatic industry of embargo avoidance" (The Guardian, 2005). The stand-off was quickly termed the 'bra wars' by tabloid newspapers as it developed over the summer, a frenzy heightened by the involvement of the Trade Commissioner, Peter Mandelson, who was unpopular at the time due to his involvement in political scandals and his close connection with Tony Blair. (Finanical Times 2005e)

However, the UK government also faced other pressures: media and government officials made frequent references to the United States, which itself was gradually taking a harder line against China as more protectionist quotas were introduced (Eckhardt, 2010) Generally, British governments are careful to disturb the 'special relationship' with the US, which led to clashes during the early 2003s, particularly with the French presidency during the run up to the Iraq war (Charillon and Wong, 2011, p. 25) and again threatened to make taking a position more difficult. The British government wavered between these positions, abstaining in the first decision to negotiate with China but becoming increasingly supportive of free trade.

Britain also assumed the presidency of the European Council at the end of June 2005, taking over from Luxembourg. During its six-month presidency it not only faced disputes over the textile trade issue, but was also simultaneous dealing with the start of Turkey's entry talks, the EU's budget seven-year budget negotiations and the issue of the European constitution and the failed referendums (The Times, 2005). Blair pushed for the continued expansion of the EU on one hand, urging the member states in a speech at the European Parliament not "to huddle together, hoping we can avoid globalization, shrink away from confronting the changes around us, take refuge in the present policies of Europe" (International Herald Tribune, 2005) On the other hand, Blair pointed to the rising scepticism of European citizens towards the European establishment and the "deep discontent about economic and social change" (International Herald Tribune, 2005) informing the need to make a quick decision.

c. Outcome and analysis

The crisis took two decisions to resolve through negotiations between member states and of the European Commission with China, the first in June and the second in September of 2005. Following its investigations of April, Commission tried to appease both free trading and protectionist groups by starting negotiations with the PRC, instead of applying unilateral sanctions. A vote on the proposal to start formal negotiations took place in the Council of the European Union in late May, in which the UK abstained along with Denmark, while Holland and Sweden were against (the Independent, 2005). The Council, as the main decision-making unit, remained divided throughout the duration of the crisis. It was a letter from the Commission's president Barroso to the Chinese premier Wen Jiaboa that lifted negotiations to a high political level and helped to reach the first decision. On June 10th, the Commission announced the EU and China had reached an agreement, signed in a Memorandum of Understanding (MoU) which entailed an extension of the adjustment period for EU producers until 2008.

In the month between the MoU being signed and actually being implemented, on July 12, retailers (licensed by France and Italy) put in large orders with Chinese exporters, taking advantage of a loophole in the agreement that stipulated that goods ordered in the interim period would be allowed into the EU but counted against quotas for 2005. The orders- on top of the existing backlog- led to the filling of these quota in a short period and the stopping of another estimated 80 million items at warehouses and customs checkpoints (The Economist, 2005a), while the resulting shortages of supplies provoked protest from consumer and retailer groups. This sparked another round of debate between both sides over whether or not to enlarge quotas and release the blocked items (Eckhardt, 2010)

The Commission faced a challenging balancing act between different member states while trying as much as possible to preserve good relations with China, which reacted badly to the news of the Commission's considering measures against Chinese imports. A spokesman from the Chinese commerce ministry implied the move was hypocritical on the EU's part, arguing that it "departs from the spirit of free trade proposed by Europe.. It will have a negative impact not just on Sino-European textile trade, but on overall global textile trade."(Europe Information Service, 2005), a position echoed by some researchers as well (see Comino, 2007; Meunier and Nicolaidis, 2006) The Commission did not adopt a confrontational stance but chose to negotiate instead (Comino, 2007; Jing, 2008; Smith and Xie, 2009), placing an emphasis on self-control by China and initially leaving any possibility of action through the WTO very much in the background. Trade Commissioner Peter Mandelson in particular went to pains to take formal routes, avoiding pressures for direct confrontation, but being frustrated by member states – France demanded a political declaration – still asking for concessions from the Chinese side and pressure to maintain his good reputation after British media criticism of his performance. The Commission was also reeling from the defeat of the European constitution, further hindering its willingness to risk negative political fall-out. The linking of the European situation to the imposition of quotas by the US and references to official WTO measures further complicated the decision it had to make, as adapting such quotas would not only damage the relationship with China but might also disrupt trade with other textile producing countries in South Asia and elsewhere. (Smith and Xie, 2009)

The Chinese Minister for Commerce, Bo Xilai, later stated that he appreciated "the EU's sincerity in solving trade disputes with China through dialogue and consultation, instead of taking unilateral action" (The Economist, 2005b), almost certainly putting the approach in contrast to that of the US, which had filed a formal complaint at the WTO.

Pressure on the Commission to take further safeguard measures came from mainly from France, Italy and Spain, but also from direct lobbying by EU-level lobbying associations like Euratex and ETUF-TCI (European Trade Federation of Textiles, Clothing and Leather). Euratex was one of the first parties to ask the Commission to investigate Chinese imports in March, and kept up pressure throughout the negotiations, representing its views in the Council and in the Commission before retailers did. (Eckhardt, 2010; Financial Times, 2005c) Meanwhile, the Northern Coalition demanded the goods be released from the warehouses and the quota enlarged. The final deal negotiated by the Commission with the Chinese seemed to please no one, although it was endorsed by all member states with the exception of Lithuania (Financial Times, 2005e;)a "fairly smooth endorsement to end the embarrassing stand-off rather than conveying unity." (Comino, 2007, p. 834) Others were more positive about the outcome. In an interview with Le Figaro, one European negotiator said 'for once we succeed where Washington has broken teetht" (Le Figaro, 2005b)

Euratex responded to final decision by stating that "this will further handicap EU producers in their efforts to survive in the face of predatory Chinese prices (Euratex press release, 2005), while ETUF-TCI maintained China had not complied with international labour rules.

The European Parliament also expressed concern over structural problems in the relationship with China , warning that after textiles other, more high-tech industries in the EU would find themselves increasingly challenged by Chinese rivals. APF) After the final agreement was reached with China in September, the Parliament debated 'own-iniative' reports by French MEP Tokia Saïfi (EPP) and British MEP Caroline Lucas (Greens) on the future of Europe's textile industry (Agence Europe, 2005), reflecting the concerns from Parliament members over China's lack of compliance with international environmental and social standards which skewers competition in its favour. (Agence Europe, 2005) However, overall the role of the European Parliament remained restricted to hearings, debates and resolution, serving as a platform for those involved to air their views, more of a symbolic function.

Assessment

The position of the national governments was relatively stable throughout the dispute with China, with France backing protectionist measures and the UK advocating free trade, while Germany somewhat more tentatively took the side of the retailers.

Initially, the French position was particularly well-represented in EU decisions; its national domestic interests seemed to correspond (and even overlap) with that of the government, with trade unions supporting the French government motion of expedited proceedings for safety guard measures under WTO rules. However, while the southern member states managed to get the Commission to negotiate extended quotas for the next few years, this work was undone by the influx of imported goods in the intervening month.

Euratex argued that China bore the primary responsibility for the problems (Smith and Xie,2009), a position that was initially successful and supported widely by for instance the European Parliament and members on the European Commission. However, their support diminished however as retailers began to organise and frustration grew in northern member states over the inability to reach a decision, and the anti-China position failed to correspond with the Trade Commissioner's desire to reach a conclusion that would not alienate the Chinese too much.

At least on the British side there was some evidence of wishing to compromise and prevent further escalation over the matter; "Britain is not keen on taking either of these rows [trade dispute and the arms embargo] forward in the final two months of its presidency of the EU" (The Times, 2005) The British government was in an uncomfortable position either way, with public opinion set against trade restrictions and heckling the Trade Commissioner, increasing pressure to reach a decision.

Germany was hesitant and in the first weeks more understanding of the southern position; arguably lobbying by retailers and the cost of indecision caused it to back the freetrading position. Public opinion does not seem to have had a huge impact in Germany, since the textile industry (while profitable) is not particularly salient with the public and the upcoming federal elections overshadowed the crisis.

However, the frequent references to globalisation and 'a new protectionism' were worth noting in both Britain and Germany. It can be argued that national public opinions helped set decision-makers more strongly onto the position they already had. This was probably also amplified by the unusual political circumstances, including the European constitutional referendum (the outcome of which Chirac directly connected to the trade dispute) and the national elections in Germany. Lobbying efforts seemed to matter a great deal in all of the member states and at the EU level, increasing the sharp divides between member state positions.

The actual effectiveness of the different business groups varied, with producer organisations generally being better represented not only nationally (where they had a strong influence on the French government position) but also at the EU level, where Euratex was one of the first groups to respond, initiating Commission investigations and representing its view through the European Parliament. It was noted by various media outlets that lobbying organisations representing retailers were slow to respond, generally reacting after news stories began to break.

The Commission was an important actor, steering and trying to manage the growing devisions between member states, although it was not able to stand up to pressure from the southern member states and from lobbying efforts by Euratex (Smith and Xie, 2009), it did manage to avoid provoking a negative reaction from China, initiate negotiations with the Chinese side rather taking punitive measures. Eventually, Britain and Germany were best able to achieve their preferences through the outcomes- also due to their willingness to reach a compromise and the shared preference of not wanting to risk political fall-out with China. As far as the independent variables are concerned, business lobbying was probably the most important, with the influence of external actors and public opinion having a more indirect effect.The Commission played an important role as well, enabling a final solution to the problem (although some argued it was too slow).

There was the possibility of handling trade dispute under WTO mechanisms or coordinating with other countries, most notably the US; noticeably the bilateral and domestic aspects of the dispute were also linked to the US responses, which increased pressure on the Commission (Smith and Xie, 2009)

VI. A strategic partnership? The arms embargo debate 2004- 2005

a. Background & decision making processes in the EU

Security cooperation between the EU and China has grown since the 1990s with the EU's 'constructive engagement' policy , but is mainly restricted to the EU's participation in Asian regional fora (like the ARF), dialogues on disarmament and arms control, and since 2005, the bilateral 'strategic dialogue' (Stumbaum, 2009) . In 2003 the High Representative, Javier Solana, drafted a paper (adopted by the Council in December of the same year) that is generally considered the basis for a coherent European security framework, called "A Secure Europe in a Better World." The document tries to bring some coherence to the Union's CFSP, felt to be particularly necessary after the member states were divided over the Iraq war. Also known as the European Union Security Strategy (ESS), it sets out some guidelines on issues like nuclear proliferation and terrorism, security in the EU's neighbouring unions and finally the notion of developing "strategic partnerships with Japan, China, Canada and India as well as with all those who share our goals and values, and are prepared to act in their support" (Council of the European Union, 2003, p. 14). The Commission writes in a separate Communication that the EU's and China's economic and security interests are increasingly overlapping, particularly "as regards the key role of multilateral organisations and systems. Through a further reinforcement of their co-operation, the EU and China will be better able to promote these shared visions and interests, and thus to shore up their joint security and other interests in Asia and elsewhere." (Commission, 2003, p. 7) It stresses the European commitment to aiding China's reform process and development, and the importance of the rule of law and human rights.

The ESS, along with the communications from the Commission that accompanied it, was regarded as "marking a shift (…) from traditional state-to-state relations up to the European level" (Fox and Godement 2009: 33), but was also the subject of criticism for failing to realize its goal of policy coherence between different issues and actors. In its external relationships, it commits the EU to the centrality of norms and values, although these might clash directly with the security imperative to guard against new threats by seeking partnerships with countries that don't hold the same values, like China (Kreutz, 2004). The Commission mainly stresses the importance of political dialogue, arguing that high-level annual Summits have "provided a strategic vision for the fast developing relationship" (Commission, 2003, p. 8)However, it remains unclear what exactly a 'strategic partnership' between the two parties would entail, as official EU papers fail to define its exact meaning: as Toje argues, the term 'strategy' usually refers to "the use of military means to reach political ends" (Toje, 2005, p. 121), but the paper fails to define which concrete policy objectives are involved and to what extent military measures can be used to reach them. This lack of clarity applies not only to the defence implications of the ESS but also contributes to the dissonance in Chinese and European interpretations of what strategic or multilateral should entail (Holstein, 2010; Stumbaum, 2013; Shambaugh (chapter

in book; 2008) and to the unwillingness of the European Commission to make such security aspects to agreements explicit because of the unwelcome implications for member state sovereignty (Stumbaum, 2007a).

The arms embargo issue is a widely studied case in EU-China relations because it is one of few instances in which member states clashed over an issue of China policy with a clear security dimension, revealing some of the issues of dealing with the relationship in a CFSP context, exacerbated by conflicting member state policies and the impact of external influences like that of the US. The arms embargo dates back to 1989, when the European Union decided on a range of sanctions against the PRC's use of violence against its citizens on Tiananmen Square. Trading sanctions against China were effectively abandoned by most member states by 1990, but the arms embargo – prohibiting all sales of arms and technologies that could be used as such- remained intact, as a part of each individual member states' policy towards China. Politically, the arms embargo has since begun to serve a broader purpose, being related more widely to human rights and the Taiwan question (van der Putten, 2007) The effect of the arms embargo in practice is debatable (Bauer, 2009); since the embargo was established well before the CFSP, it was decided through the Council that each state should implement the embargo unilaterally, creating some variation in the extent to which it applies; it is not legally binding (Kreutz, 2004; Bauer, 2009). Instead, a Code of Conduct (CoC) was adopted in 1998 following a Franco-Britisch proposal, setting out conditions under which licenses might be given out for the sales of arms to China, allowing for better coordination among member states (Rémond, 2008).

On the other hand, the question of lifting the embargo certainly holds some value in a diplomatic sense and also because of its connection to other projects the Commission was trying to secure Chinese cooperation in at the time, including the Galileo satellite navigation programme, nuclear research, biotechnology, and the establishment of dialogues specifically about technology and innovation (Commission, 2003). Also, the PRC released its own – unprecedented– policy paper on the EU in which it praised the EU as a "major force in the world" and requested the arms embargo be lifted "so as to remove barriers to greater bilateral cooperation on defence industry and technologies" (Ministry of Foreign Affairs, 2003) as science cooperation was also one of the key objectives of the Chinese government (Holslag, 2006).

At the time, optimism over the future of the EU-China relationship was perhaps at its peak, reflected by the title of the Commission's communication of 2003, 'a maturing partnership.' In September 2003, Chinese financial cooperation amounting to 300 million Euros was secured on the EU's satellite project Galileo, which was intended to compete with the US's dominant GPS system. This involvement and the technological issues it entailed appeared to bring back the arms embargo as a subject of debate, and in this spirit, France and Germany became the initial drivers of the lifting of the

embargo. Kreutz (2004) notes it was somewhat surprising that it appeared on the overall agenda of the European Council as the presidencies of Ireland and Holland successively were not favourably inclined towards it (Kreutz, 2004, p. 50) and he suggests that perhaps the High Representative, Javier Solana, was closely involved. French and German efforts did encounter resistance from member states concerned over the PRC's human rights record, while the UK tried to retain middle ground. The US opposed the decision; other likely factors that had an impact on the failure to reach a decision were the institutions itself and public opinion.

b. Member states' preferences

France

France initiated the discussion on the removal of the arms embargo together with Germany as an integral part of its strategy towards China. It could be argued that this fitted in well with France's emphasis on the development of a more integrated and stronger European security mechanism (Charillon and Wong, 2011), and also with its vision of stronger French-Chinese bilateral relations more generally. France contributed to the shaping of the EU's common position towards Iran and securing the diplomatic cooperation of China on the issue (Charillon and Wong, 2011), which Javier Solana later used as an example of 'strategic partnership in action' (quoted in Scott, 2007) Jacques Chirac argued that "through enhanced integration of our defence and security assets that we will give Europe the resources to support its influence and prestige" (Chirac, 2005), and the arms embargo issue fit neatly into that vision.

The key question in French relations with China during the presidency of Jacques Chirac is to what extent it was focused on geopolitics rather than economic interests, and how this related to its proposed strategy towards China. Chirac insisted the arms embargo had ceased to hold any strategic value in a geopolitical sense. From the French presidency's point of view, it was merely obstructing the improvement of relations with China, increasing distrust of the value of the partnership (Rémond, 2008). Chirac argued the lifting of the embargo would have little practical effect, calling the embargo "unjustifiable" and stating that "Europe intends [to lift] the last obstacles to its relations with this great power of the 21st century, in a spirit of responsibility and transparency with its allies." (Telegraph, 2005) Chirac did not think much of the American objections either, as he told the Chinese side that "as you know, our American friends have strong reservations about it. As for us, we shall try to obtain the swiftest possible lifting of the embargo…" (as cited by the Economist, 2010)

The French position was that arms embargo had no visible effect on the human rights situation in China, while it could offer the EU diplomatic capital, providing European companies with a competitive advantage in sectors such as telecommunications, high-speed rail, aviation, and

aerospace (Les Echos, 2005a; Rémond, 2008). France has considerable private commercial interests in China in these sector, as demonstrated by the high value contracts of Airbus sales to the PRC- in december 2005, Airbus concluded a deal with the PRC worth 8,3 million euros. PM Dominique de Villepin was present at the signing of the contracts and echoed Chirac, calling the embargo "un anachronisme" (Reuters, 2005c).Philippe Camus, CEO of the European Aerospace and Defence Company (EADS), claimed the embargo was 'a remnant of the Cold War' and that past opportunities for French-Chinese aerospace co-operation had been ruined by the embargo (Kreutz. 2004, p. 50) Further sales of Airbus planes were stalled during the delays in the arms embargo negotiations, although the Chinese government denied any connection with the embargo in the difficulties of the sale, as the Wall Street Journal had suggested (China Daily, 2004).

France's Defence Minister Alliot-Marie tried to reassure the US Congress, stating the embargo would not mean France would sell more arms to China (The New York Times, 2005). France supplied arms to China worth 170 million euros in 2003 (Bauer, 2009, p. 182) including parts of aircrafts and missiles. However, it is hardly alone in this practice, with the other larger member states doing the same and arguing the embargo would hardly alter that. However, French industries also seemed to entertain some hope of increasing their share in China's defence market, off-setting the impact of competition from US companies (Kogan, 2002). Overall, positions on the arms embargo seemed 'clear and umambiguous' (Le Point, 2005), with government and defence industries fairly united behind support for the lifting of the embargo.

The decision did not seem to questioned strongly by the public, perhaps because security from China is not as salient an issue with the public as the commercial dimension is. Though the Sino-French relationship is occasionally disrupted by issues related to human rights and Taiwan (Wong, 2008) neither seemed to play a particularly great role in this case, although some newspapers reported on the possible negative alienating effect on Taiwan and other Asian countries (Le Figaro, 2005a) However, the same article concluded lifting the embargo might be the beginning of the rebuilding of a more realistic 'and probably more fruitful' relationship with Asia (Le Figaro, 2005a). While French media did consider the possibility of US retaliation, they also pointed out more often than other countries that at present, arms sales to China is primarily in Russian hands, essentially putting Europe at a disadvantage (Les Echos, 2005b) France's foreign minister said "there is a real, fundamental difference of perception that we have about China on both sides of the Atlantic" (Financial Times, 6 April 2005),

Germany

While Germany under Gerhard Schröder supported the lifting of the arms embargo, it changed position in 2005 when Angela Merkel was elected as Chancellor. Schröder unabashedly prioritized Germany's economic interests in China (Heilmann, 2002), preferring to leave human rights and rule

of law questions to low-key dialogues. Like Chirac, he argued the arms embargo was mostly symbolic. He also connected the issue with his attempt to win Chinese support for a German bid to a seat on the Security Council, an issue he explicitly raised during his state visit to China in December 2004, arguing that the UNSC no longer accurately represented the current international system. He also referenced the strategic partnership with China as partnership in all aspects of the relationship, including science and culture (Bundesregierung, 2004a). On the arms embargo, he emphasized that Germany had no intention of increasing arms exports to China as a result of its lifting (Bundersregierung, 2004b): in fact, these sales were restricted by German national law, which had enshrined the arms embargo, making the direct strategic component less acute.

However, unlike Chirac, Schröder had to contend with domestic opposition and as a final decision failed to emerge in June (as was promised), the government split over the question, with the Greens concerned over human rights and the lack of concessions on the Chinese part, while Conservative parts of the government were worried about the US response. (Financial Times Deutschland, 2005)

Wolfgang Schäuble, deputy chairman of the CDU/CSU, said in an interview with Die Welt that Schroder was making a mistake pushing for the lifting of the embargo because it would damage relations with the US and the internal cohesion of the EU, as well as cause the Chancellor to lose all respect from China if his bid should fail, despite promises made to the Chinese side. (Die Welt, 2005a). Evidently, many politicians agreed, with many of them writing to Gerhard Schröder to ask him not to support the lifting of the embargo because of the infringement of human rights in the country and recent stance towards Taiwan.(Aeronautique Business, 2005) Even Schröder's minister of foreign affairs Joschka Fischer, eventually admitted to German newspapers that 'the Chancellor knows I have a more sceptical opinion", and that Schröder should not disregard majority opinion in the Bundestag. Der Spiegel reported he was given broad support and that the 'almost the whole Bundestag is against' the arms embargo (Spiegel Online, 2005a) with the Greens leading protests in particular. They remarked that the message was clear: Schröder stood alone (Spiegel Online, 2005a), although he himself said in an interview that he had no intention of changing his position, which he considered to be under the exclusive competences of the executive power (die Zeit, 2005).

Lobbying was not much in evidence, perhaps due to a combination of German companies not seeing as much benefit in the lifting of the arms embargo due to the restrictions on arms export in national law, and not wishing to be caught up in bad press around Schroders conflict with the Bundestag. The German co-CEO of EADS, Tom Enders, said it did not wish to do anything to jeopardise the business relationship with the USA: despite his counterparts in France pushing for the lifting of the arms embargo, EADS only stated that "This is a political issue that has to be solved at a political level."(Flight International, 2005)

Meanwhile, Schröder had begun to campaign for the upcoming federal elections against Angela Merkel (2005b), which he lost. Germany promptly moved position under Angela Merkel, shifting closer to the British position: possibly prepared to let go of the arms embargo in the future, but not at the cost of good relations with America (the Economist, 2010)

A spokesperson of Merkel's new government only said the lifting of the arms embargo was not on their agenda, and that improvements in the human rights and Taiwan situations were preconditions for any consideration of lifting (Sutter, 2012, p. 294)

Britain

The UK set out supporting a lifting of the arms embargo, provided the EU could produce satisfactory rules to govern arms sales to China in the future. (CRS, 2005) The British foreign secretary suggested the embargo might be lifted within six months in early 2005 (Reuters, 2005), arguing that Washington could be reassured arms sold would not be used against Taiwan. At that point, there was (some) interest in distancing itself from the US, which was unpopular due to the Iraq war Britain was also embroiled in. President George Bush himself was already lobbying Tony Blair to veto EU plans to lift the arms embargo on China: "A government official said that though Mr Blair would "probably" still vote for lifting the embargo, the prime minister was having second thoughts." (The Guardian, 2004). This was the result of increasing tensions in the Taiwan Strait, with the US Congress in particular worried "that US soldiers might be confronted with European arms in the hands of the People's Liberation Army [PLA]" (Bauer, 2009, p. 180)

By April of 2005, defence industry insiders were already assuming the embargo would not be overturned, regardless of whether Tony Blair would win the general elections again (Financial Times, 2005d) due to pressure from the US. the head of the U.K.'s BAE Systems, Mike Turner,said they had no intention of jeopardizing its business with the U.S. Defense Department to sell to China(The Times, 2005) Any attempts by British companies to sell to both China and America could even be blocked by the American Congress, and British companies were increasingly worried about sanctions. (CRS, 2005).

An advisory report to the government suggested lifting the arms embargo could be dangerous and that the UK should insist on 'absolute assurances' from Brussels that arms sales to China would not encourage; "such assurances cannot be obtained we recommend that the government opposes lifting the arms embargo and any other change of EU policy with regard to arms sales to China,(Reuters, 2005b). Meanwhile, Japan also called on the UK to oppose the lifting, citing pressure on other Asian countries from China and the potential increase in instability in the region. (Teng, 2004)

British newspapers emphasized the challenge the embargo posed to the US's security interests. (The Times, 2005). The Financial Times reported in March that the UK government had begun to seek out other countries' (including Italy and the Scandinavian countries) diplomatic support for a delay because of pressure from Washington. The UK also cited China's recent 'anti-secession' law against Taiwan and a lack of improvement in Beijing's human rights record as reasons to delay ending the embargo." (Financial Times, 2005a), at least until after the end of Britain's presidency of the Council.

c. Outcome and analysis

The EU suggested it would work towards lifting the arms embargo at the seventh EU-China summit in December 2004: the European leaders confirmed this intentions at a European Council meeting in Brussels a few days later, suggesting that the ban might be lifted by Spring 2005 (Tang, 2004); it seemed that Germany, France and the UK all supported the move. Because there was no pre-existing EU-level mechanism regulating the arms embargo the European Council had to decide on the appropriate frameworks for its lifting, meaning EU institutions were also closely involved in the decision making procedure (Stumbaum, 2007a, p. 165) However, it was also clear from the beginning that member states' motivations to lift the embargo varied between those that wanted to make a diplomatic gesture of goodwill to China, increase the scope of the strategic partnership, gain access to an emerging market, or reevaluate the exiting codes of conduct and establish more rigorous rules for arms sales to China (Bauer, 2009). France, Germany and the UK each had a different starting point based on one or more of these motivations that were not easily reconcilable.

Arguably, the EU initially overlooked the security dimension of lifting the arms embargo, and failed to anticipate the harsh US reaction, particularly the case for the UK government (Stumbaum, 2007a) The US objected out of concern for an escalation of the Taiwan issue, as well as feeling that an EU lifting of the arms embargo might weaken its own security policy towards China. Washington also stated the EU might be sending e a wrong signal to Beijing as its human rights situation has not significantly improved. The UK played an ambiguous part in the debate, refraining from committing itself fully to support of the lifting by insisting on revisions to the EU's code of conduct to include restrictions on 'dual-use' technologies, complicating the process. As a result of US pressure, it finally shifted completely towards aiming to delay the lifting of the embargo, citing concern over tensions with Taiwan and China's human rights record. Kreutz (2004) argues the human rights issue probably also had a considerable background role, never fully addressed but in being so easy to use by all parties that objected to the lifting.

Supporters of lifting the arms embargo often repeated the argument that the lifting would be a symbolic act at best, but concern from other parties' over the security consequences revealed this was not quite the case. It is clear that here too a failure to predict the reaction from other EU allies

undermined the credibility of the supporters' position, as did domestic politics in Germany's case, where Schroder ended up with an entirely divided home parliament.

The European Parliament opposed lifting the arms embargo from the beginning, citing the lack of a satisfactory replacement Code of Conduct or tangible progress on China's human rights issues. The European Commission, however, was somewhat divided on the issue (Kreutz, 2004). As the process continued in 2004 some Commissioners began to look more favourably on a possible lifting of the embargo. The Commission (through Peter Mandelson, the Trade Commissioner) even tried to warn the US from mixing itself in the debate, because "it cannot win" (The Times, 2005).The Commission doesn't have much of a say in this area of external relations, however; the Council is the key decision maker in CFSP, but with the divisions between member states increasing, there was not much it was able to do (Stumbaum, 2007a) and so kept a pretty low profile throughout the debate.

Lobbying probably did have quite a strong role on national governments but it was noticeably harder to trace because the defence industry does not tend to seek out publicity so much, appearing more in issue-related magazines and journals than newspapers. Unlike in trade, there was little direct lobbying at the EU level, with defence comp0anies such as BAE systems maintaining direct connections with national governments. The prevailing impression was that the US remains one of the most important business partners in defence, except in the French case, where the hope was initially to obtain more 'grand contrats' and compete more effectively with the US for a share in the Chinese market (Kogan, 2002)

The EU failed to lift the embargo by the projected Spring 2005 date, although there was considerable support for it earlier in the year, and after the UK and Germany shifted position the making of a final decision was put off indefinitely.

Assessment

Because security policy is overwhelmingly a competence of member states, national leaders played a large part in the shaping of the debate about the lifting of the arms embargo. However, the failure of a final decision to emerge due to the fundamental divisions between member state positions demonstrates how difficult it is for the EU to articulate a coherent China positions on strategic issues. While my expectations of the intergovernmental nature of this policy area hold up, it is striking that no one member state really succeeded in influencing decision making enough to settle a compromise. Part of the reason could also be that the arms embargo, despite appearances to the contrary, is in practice still part of national foreign policy due to its lack of legal status, although member states cannot unilaterally abandon it. This also meant there was no real EU-level mechanism to deal with the issue, making it very difficult for European institutions to play a coordinating role.

Another reason for the failure of a decision to emerge is that member states did not deal with the strategic implications of the discussion immediately, or even chose to downplay these aspects by insisting the lifting was but a symbolic gesture, and thus might have failed to reckon with the constraining force of external pressure from the US and (in Germany's case) from domestic politics. In the UK's case it is evident that early pressure from the US, one of its key allies, forced it to retreat, possibly in combination with lobbying by defence related companies, which had no interest in estranging one of its biggest partners. Other states like Japan protested too over the threat raised arms import to China might pose to the East Asian security environment, raising the pressure on the EU member states to retreat. Meanwhile, China also kept up its pressure on the EU and its member states, perhaps balancing against the US and increasing the sense of paralysis within the EU.

Next to business lobbying and the influence of external actors, the position of national governments and leadership had a decisive role; with Chirac and Schroder's strategies (and China's lobbying) probably one of the main reasons why the issue was debated again to begin with. However, Schroder failed to bind the Bundestag to his position, and when Merkel became Germany's new Chancellor, the issue was off the table as far as Germany was concerned. This probably spelled its defeat for the EU more generally in combination with the British retreat from its earlier decision. Consequently, the European institutions could do little to bring member state positions closer together, also indicating just how little 'europeanised' the strategic dimension of China policy is.

Public opinion was probably the least relevant of each of the independent variables, showing that security and technical issues are not very salient; especially in France, there were relatively few articles published about the case. Media coverage was most frequent in papers that are more likely to deal with technical subjects, like the Financial Times or the Economist. However, this might be down to the choice of countries to focus on: it is possible that in countries with a more explicit focus on the human rights aspect of relations with China, public opinion played a larger role.

VII. Conclusion.

Several conclusions can be drawn on the basis of the study. First, the ability of member states to influence decision-making outcomes is not a straightforward matter in either trade or security policy. While member states were able to set and influence the agenda of potential EU decisions about the textile dispute and the arms embargo, actually achieving the desired outcomes was complicated due to the significant differences in member states' preferences. The matter of the arms embargo illustrates there was not enough institutional structure to help coordinate member states positions and bargaining. Contrary to expectations – that an intergovernmental policy area means member states can exert more influence over the decision-making process- it seemed that this weakened the ability of a common European position to emerge through negotiation, and trapped member states within their national policy positions. The lack of a supranational mechanism to deal with the issue, combined with the radically opposed positions of member states, effectively "disables or dilutes the EU's external policy capacity" (Smith and Xie, 2010, p. 435). Member states quickly changed position, either as a result of external pressure (US demands on Britain) or because of changes in domestic politics (Germany). France was the only consistent factor, but without support from other member states there was not much it could achieve. Member states tended to downplay the security implications the lifting of the arms embargo might entail, arguing it was a symbolic matter, and were apparently taken by surprise by the vehement reactions from the US and defence industry lobbyists. The fact that a decision could not be reached at all demonstrates that the 'strategic' dimension of the Union's external relations with China is very underdeveloped, and at present does not seem likely to grow beyond political dialogues and trade agreements on the supranational level.

Second, in line with the liberal intergovernmental framework of this study, the findings do show that pressure from interests groups did significantly help to explain member states' positions in both cases. In the textile dispute in particular, business lobbying on both sides played a large role. The Commission relied on the early organisation of producers' associations like Euratex to provide it with information about a technical policy matter, which meant that this side had an early advantage. Combined with France's unity between government position and national trade lobbies, the Commission began to look into reintroducing some protective quotas following their requests. In the arms embargo case, business lobbying started to go against the lifting of the embargo as pressure as the US began to threaten sanctions against European defence companies, probably contributing to the overall non-decision. This also suggested that commercial interests were as important, if not more so than the security implications of the arms embargo, the latter being mostly underplayed by member states.

Overall, member states influence decision-making in the Union's China policy, but in a much more oblique way than expected. Paradoxically, it seems that member states are better able to reach their

goals when there is some degree of institutionalization present at the EU level to facilitate the procedure of decision-making. The Commission was probably essential in coordinating the eventual outcome of the textile trade dispute, initiating negotiations with China and balancing external pressures with domestic preferences of member states. Of all the independent variables, public opinion was possibly the least relevant, except in cases where there was a direct opportunity for the electorate to influence outcomes, such as in the case of the constitutional referendums. Further research might further investigate the strong effect of lobbying and external pressures on the EU's external relations the case studies suggested.

As Shambaugh et al. have argued, "it now seems that the relationship may be passing from the "honeymoon" phase into the "marriage" phase – where both parties are beginning to realize the complexities of the relationship" (Shambaugh, Sandschneider and Zhou,2008, p. 305) It is clear that for the time being, member state's China policies will continue to have priority over common positions at the EU level where security and geopolitical issues are concerned. It should be noted however that this is a conclusion drawn on the basis of two case studies, both of which cover decision-making under pressure: the results might be different if one was to study the development of EU-China relations over time, particularly along the economic dimension.

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