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Collège d'Europe



DEPARTMENT OF **EU INTERNATIONAL  
RELATIONS AND DIPLOMACY STUDIES**

InBev-Baillet Latour Chair of  
European Union-China Relations



Issue 4, 2013

# EU-China Observer

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**Table of contents**

1. THE RISK ANALYSIS BEHIND THE EU AND CHINA'S POLICIES TOWARD THE IRANIAN NUCLEAR ISSUE  
 Mohammad Ali Al Jardali..... Page 2

2. IRELAND, CHINA AND REGIONAL ASIAN SECURITY – THE OVERLOOKED ROLE OF SMALLER MEMBER STATES' TRADE INTERESTS  
 Dónal Mulligan ..... Page 8

3. IS SPACE BIG ENOUGH FOR THREE GIANTS? EU-CHINA SPACE COOPERATION AND THE ROLE OF THE US  
 Simon Seminari..... Page 16

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## THE RISK ANALYSIS BEHIND THE EU AND CHINA'S POLICIES TOWARD THE IRANIAN NUCLEAR ISSUE

Mohammad Ali AL Jardali\*

### **Introduction**

The Iranian nuclear programme turned into an international issue at the verge of 2002, the year when the International Atomic Energy Agency (IAEA) announced that Iran had kept secret the establishment of two nuclear facilities. This act contradicted the Non Proliferation Treaty (NPT) and the safeguards agreement<sup>1</sup> that Iran had signed.<sup>2</sup>

The IAEA tried to handle this issue without resorting to the UN until 2006, when, due to Iran's alleged non-cooperation with the Agency, the case was referred to the United Nations Security Council (UNSC). Yet, inside the UNSC, the five permanent members had divergent positions.<sup>3</sup>

Between the EU and China, the Iranian nuclear issue is an important topic in their first pillar dialogue. This article will study the positions of both the EU and China to see where they converge or diverge on the Iranian nuclear issue. To this end, a risk analysis approach will be adopted in order to identify the factors that played an eminent role in shaping the decision-making process of both players.

The article will examine the factors that influence China and the EU in their assessment of the risks emanating from the Iranian nuclear programme, and their reaction to the perceived risks.

### ***The development of the Iranian nuclear programme into an issue***

In 2002, the international community became suspicious after the IAEA inspectors discovered two undeclared nuclear facilities – an underground enrichment facility near Natanz, in central Iran, near the city of Isfahan, and a heavy-water production plant and research reactor near Arak, in North-West Iran. What followed was a report issued by the IAEA in 2003 calling on Iran for more collaboration with the inspectors and for the suspension of its uranium enrichment activities.<sup>4</sup>

Iran did show more cooperation later with the agency up until 2005 when the American forces were stuck in the mud of Iraqi insurgency. Therefore, after Iran resumed enrichment activities in 2005 and refused to sign

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<sup>1</sup> Iran signed the NPT's Safeguards Agreement in December 1974. This safeguards agreement aims at verifying the fulfilment of a country member to the NPT of its obligations.

<sup>2</sup> N. Entessar, "Iran's nuclear decision-making calculus", *Middle East Policy*, vol. 16, no. 2, 2009, pp. 26-30.

<sup>3</sup> R. Jervis, "Getting to yes with Iran", *Foreign Affairs*, Vol.92, no.1, 2013.

<sup>4</sup> A. Vaez & K. Sadajadpour, "Iran's nuclear odyssey costs and risks", *Carnegie Endowment for International Peace*, 2013, p. 10.

## InBev-Baillet Latour Chair of European Union-China Relations



the safeguards agreement's additional protocols,<sup>5</sup> the IAEA referred the Iranian case to the UNSC in 2006.<sup>6</sup>

The subsequent UNSC resolutions (1696, 1737, 1747, 1803 and 1929) have reiterated Iran's duty to facilitate IAEA inspection activities, to halt the uranium enrichment and the construction of heavy-water plants, to ratify the safeguards agreement's additional protocols and to refrain from building nuclear weapons delivery capabilities, such as long-range missiles.<sup>7</sup> Moreover, the resolutions imposed several economic sanctions, targeted at Iran's financial and commercial sectors and banned dual-use technological exports to Iran.<sup>8</sup>

The resolution 1929 (June 2010) reiterated the mandate given in 2006 to the EU's High Representative for Common Foreign and Security Policy to lead nuclear negotiations with Iran on behalf of the P5+1.<sup>9</sup>

### ***The Chinese vis-a-vis the EU position toward the sanctions on Iran***

From the beginning of the Iranian nuclear issue, China has preferred to take a middle ground stance, in comparison with that of the US, by weighing its interest in the relationship both with the US and with Iran and acting accordingly. Conversely, the US has always tried to convince China to endorse tougher sanctions on Iran.

China does not tolerate the risk of Iran becoming a nuclear power and the attendant risk of an arm race in the region. On the contrary, China supports a nuclear-free region. However, as long as there is no clear evidence that Iran is trying to militarise its nuclear programme, the Chinese position in the UNSC is unlikely to change. China has always opted for blocking the resolutions against Iran unless there is unanimity to adopt sanctions. In this case China seeks to delay or buy time and to weaken the terms of the resolution. Such a strategy does not risk alienating Iran and does not leave China isolated, as it appeases the fears of the West, especially those of the US, which is a greater strategic priority for China than its relationship with Iran.<sup>10</sup>

Nevertheless, China did exercise "pressure on Iran so that it engages into meaningful discussions on the nuclear issue", through its diplomatic and political leverage.<sup>11</sup>

From an Iranian perspective, Chinese investments play an important role in supporting the Iranian economy and in curbing the effect of the

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<sup>5</sup> The safeguards agreement additional protocols grant the IAEA additional inspection authority.

<sup>6</sup> A. Vaez & K. Sadajadpour, *op. cit.*, p. 11.

<sup>7</sup> K. Murphy, "Iran's \$12-billion enforcers", *Los Angeles Times*, 26 August 2007.

<sup>8</sup> T. Johnson & B. Greg, "The Lengthening List of Iran Sanctions", *Council on Foreign Relations*, April 2012.

<sup>9</sup> *Ibid.*

<sup>10</sup> International Crisis Group, "The Iran Nuclear Issue: The view from Beijing", *Asia Briefing* no.100, 17 February 2010, pp. 3-5.

<sup>11</sup> Interview with a diplomat, Strategic Planning Division, EEAS, Brussels, 2 May 2013.

## InBev-Baillet Latour Chair of European Union-China Relations



sanctions taken by the US and the EU, especially of the ones banning connection with the Central Bank of Iran.<sup>12</sup>

The EU's approach differs, from that of the US and China, in the tactics and timing. It is neither confrontational nor appeasing. It intended to negotiate with the Iranian government at the beginning rather than using the hard power of sanctions. Indeed, the EU argued that sanctions would only alienate the Iranian regime and make it hard to reach a deal that would "preserve the face" of all parties.<sup>13</sup>

However, the insufficient Iranian cooperation with the IAEA led France and the UK to impose unilateral sanctions at the end of 2011, followed later by an EU decision to impose an oil embargo in January 2012 in addition to many financial and economic sanctions.<sup>14</sup> Thus, the EU moved from having a balanced position between the US on the one hand, and Russia and China on the other, to imposing sanctions. These sanctions have led Iran to return to the negotiation table "and to engage into the substance of the nuclear issue since April 2012", including, in particular, halting enrichment and complying with the above mentioned UNSC resolutions.<sup>15</sup>

### ***The risk analysis approach to international relations***

Even in the absence of a clear and present threat, governments have to assess the security risks in the international arena in order to circumscribe any *likely* events that could have a negative effect on them, and to benefit from the advantages that could amount from these events through risk analysis and management.<sup>16</sup>

The risks that governments face today are quite different from those that they faced previously during the Cold War years. With the multiplication of the number of actors on the international scene, uncertainty is ever more present. Consequently, decision making has become more complicated and this increases the possibility of a false assessment of transnational risks, leading to the adoption of the wrong risk management policy, a good example being the invasion of Iraq by US forces.

Today, governments are more pre-emptive and less reactive toward matters related to security risks. Yet, achieving full state security is getting more difficult because of the new forms of danger to states, and what risk analysis can do is to optimise the process of detecting risks and addressing them.

Two *main risks* are associated with the Iranian nuclear issue: nuclear proliferation risk and energy security risk. When the issue of nuclear proliferation risk is addressed, two main questions arise: at which level of

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<sup>12</sup> S. Harold & A. Nader, "China and Iran economic, political and military relations", *RAND*, Occasional paper, 2012, p. 12.

<sup>13</sup> B. Fite, "U.S. and Iranian Strategic Competition", *Centre for Strategic and International Studies*, March 5, 2012, pp. 19-20.

<sup>14</sup> R. Miller, "The European Union's Counterproductive Iran Sanctions", *Foreign Affairs*, 23 February 2012.

<sup>15</sup> Interview with a diplomat, Strategic Planning Division, EEAS, *op. cit.*

<sup>16</sup> C. Althaus, *Calculating Political Risk*, Earthscan, London, 2008, p. 17.

## InBev-Baillet Latour Chair of European Union-China Relations



development has the Iranian nuclear programme reached? What are the incentives to motivate Iran to militarise its nuclear programme?

The energy security risk results, firstly from Iran being an oil exporter and, secondly from its location on a strategic supply bottle-neck, the Hormuz Strait, thus rendering a military strike a farfetched option because it has repercussion for oil importers on their long-term energy supply safety, short-term energy delivery and oil prices.<sup>17</sup>

### ***China's risk analysis on Iran***

As mentioned earlier, China has followed an accommodative stance toward Iran. This has stemmed, firstly, from its energy links that could be considered of vital importance as long as China's thirst for oil is growing, especially given that Chinese oil State Owned Enterprises are the biggest investors in Iran now after the majority of European companies have left.<sup>18</sup> Secondly, it stems from the necessity of political stability in Western and Central Asia where Iran is a key player.<sup>19</sup>

Central Asia is a matter of direct concern for China, the instability of which could be exported to the Chinese north-western autonomous region of Xinjiang due to terrorist activities by al-Qaeda in Afghanistan and Pakistan. Thus, China favours a stable Iran that quarantines the long belt of instability extending from the eastern bank of the Mediterranean to Xinjiang.<sup>20</sup>

The risks attached to this instability belt comprise, terrorism, radicalism, illegal trade of arms and narcotics, risk to mining sectors, failing states, separatist regions and nuclear proliferation. Consequently, "China wants to avoid any military operation against Iran, because this will further destabilise the region and might lead to an outbreak of a conventional war, and that is in no one's interest."<sup>21</sup>

Such consideration is reflected in its position during the nuclear negotiations. China has sought to find common grounds between the parties in order to avoid further aggravation.<sup>22</sup> Thus, China has considered the risk of war as the most *eminent risk*, and its diplomatic engagement, in the P5+1 and the UNSC, has aimed to avoid a military reaction against Iran, because it feared there would be a void of power due to a weak Iranian government.

### ***The EU's risk analysis on Iran***

In 2003, the EU in *The European Security Strategy (ESS)* considered the proliferation threat as "potentially the greatest threat to our security", and

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<sup>17</sup> C. Van Der Lind, "Managing energy security Risk in a changing world", in P. Bracken & I. Bremmer, D. Gordon (eds.) *Managing strategic surprises*, Cambridge University Press, 2008, pp. 234-237.

<sup>18</sup> The Chinese national oil companies are committed to energy related investments in Iran of almost 100 billion dollars.

<sup>19</sup> D. Shen, "Iran's nuclear ambitions test China's wisdom", *The Washington Quarterly*, vol. 29, no.2, 2006, pp. 55-60.

<sup>20</sup> A. McMillan, "Xinjiang and Central Asia: Interdependency not integration", in C. Mackerras & M. Clarke (eds.), *China, Xinjiang and Central Asia*, Routledge, 2009, pp. 94-105.

<sup>21</sup> Interview with Zhang Lirong, Minister Counselor of the People's Republic of China to the EU, Bruges, 12 April 2013.

<sup>22</sup> *Ibid.*

## InBev-Baillet Latour Chair of European Union-China Relations



paid a special attention to the risk of weapons of mass destruction spread to the Mediterranean, its neighbourhood.<sup>23</sup>

The risk of proliferation in the Middle East was heightened, not only by Iran, but particularly after the eruption of the Syrian uprising in March 2011, and the possibility that terrorist groups might put their hands on the Syrian regime's chemical weapons.

Relating to Iran, two factors increase the EU's risk perception. The first is linked to the difference in the political systems and the fact that Iran is not a full and transparent democratic regime. The second is the clandestine nature of many features of Iran's nuclear programme.<sup>24</sup>

All of those facts heighten the risk perception concerning the peaceful nature of the Iranian nuclear programme and the degree to which the government is monitoring proliferation acts that could be conducted by the Revolutionary Guards without its knowledge.

In the face of these risks the EU has employed various risk management policies. The first emphasised the importance of the collaboration between the members of the international community necessary to confront nuclear proliferation.<sup>25</sup> The second involved alliance-building, to put more pressure on Iran by imposing multilateral and unilateral sanctions to increase, as much as possible, the costs of seeking a nuclear weapon.<sup>26</sup>

Furthermore, the EU has also been concerned about the risks to energy security that could take the form of price shocks, transit security due to conflicts eruption in or around Iran. Since the region of the Persian Gulf is a very active navigational choke-point, it renders a military strike an undesirable option due to its repercussions on the EU's economic welfare.<sup>27</sup>

### ***The convergence and divergence between the EU and China's positions***

The first step in comparing China's and the EU's positions on Iran would require identifying what is the most eminent risk for both of them, to determine how that affects their risk management policies.

This paper has shown that the most eminent risk from a Chinese perspective has been the calculation that harsh sanctions could abate Iran's position in the region and create a power vacuum that would undermine political stability not only in West Asia but in Central Asia as well. Thus, the danger of a feeble Iran, in addition to the risk of reducing energy diversification options drive China to be *risk averse*, by refusing to impose unilateral sanctions.<sup>28</sup>

For the EU, the most imminent risk is the threat of a nuclear Iran to the security of its neighbourhood and consequently to its own security. And

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<sup>23</sup> The European Union, "A secure Europe in a better world", *European Security Strategy*, 12 December 2003, p. 3.

<sup>24</sup> D. Cortright & R. Vayrynen, *Toward nuclear zero*, Routledge, The International Institute for Strategic Studies, 2010, p. 57-65.

<sup>25</sup> The European Union, "A secure Europe in a better world", *op. cit.*, p. 6.

<sup>26</sup> A. Cordesman et al., "US and Iranian strategic competition", *Centre for Strategic and International Studies*, 22 January 2013, pp. 36-41.

<sup>27</sup> C. Kahl, "Not time to attack Iran", *Foreign Affairs*, vol. 91, no.2, 2012.

<sup>28</sup> M A. AL Jardali, *The accord and disaccord between the EU and China on the Iranian nuclear issue*, Master's thesis, Bruges, College of Europe, 2013, p. 40.

## InBev-Baillet Latour Chair of European Union-China Relations



although the Iranian government has repeatedly renounced any intention to possess a nuclear weapon, its problematic cooperation with the IAEA and the refusal to sign the additional safeguards agreement protocols increase the scepticism about its true ambitions. These elements combined, drive the EU to be a *risk taker*, by opting for unilateral sanctions.<sup>29</sup>

Therefore, the EU and China clearly diverge on the type and the intensity of the sanctions against Iran, though they converge on the importance of solving this issue diplomatically, and on the unacceptability of the nuclear development track that Iran is tracing.

Finally, policymakers in the EU and China often have to take their decisions on Iran under uncertainty. They can never fully predict the repercussions of their decisions; this is why they have to assume that reacting to a possible risk might again create unexpected risks.

### **Conclusion**

There are both convergences and divergences in the position of the EU and China on Iran. The most important points upon which they converge is their opposition to an Iranian nuclear militarisation, due to the risks this would generate and the consequences that such a scenario would have for the region. Both the EU and China agree that a decision to strike Iran holds many detrimental repercussions. Hence, as long as there are no radical changes in the development of the programme, the EU and China oppose any military action against Iran.

They, however, diverge on what the best way is to ensure that Iran is not trying to militarise its nuclear programme. The EU has tried to manage this risk by pushing for harsher sanctions, if necessary, whereas China is against this move. This divergence could be explained by the difference in the perception of *eminent risk* each actor has. For China the priority is a stabilised region and non-interference, for the EU it is insuring non-proliferation.

Based on this analysis, a pattern of behaviour of the two actors can be identified, whereby China has a *risk averse* and the EU has a *risk taking* policy toward the Iranian issue. And as long as the main factors affecting risk analysis on Iran do not change, their policies will likely remain the same in the near future.

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<sup>29</sup> *Ibid.*, p. 41.



## IRELAND, CHINA AND REGIONAL ASIAN SECURITY - THE OVERLOOKED ROLE OF SMALLER MEMBER STATES' TRADE INTERESTS

Dónal Mulligan\*

### Introduction

Introducing a recent article on the vagaries of how China responds to French and British overtures, Kerry Brown, Director of the Europe-China Research and Advice Network (ECRAN), recalls a question from a puzzled colleague at a think-tank in Beijing: why had then-newly-elected French President François Hollande not publicly declared when he was going to visit China? Brown muses that the expectation seemed to have set in that foreign leaders “needed to make a bee line for Beijing once they had been elevated at home.”<sup>1</sup>

As Will Hutton breathlessly notes, since 1978 China has burst back onto the world stage in a manner “paralleled in scale and speed in world history only by the rise of the United States between the Civil War and the First World War in 1914.”<sup>2</sup> Its economy, although slowing down, retains impressive, above-target growth rates (7.7% for Q1 2013)<sup>3</sup> and its military has arguably never been better resourced.<sup>4</sup> Yet, although the Middle Kingdom may well have drawn a line under what Daniel Drezner, tongue firmly in cheek, labels its 2009-2010 strategy of “pissing off as many countries as possible”,<sup>5</sup> China under Xi Jinping has not shied away from flexing its muscles to defend its core interests - as the dispute with Japan over the Senkaku/Diaoyu islands demonstrates.<sup>6</sup> Whether ‘rising’ or ‘risen’,<sup>7</sup> China matters on the world stage like never before; its engagement or obduracy key to an increasing number of international agreements ranging from climate change to arming Syrian rebels. Unsurprisingly, therefore, most EU-China relations literature – and a great deal of EU policymaking in an exceptionally wide range of fields – both describes and prescribes how the EU should build relations with such an important geostrategic player.

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<sup>1</sup> K. Brown, “A mixed bag: China’s Euro relations”, *The Diplomat*, Blog post, 1 May 2013.

<sup>2</sup> W. Hutton, *The writing on the wall: China and the West in the 21<sup>st</sup> Century*, St. Ives, Abacus, 2008, p. ix.

<sup>3</sup> “China’s economic growth slows to 7.7%”, *The Guardian*, 15 April 2013.

<sup>4</sup> J. Garnaut, “Xi’s War Drums”, *Foreign Policy*, May/June 2013, p. 1.

<sup>5</sup> D. Drezner, “Why is Russia freaking out more than China?”, *Foreign Policy*, 19 January 2012, p. 1

<sup>6</sup> “Could Asia really go to war over these?”, *The Economist*, 22 September 2013.

<sup>7</sup> E. C. Economy, “Is China rising or has it already risen?”, *European Council on Foreign Relations*, 21 February 2013, p. 1.

## InBev-Baillet Latour Chair of European Union-China Relations



### ***Shifting the focus to smaller Member States: Why this matters***

This paper contends that apart from the individual policies of the United Kingdom (UK), France, and Germany, very little attention to date has been paid to the relationships of the 25 other EU Member States with China. This is dangerous. In a Union of 28 equal voices in the European Council, the dynamics of other smaller Member States' relationships with China also contribute to how the EU constructs and nuances its China policy: less headline-grabbing unilateral 'démarches'<sup>8</sup> than the accretion of national priorities defended by quiet coalition-forming. In examining EU efforts to engage China more substantially, this paper thus proceeds from a markedly different point to much commentary to date by focussing on one of the EU's smallest Member States – Ireland.

The core argument of this paper is that a catchy, yet incomplete, 'meme' has taken root in EU-China relations discourse that characterises Member States' policy toward China – and by extension the EU's – as "fragmented" in the face of competing trade interests. As outlined below, 'memes' are ideas that spread rapidly via a process of propagation; their viral nature meaning that if flawed, they have the potential to distort academic enquiry and skew policy-making.<sup>9</sup>

It is suggested that this 'meme' misses the point. Competition among Member States over trade deals is to be expected, and can even be healthy if it spurs innovation. EU officials cheerfully acknowledge that this will not go away anytime soon.<sup>10</sup> But as we develop in more detail below, trade and regional Asian security are inextricably linked: 60 percent of EU trade goes through the South China Sea.<sup>11</sup> Given that China is now expected to be Ireland's 5<sup>th</sup> largest export destination by 2030,<sup>12</sup> any disturbance in the region would affect the European export markets of Irish companies, the vast majority of which are small and medium-sized enterprises (SMEs). It could also hurt companies across Europe who tap into the sub-supply chain to industries in the region. As the case of Ireland demonstrates, however, there are worrying signs that the EU's leverage is diminishing by prioritising its own trade concerns over China's stance on regional security issues.

### ***The 'fragmentation meme' in EU-China relations***

The term 'meme' was coined by evolutionary biologist Richard Dawkins to describe the viral nature of how ideas spread:

If a scientist hears, or reads about, a good idea, he passes it on to his colleagues and students. He mentions it in his articles and his

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<sup>8</sup> For example, former French President Nicolas Sarkozy's threat, in response to reports of increasing Chinese censorship, to boycott the opening ceremony of the Beijing Olympics in 2008.

<sup>9</sup> I.A. Johnston, "How New and Assertive is China's New Assertiveness?", *International Security*, Vol. 37, No.4, 2013, p. 1

<sup>10</sup> Interview with EEAS official, Brussels, 4 April 2013.

<sup>11</sup> C. O'Connell, "EU strategy towards Asia is not coherent", *Irish Times*, 14<sup>th</sup> February 2013.

<sup>12</sup> "China to break into Ireland's top five export destinations by 2030", *HSBC Ireland*, Press Release, 27 February 2013.

## InBev-Baillet Latour Chair of European Union-China Relations



lectures. If the idea catches on, it can be said to propagate itself, spreading from brain to brain.<sup>13</sup>

Using this as a starting point, Iain Johnston recently took a sizable chunk of US academics and bloggers to task for what he saw as lazy propagation of China's supposed "new assertiveness."<sup>14</sup> He argues that alleged instances of "assertiveness" do not mark a radical departure from previous Chinese policy, and indeed he questions whether "assertive" is even the right term to apply. If inaccurate assumptions take hold, he cautions, it becomes more difficult to challenge "prevailing orthodoxies":<sup>15</sup> public discourse narrows and the range of policy options available diminishes accordingly.

With regard to the EU's relations with China, this paper suggests that a similar idea – or meme – has taken root in much academic commentary: Europe has been accused of taking a "fragmented approach to screening foreign investments for security threats";<sup>16</sup> the EU – of possessing a "famed proclivity for disunity" in representations to China;<sup>17</sup> the Member States and the institutions – of "fragmented" <sup>18</sup> strategies, for example, in Science and Technical Cooperation with China (a key area of Chinese interest). The 28 Member States are alleged to have "undercut any possibility of a common policy towards China" by striking their own deals.<sup>19</sup> Indeed, in the eyes of some analysts the disarray is such that 'fragmentation' characterises "EU-China relations in general".<sup>20</sup>

### **Not only the 'Big Three'**

Against such a barrage of criticism, it is little wonder that attention has been paid chiefly to the three Member States whose capacity for independent action is arguably the greatest. The UK, France and Germany all have unique features of their relationship with China. The UK holds a yearly bilateral Financial and Economic Dialogue,<sup>21</sup> Germany sends most of its Ministers to an annual intergovernmental cabinet meeting,<sup>22</sup> and there are signs that even traditional French prickliness over Chinese involvement in prized national

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<sup>13</sup> R. Dawkins, *The Selfish Gene*, London, Oxford University Press, 1989, 3<sup>rd</sup> edition, p. 192.

<sup>14</sup> Johnston, *Op. Cit.*, p. 1

<sup>15</sup> *Ibid*, p. 1.

<sup>16</sup> T. Hanemann & D. H. Rosen, "China invests in Europe: Patterns, impacts and policy implications", New York, Rhodium Group, June 2012, p. 8.

<sup>17</sup> K. Brown, "Europe loses its Chinese cheerleader", *The World Today*, Vol. 68, No. 8/9, October 2012.

<sup>18</sup> European Commission, "Approaching China: towards a more coherent EU/Member States and Associated Countries STI China strategy", report from Strategic Forum for International S&T Cooperation SFIC, Brussels, 3-4 May 2011, p. 7.

<sup>19</sup> F. Godement & J. Parello-Plesner, *The Scramble for Europe*, European Council on Foreign Relations, London, July 2011, p. 2.

<sup>20</sup> N. Casarini, *Remaking Global Order: the Evolution of Europe-China relations and its implications for the East*, Oxford University Press, 2010, p. 12.

<sup>21</sup> British Government Information Website, "Chancellor hosts fourth UK-China economic and financial dialogue", Press release, 8 September 2011.

<sup>22</sup> German Federal Foreign Office, China policy section: "Political Relations", updated March 2013.

## InBev-Baillet Latour Chair of European Union-China Relations



industries may be changing.<sup>23</sup> Here, two questions emerge: does competition between these three countries constitute a 'fragmentation' of EU policy? And secondly, is analysis based on *just* these three countries representative of the EU as a whole? This paper argues that the answer to both is 'no'.

For a start, all EU Member States – with the exception of Ireland – have signed bilateral investment treaties with China.<sup>24</sup> Although different countries jostle for influence, maintaining comprehensive bilateral relations with a plethora of states is a key aspect of Chinese foreign policy. Furthermore, as the Chinese diplomatic service evolves, it forges bilateral relationships 'mechanically' as a core component of its foreign policy.<sup>25</sup> As such, even smaller Member States are referred to in the 2012 Yearbook of China's foreign affairs:

Joint commissions, mixed commission, consultations and workshops and trade at various levels were held between China and the EU, France, Austria, Sweden, Italy, Lithuania, Romania, Serbia and other European countries.<sup>26</sup>

Of course, it is not suggested here that all states are exactly equal. As Stefan Lehne correctly points out, "some are more equal than others."<sup>27</sup> However, with the exception of the European Council on Foreign Relations' (ECFR) *Power Audit of EU-China Relations*, which comprehensively analysed the policies of *all* EU Member States toward China, the greater part of analysis to date has focused on just the UK, France and Germany. By way of example, a paper from 2011 on China's priorities toward the EU afforded Poland, Spain, and the Czech Republic just one line each; Greece and Sweden, too, were mentioned, but then only as passive recipients of Chinese investment in infrastructure.<sup>28</sup> In foreign policy, however, the story behind the headlines is increasingly the small states.<sup>29</sup> Vastly differing to China in just about every cultural, political, and social indicator, Ireland is thus an excellent subject to test whether the EU's approach to China may be said to be "fragmented."

### ***Ireland-China relations***

Diplomatic relations between Ireland and China were established in June 1979. Both countries were brought tangibly closer by the visit of a Chinese delegation to Ireland in 1980 to study the Shannon Free Zone (set up to attract high-tech Foreign Direct Investment) and the Shannon Development

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<sup>23</sup> K. Brown, "France is open to selling firms to China buyers", *Wall Street Journal*, 28 April 2013.

<sup>24</sup> J. Men, "How to perceive Chinese FDI in the EU", *EU-China Observer*, Vol. 3, 2012, p. 7.

<sup>25</sup> Interview with Professor F. Godement, Senior Policy Fellow, European Council on Foreign Relations, Paris, 8 April 2013.

<sup>26</sup> Ministry of Foreign Affairs, Department of Policy Planning, "China's Foreign Affairs 2012", Beijing, p. 62.

<sup>27</sup> S. Lehne, "The Big Three in EU Foreign Policy", *Carnegie Europe*, July 2012, p. 5.

<sup>28</sup> Zhimin et al, "China's priorities and strategy in the [sic.] China-EU relations", *Documento de Trabajo Serie Unión Europea, CEU Instituto Universitario de Estudios Europeos*, Vol. 38, 2011, p. 7.

<sup>29</sup> S. Dennison, "Does size matter? Small states and EU foreign policy", *EU Observer*, 11 February 2013.

## InBev-Baillet Latour Chair of European Union-China Relations



model of a regional development company.<sup>30</sup> The relationship got off to a good start, with the Chinese “impressed by the informality of their Irish hosts”, who saw nothing amiss in bringing them to the pub for a sing-song after a day of meetings.<sup>31</sup> From early agreements on economic and industrial cooperation to the recent Strategic Partnership Agreement signed in March 2012,<sup>32</sup> the relationship between Ireland and China has been built around trade concerns. These have intensified dramatically in recent years:

the entire embassy network, whether it is in Valletta, Paris, Vilnius, Buenos Aires or Beijing, has intensified its effort over the past year to reinforce the renewal of confidence in Irish economic recovery. Our diplomats [...] have engaged across the board, be it at Head of State of Government level or with Ministers, key parliamentary figures, senior officials, editorial boards, editors of opinion pages, business correspondents, central bankers and business leaders, those in positions of influence in financial services and so on.<sup>33</sup>

This statement unequivocally reflects the core priority of the most recent Irish strategy document on foreign policy, which covers the period from 2011 to 2014: “promote Ireland’s economic interests in Europe and internationally.”<sup>34</sup> Given the shaky – if gradually stabilising – state of Ireland’s economy, this is a sensible and pragmatic approach. Moreover, senior European External Action Service (EEAS)<sup>35</sup> and Irish officials<sup>36</sup> involved in the European Council’s Asia-Oceania (COASI) working group stress that Ireland still devotes attention to other non-trade aspects of its relationship with China. This gives the lie to zero-sum claims that Ireland has somehow jettisoned concerns over human rights to fumble in the greasy till.<sup>37</sup>

One further nuance, however, must be teased out. As outlined above, Irish foreign policy toward China prioritises trade while including other aspects such as promoting cultural exchanges and raising human rights concerns. But is this policy sufficiently multi-dimensional to be implemented even when issues other than trade move to the top of the Chinese agenda? Regional Asian security concerns animate Chinese domestic and foreign policy to an extraordinary degree,<sup>38</sup> yet when the talk in Beijing turns to hard security

<sup>30</sup> “Chinese Vice President to be briefed by Shannon Development CEO”, Press Release, *Shannon Development*, 16 February 2012.

<sup>31</sup> C. O’Clery, *Irish Times* Asia Correspondent 1996-2000, “China the Emerging Power: Prospects for Sino-Irish Relations”, Lecture at UCD Centre for Asian Studies, Dublin, 10 February 2000.

<sup>32</sup> “Strategic Partnership Agreement between People’s Republic of China and Ireland”, Press release, MerrionStreet (Irish Government News Service), 28 March 2012.

<sup>33</sup> C. O’Flóinn, Director General, Trade and Promotion Division Irish Department of Foreign Affairs and Trade, statement at Joint Committee on Foreign Affairs and Trade Debate, Dublin, 13 June 2012.

<sup>34</sup> Department of Foreign Affairs and Trade (DFAT), *Statement of Strategy 2011 – 2014*, Dublin, 2011.

<sup>35</sup> Interview with EEAS official, Brussels, 12 March 2013.

<sup>36</sup> Telephone interview with Brussels-based Irish official, 21 March 2013.

<sup>37</sup> “Human rights groups slam ‘indulgent’ treatment of China”, *Irish Examiner*, 19 February 2012.

<sup>38</sup> Z. Liqun, “China’s Foreign Policy Debates”, *EU Institute for Security Studies*, Brussels, September 2010, p. 52.

## InBev-Baillet Latour Chair of European Union-China Relations



issues, will Irish diplomats and trade officials be able to gain the ear of their Chinese counterparts?

### ***Trade is good – but it is not a strategy***

The simmering dispute over the Diaoyu/Senkaku islands, in the context of the US shifting its attention (and resources) from Europe toward Asia in a strategic 'pivot', are just two reminders that 'traditional' or 'hard' security is very much an issue that keeps Chinese leaders awake at night. A prominent Chinese academic recently penned a thinly-veiled warning that in the event of a sudden escalation of the dispute over the Diaoyu/Senkaku, China expected the EU to be "at the very least neutral", and bluntly noted that the best way to improve cooperation was through collaboration on regional security issues.<sup>39</sup> Moreover, since coming to power, Xi Jinping has consolidated his control of the military and accentuated its primacy in constructing his 'Chinese dream',<sup>40</sup> to the extent that since the National People's Congress in March 2013, "no-one in China's vast military establishment has dared to go off-message."<sup>41</sup>

The recent headline "Irish to fete China's Xi with Riverdance; investment sought"<sup>42</sup> suggests, however, that such issues are perceived as remote, and best dealt with at multilateral level. Yet there are worrying signs emerging that even at EU level an understandable focus on economic recovery could swiftly and unintentionally turn into what Jan Techau, Director of Carnegie Europe, describes as "survival mode [...] *oblivious to the political signals it is sending out to international audiences*" [emphasis added].<sup>43</sup> Left dumbfounded at the lack of imagination displayed at a recent European Commission briefing on global strategy, Techau wonders whether preoccupation with the current economic crisis has not just led to a momentary flagging of energy at EU level, but has engrained a "therapy before strategy" attitude on the part of officials.<sup>44</sup> The EU has no equivalent of the US 7<sup>th</sup> Fleet in Asia, and has been accused of paying scant attention to regional Asian summitry.<sup>45</sup> A trade-oriented relationship with China is sensible, but as the EU likes to encourage its Member States to "sing from the same hymn sheet"<sup>46</sup> in terms of foreign policy, it should acknowledge that even the sweetest choir needs a repertoire.

With regard to the EU's global strategy, Techau wonders whether fixation with economic recovery and stability has led to the detriment of more outward-looking thinking. Concerning China, the EU can certainly do more to improve the coherency of its Strategic Partnership. But a good place to start is

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<sup>39</sup> Z. Shi, "Understanding EU-China Relations: Q&A", *Carnegie Europe website*, 15 October 2012.

<sup>40</sup> "Chasing the Chinese dream", *The Economist*, 4 May 2013.

<sup>41</sup> F. Godement, "Xi Jinping's China", *ECFR*, 17 July 2013, p. 2.

<sup>42</sup> F. Flynn, "Irish to Fete China's Xi with Riverdance; Investment Sought", *Bloomberg Businessweek*, 19 February 2012

<sup>43</sup> J. Techau, "In the crisis, it's therapy before strategy for the EU", *Carnegie Europe*, 19 February 2013.

<sup>44</sup> *Ibid.*

<sup>45</sup> C. O'Connell, *op. cit.*

<sup>46</sup> D. O'Sullivan, "Setting up the European External Action Service", Speech at the Institute of International and European Affairs, Dublin, 6 October 2011.

## InBev-Baillet Latour Chair of European Union-China Relations



with its Member States; particularly in providing support and guidance to more fully integrate regional Asian security concerns into national policies. There are encouraging indications that the EEAS is ready to take a more proactive role in this regard by providing political briefings and speaking points to national diplomats.

Ireland, the Member State at the focus of analysis in this paper, has a window of opportunity to build on the July 2013 trade mission to China and develop a comprehensive strategy for China that goes beyond the current 773-word Strategic Partnership Agreement. This can – and should – address trade concerns, but crucially it should map out how Ireland intends to gain the ear of Chinese interlocutors by talking about more than trade. That the Tanaiste (Irish Deputy Prime Minister) visited in person is a welcome sign of a break from the past where competent, but relatively low-level, officials were dispatched. Moreover, the rotation of Ambassador Declan Kelleher from Beijing, where he has recently completed a 5-year posting, to head the Irish mission in Brussels is an excellent chance to integrate Chinese and Asian concerns more fully into a coherent strategy for the region.

### **Conclusion**

EU Member States – especially small ones like Ireland – need to recognise that regional Asian security is a concern that directly impacts on them. If multinational firms such as Honda repeat their September 2012 temporary factory shutdown in response to security concerns over the Diaoyu/Senkaku islands,<sup>47</sup> Irish and European companies that depend on these supply chains will suffer. In the long term, overlooking the extent to which security matters to China diminishes the leverage of Member States more so than jostling for position on trade contracts. To avoid the trade lens through which Ireland views its partnership with China turning into ‘trade blinkers’ – obscuring other areas of productive cooperation – it should recognise that direct involvement in regional Asian security cannot simply be delegated to the EU level. If the EU is to maintain a Strategic Partnership with China, this requires genuinely strategic thinking – yet increasing trade is not a strategy in itself, but rather the outcome of a strategy. It should remind its Member States of this.

Whereas some analysts view the alleged ‘fragmentation’ of EU Member States’ China policy in a negative light – each EU Member State is trying to “carve their own deal” that undermines the rest<sup>48</sup> – it has been argued that the dynamics at play in the spread of such a ‘fragmentation meme’ go beyond merely listing the areas where the Member States would have greater weight if they threw their energies into forging common areas of focus. ‘Fragmentation’ only becomes problematic when the debate turns to the issue of leverage, and as has been argued, leverage depends on multiple variables – such as the ability to respond concretely to the issues animating the foreign policy of China, even if they are not priorities for the EU. To build on the European Council on Foreign Relations’ (ECFR) “chessboard”

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<sup>47</sup> J. Cheung, “Japanese Factories Halt Production in China as Island Dispute Escalates”, *Forbes*, 20 September 2012

<sup>48</sup> Interview with F. Godement, *op. cit.*



InBev-Baillet Latour Chair of  
**European Union-China Relations**



metaphor.<sup>49</sup> The problem with worrying about 'fragmentation' over trade is less that China can exploit differences on the chessboard in face of 28 squabbling EU opponents, but that those opponents have instead turned up with a deck of cards.

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<sup>49</sup> J. Fox & F. Godement, "A Power Audit of EU-China Relations", *European Council on Foreign Relations*, London, April 2009, p. 3.



## IS SPACE BIG ENOUGH FOR THREE GIANTS? EU-CHINA SPACE COOPERATION AND THE ROLE OF THE US

Simon Seminari\*

### *Introduction*

In 1957, the USSR successfully placed the first man-made object in space, and from that moment on, space has continued to be a frontier for the exercise of power and influence. Today, the development of powerful new technologies has made the exploitation of space's strategic opportunities even more critical. Any power wishing to lead the world by 2030 must also be a leader in space because satellite constellations open up space-based positioning, navigation and timing (PNT) systems – applications critically important for the economy and national security of a state that no global or regional power can afford to rely on a system controlled by another power.<sup>1</sup> Space is an 'enabler', not a goal in and of itself – it facilitates sectorial policies and the development of key technologies and innovation. It is fundamental for advanced digital telecommunications infrastructure, allowing people to stay connected in an increasingly-digitalised society and economy: in Europe, 50 million citizens require satellite systems to access high-speed internet.<sup>2</sup> Energy, transportation and agricultural sectors all benefit. Satellite surveillance is crucial for effective border observation, maritime security, and other aspects of international security, including the fight against piracy and weapons-proliferation.<sup>3</sup> In addition, battlefield-intelligence gathered from the air has always been vital for security and warfare, from modified weather balloons used in WWI to today's missile- and drone-guiding satellites. Prestige is also very important, especially in the exceedingly visible and high-level field of space. The political, scientific and commercial prestige that comes from being acknowledged as an advanced space power allows better marketing for high-tech products, facilitates high-tech partnerships, increases abilities to attract and influence followers in political and technological initiatives, and allows agenda- and timetable-setting bilaterally and multilaterally.<sup>4</sup>

This essay first discusses how the US has, until the early 21<sup>st</sup> century, dominated space via the technological superiority it held due to its massive Cold War era investment and earlier head-start. The burgeoning space programmes of China and the EU, America's two key competitors in this

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<sup>1</sup> Madariaga College of Europe Foundation "Does Europe Have an Ambitious Enough Strategy for Outer Space?", Citizen's Controversy, Brussels, 25 February 2013.

<sup>2</sup> *Ibid.*

<sup>3</sup> G. Lindstrom & Giovanni Gasparini, "The Galileo Satellite System and Its Security Implications," Occasional Papers No. 44, April 2003, p. 15.

<sup>4</sup> *Ibid.*, p. 6.

## InBev-Baillet Latour Chair of European Union-China Relations



arena, are then examined, before the paper reviews the rise and fall of EU-China space cooperation, and concludes with an analysis of the re-constitution of the Transatlantic Alliance and normalisation of EU-China relations with regards to space cooperation. Although Russia also operates its own GNSS, GLONASS, it is excluded from this paper for two reasons. First, because unlike the EU and China, Russia is not a newcomer on the GNSS scene – GLONASS has been operating at regional and global capabilities since 1995 – and second, a narrower focus permits a deeper analysis.

### ***American Space Hegemony***

During the Cold War, both the US and USSR poured unparalleled amounts of funding into military technology. What fuelled the 'Space Race', however, was the Soviet launch of Sputnik I in 1957, humanity's first satellite in orbit. This event revolutionised how the world thought about space and how it could be utilised, and sparked unprecedented spending in space-related research and education, accelerating scientific advancements and spin-off technologies. The Soviet collapse meant that the US enjoyed undisputed space hegemony, supported by its unrivalled technological superiority. The American Global Navigation Satellite System (GNSS), called Global Positioning System (GPS), was created by the Department of Defence, and became fully operational in 1994. GPS was for many years the only satellite system available, and promoted by the US as the world standard. Yet, as the world gradually shifted from a post-Cold War unipolar world order into multipolarity, so too did rivals challenging US space hegemony appear. China and the EU are two of the most prominent challengers, and each has begun construction of its own GNSS. China and the EU considered GPS as having many flaws and downsides, including outdated technology, system control monopoly allowing the US to shut down or restrict access to the signal, preferential access given to military over civilian users – for instance, until 2000 the accuracy of the civilian signal was deliberately degraded to 100 meters through selective availability – and limited coverage of northern latitudes. The emergence of credible space rivals compelled the US to upgrade GPS, and in early 2000 the US Congress confirmed modernisation efforts, developing next-generation GPS III satellites.<sup>5</sup> The first GPS III satellite will be launched in 2014.

### ***The Rise of Space Powers***

China is quickly becoming recognised as one of the top space-faring countries. It is the third to have sent an astronaut to space, after the US and USSR/Russia. In 2007, it launched a lunar-orbiter, and in late 2013, will follow-up with an unmanned lunar lander. China was the first nation in over two decades to conduct a successful ground-based ASAT missile test: in 2007 it

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<sup>5</sup> "Development Plan for Enhanced GPS," Section 218(d) of the Strom Thurmond National Defense Authorisation Act, GPS.gov (Official U.S. Government information about the Global Positioning System (GPS) and related topics), July 1999, retrieved 21 October 2013, <http://www.gpo.gov/fdsys/pkg/PLAW-105publ261/pdf/PLAW-105publ261.pdf#page=33>.

**InBev-Baillet Latour Chair of  
European Union-China Relations**

destroyed one of its own weather satellites.<sup>6</sup> Though the test earned China global condemnation, it was perceived as a 'shot across the bow' to American space power and highlighted the vulnerability of US space assets, which the US increasingly relies upon to conduct its military missions.<sup>7</sup> China also designed and launched a satellite on Nigeria's behalf in 2007, demonstrating that space technology could be used to exercise 'soft power' abroad. Yet for China, these high-visibility space activities – which certainly generate scientific, military, financial and prestige-related benefits – cannot compare to the enormous gains it seeks to reap via its home-grown GNSS, called BeiDou.

China's BeiDou-1 system was completed in 2003, but offered only limited regional coverage. This experimental system is being superseded by BeiDou-2, originally named Compass, but since the release of Beidou's first Interface Control Document (ICD) in December 2012, now called BDS, an acronym of BeiDou (Satellite) System.<sup>8</sup> BDS is currently under construction – 16 of the planned 35 satellites have already been launched. It presently offers regional East-Asia coverage, but will be expanded to attain planetary coverage by 2020.<sup>9</sup> Like GPS, BDS will provide two services: open, available free of charge to civilians, and authorised, ensuring more reliable and precise usages, but available only to the People's Liberation Army and government-authorised users. The ICD released in December 2012 provides technical specifications – including signal characteristics and carrier frequencies, among others – on BDS' Open Service Signal, information required for the manufacture of civilian BDS receivers and terminals.<sup>10</sup> RAN Chengqi, director of the China Satellite Navigation Office which manages the construction of BDS, stated that in addition to the billions of Renminbi (RMB) already invested into BDS, the Chinese government would invest a further 40 billion RMB (approximately €4.8 billion) over the next decade to finalise the system and promote market uptake.<sup>11</sup> According to Chinese authorities, BDS' final

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<sup>6</sup> During the Cold War, the US and USSR initiated largely-unsuccessful anti-satellite (ASAT) programmes. The only successful test occurred in 1985, when the US fired an air-launched ASAT missile and destroyed a malfunctioning US satellite. Despite its success, the programme was discontinued, as the test created nearly 1000 pieces of persistent space debris and highlighted the consequences of destructive ASAT technologies. In 1985, Congress banned further testing of the ASAT system on satellites, and the programme was discontinued shortly after. For further information, please see UCS Global Security program, "A history of Anti-Satellite programs," January 2012, retrieved 06 November 2013, [http://www.ucsusa.org/assets/documents/nwgs/a-history-of-ASAT-programs\\_lo-res.pdf](http://www.ucsusa.org/assets/documents/nwgs/a-history-of-ASAT-programs_lo-res.pdf).

<sup>7</sup> B. Gill & Martin Kleiber, "China's Space Odyssey: What the Antisatellite Test Reveals About Decision-Making in Beijing", *Foreign Affairs*, 2007.

<sup>8</sup> G. Turetzky, "Expert Advice: Little Tigers vs. Big Wolves", *GPS World*, July 1 2013, retrieved 21 October 2013, <http://gpsworld.com/expert-advice-little-tigers-versus-wolves/>.

<sup>9</sup> P. Boehler, "China's Beidou navigation system expands in Southeast Asia", *South China Morning Post*, 29 August 2013, retrieved 21 October 2013, <http://www.scmp.com/news/china/article/1226508/chinas-beidou-navigation-system-expands-southeast-asia>.

<sup>10</sup> The English-language version of the BDS Interface Control Document can be found here: <http://www.beidou.gov.cn/attach/2012/12/27/201212275f2be9ad57af4cd09c634b08d7bc599e.pdf>.

<sup>11</sup> "China Eyes Greater Market Share for its GPS Rival", *Xinhua*, December 27 2012, retrieved 21 October 2013, [http://usa.chinadaily.com.cn/business/2012-12/27/content\\_16062407.htm](http://usa.chinadaily.com.cn/business/2012-12/27/content_16062407.htm).

## InBev-Baillet Latour Chair of European Union-China Relations



performance will be comparable to GPS III. Beyond this, details are scant. Additionally, Chinese government opaqueness obfuscates BDS policy management. The Chinese military plays a significant role in China's space activities. It is thus unclear who directs government policy for space.

What is known, however, is that applications based on China's satellite system are expected to provide a plethora of practical benefits contributing to boosting economic growth in areas ranging from agriculture and urban development to transportation. Additionally, China's export-driven economy relies enormously on its maritime shipping industry, which stands to benefit greatly from BDS applications via improved shipping routes and traffic-management in China's congested ports. The commercial potential of an autonomous GNSS is enticing: China's navigation service sector totalled nearly €15 billion in 2012, and navigation is only one of the uses of a GNSS.<sup>12</sup> Equally important as the economic benefits, Chinese leaders view an independent space sector as promoting national and military power, boosting China's prestige and serving as a conduit to exert soft power abroad – Thailand and Pakistan have already signed on to use BDS.<sup>13</sup> It would promote autonomy from American GPS and other foreign technology. China closely observed the role of GPS in the first Gulf War, with military literature beginning to discuss how space-based systems were changing modern warfare's nature. A decade later, this ideology had entered the highest levels of Chinese military doctrine: the term 'informationalised' warfare appeared for the first time in China's 2004 National Defence White Paper.<sup>14</sup> To understand how China's GNSS came about, we must first explore the EU's system, and EU-China space cooperation.

The EU composes the third side of the space-power triangle. In 1998, the Commission and European Space Agency (ESA) jointly studied the feasibility of a European GNSS.<sup>15</sup> It was approved a year later by the Council, and called Galileo, destined to become the EU's flagship space programme.<sup>16</sup> The GNSS is jointly-run by the Commission, representing Community interests, and the ESA, where Member States' interests are represented. Germany and France dominate EU space activities: Germany supplies the bulk of Galileo funding, research and engineering, whereas France, motivated by its desire to promote EU autonomy, especially from the US, generates a great deal of the project's political will and impetus.<sup>17</sup>

Unlike GPS and Compass, Galileo is a civilian programme under civilian control – no funding comes from defence budgets. Financing comes entirely from Union instruments and the European Commission. Initial projected costs totalled €2.2 billion, but have increased to an estimated €5

<sup>12</sup> "China Investing \$810M in Beidou", Tech Crunch, May 2013.

<sup>13</sup> "China Wants One of Its Very Own", *GPS World*, December 2006, pp. 1-2.

<sup>14</sup> Government of China White Paper, "China's National Defense in 2004", December 2004, retrieved 21 October 2013, [http://english.gov.cn/official/2005-07/28/content\\_18078.htm](http://english.gov.cn/official/2005-07/28/content_18078.htm).

<sup>15</sup> European Commission Communication, "Galileo: Involving Europe in a New Generation of Satellite Navigation Services", February 1999, retrieved 21 October 2013, <http://www.navnin.nl/NIN/Downloads/Galileo%20-%20New%20Generation%20SNS.pdf>.

<sup>16</sup> Lindstrom, *op. cit.*, p. 14.

<sup>17</sup> N. Casarini, "The Evolution of the EU-China Relationship: From Constructive Engagement to Strategic Partnership", *Occasional Paper No. 64*, Institute for Security Studies, 2006, pp. 4-5.

## InBev-Baillet Latour Chair of European Union-China Relations



billion.<sup>18</sup> Early funding and governance problems led to delays: it was not until 2005 that the first satellites of the constellation were launched. Currently, only six satellites have been launched, out of a total of 30. Galileo is expected to reach full-operational capacity by 2019, and its technological superiority over current systems will allow for more accurate positioning – including in areas where GPS has difficulties, such as canyons and high-rise cities – better integrity, continuity of services, and better coverage at northern latitudes, important for Northern Europeans.<sup>19</sup> Galileo, like GPS and Compass, will offer a free-of-charge service as well as authorised signals designed for security purposes. However, Galileo delivers a crucial innovation, unique to its system: ‘Commercial Service’ signals, available to civilian users for a fee, providing better-quality signals and a guaranteed level of accuracy and reliability. This service offers major civilian added-value by opening new ‘reliability-critical’ services and business opportunities not currently possible in shipping, transportation, aviation, and more.<sup>20</sup> EU policymakers are hoping that, despite Galileo’s delays and ballooning costs, this unique feature will make it attractive to users around the world.

### ***EU-China Space Cooperation and the Role of the US***

The post-Cold War ‘Space Race’ is heating up – all three GNSS systems will be fully operational by decade’s end, and with these capabilities, new opportunities become available. As global powers’ space-access technology and capabilities increase, space is increasingly becoming a critical strategic field, highlighting its importance as a power-enabler or power-multiplier. Just as its Industrial Revolution head-start permitted Great Britain to exert influence over most of the world, so too will countries with robust space capabilities be better able to project power and influence across the globe, hasten their development, and open new markets worth billions.<sup>21</sup> However, the US, considering space a strategic field, vital to its military superiority, has traditionally maintained an isolationist space policy including the throttling of space-technology exports, rigid control of space assets and militarisation of space. These policies naturally led to aspiring space powers to cooperate with each other in order to achieve their goals. The EU, in European liberal-internationalist fashion, believed that space-related activities – including technology – were instruments of international cooperation. Contrasting with American realist views, the EU did not see cooperation in this field as a security risk. China was willing to work with the EU on Galileo, motivated in part by the prospects of acquiring advanced technology denied to it by the US, and the more general commercial and scientific benefits that a large-scale cooperation project with the EU would entail.<sup>22</sup> The two sides therefore agreed to include space cooperation as an appendage of their Strategic

<sup>18</sup> Commission, DG Enterprises and Industry, “EU financing for space activities”, 5 February 2013.

<sup>19</sup> *Ibid.*

<sup>20</sup> GNSS-Asia, “Galileo: The Programme”, December 2011, retrieved 21 October 2013, <http://www.gnss.asia/programme-0>.

<sup>21</sup> Madariaga College of Europe Foundation, “Does Europe Have an Ambitious Enough Strategy for Outer Space?”, Citizen’s Controversy, Brussels, 25 February 2013.

<sup>22</sup> Interview with Commission Official, Brussels, 20 April 2013.

## InBev-Baillet Latour Chair of European Union-China Relations



Partnership in 2003. EU-China space cooperation was designed to build trust and to permit the EU to imbue China's nascent space programme with its own norms, such as banning the use of weapons in space. Space cooperation would also reinforce the Strategic Partnership, providing concrete, visible benefits of EU-China cooperation, as the Partnership was often criticised as lacking strategic content and being composed of inconclusive 'talk shops.'<sup>23</sup>

In the previous decade, the EU-China relationship proceeded through distinct phases. The oft-touted 'honeymoon' phase was initiated in 2003 by the announcement of the EU-China Strategic Partnership, the EU-China space cooperation and collaboration on Galileo, as well as EU efforts, led by France and Germany, to lift the arms embargo on China, imposed in the aftermath of the 1989 Tiananmen Event. This was partly due to the transatlantic rift caused by the Iraq War and by American and European perceptions (whether justified or not) that their strategic priorities were drifting apart – the markedly different threat assessments and solutions laid out in the 2002 American National Security Strategy and the 2003 European Security Strategy attest to this.<sup>24</sup> The lowest point in EU-China relations in the field of space cooperation was in 2007-2008, the 'reflection' phase, culminating in the abrupt end of EU-China collaboration on Galileo with the release of the ESA's procurement criteria, in which China was entirely excluded.

A number of reasons explain the EU decision to exclude China. Nominally, China was excluded from Galileo because the ownership scheme was modified. Initially, Galileo was to be financed via a Public-Private Partnership (PPP). This would allow private-sector financing to procure and maintain large public-sector infrastructure.<sup>25</sup> Under these terms, Chinese firms were allowed to participate in Galileo procurement and research projects. However, in 2008, the EU reversed course, as it was unable to secure adequate PPP contracts. Therefore, PPP was abandoned, and it was decided that Galileo be entirely funded via public EU funds.<sup>26</sup> Thus China was excluded from the direct participation in Galileo it had enjoyed previously. China took this news as a slap to the face, and this Galileo ownership policy reversal contributed, to a certain degree, to the decline in EU-China relations.

However, other underlying factors also played a role. First, problematic Intellectual Property Rights enforcement and technology-transfers had become increasing irritants in the relationship. Second, there was the EU concern that its cooperation with China was providing China with the capabilities required to build its own GNSS and challenge Galileo.<sup>27</sup> When the EU and China began space cooperation, China's regional satellite system did not compete with Galileo. In 2007, Beijing announced its plans to convert this

<sup>23</sup> c.f. J. Holslag, "The Elusive Axis: Assessing the EU-China Strategic Partnership", *Journal of Common Market Studies*, Vol. 49, No. 2., 2011, pp. 293-313.

<sup>24</sup> G. Lindström & Jean-Yves Haine, "An analysis of The National Security Strategy of the United States of America", *European Union Institute for Security Studies*, Analysis, September 2002.

<sup>25</sup> European Space Agency, "Galileo Fact Sheet", 15 February 2013, retrieved 21 October 2013, [http://download.esa.int/docs/Galileo\\_IQV\\_Launch/FOC\\_factsheet\\_20111003.pdf](http://download.esa.int/docs/Galileo_IQV_Launch/FOC_factsheet_20111003.pdf).

<sup>26</sup> Interview with Commission Official, 8 October 2013.

<sup>27</sup> J. Lavrakas, "BeiDou, How Things Have Changed", *GPS World*, February 2013, pp.180-181.

## InBev-Baillet Latour Chair of European Union-China Relations



regional system into an autonomous global system. It also promised to simultaneously continue work on Galileo, raising concerns and doubts in Europe that EU-China space cooperation was fuelling a direct competitor. Third, there are on-going disputes between the EU and China regarding the allocation of frequencies for their respective systems. The long-standing dispute regards the overlay of encrypted BDS signals over frequencies reserved for Galileo satellites by the International Telecommunications Union (ITU) in 2005. A Joint Statement signed by the EU and China in 2012 indicated that the two powers will attempt to resolve the issue. However, a final solution remains elusive.<sup>28</sup>

Fourth, there was strong American pressure on the EU from the outset. The US viewed EU-China space cooperation as threatening its primacy in this field and impacting its global interests. The US accused the EU of neglecting the strategic and security consequences of its space cooperation with China, despite repeated Commission assurances that China would not have access to the most sensitive aspects of Galileo, such as the Public-Regulated Signal (PRS), an encrypted signal used for security purposes that only EU Member States and special civil authorities would have access to. US pressure came to a head after the 2007 Chinese ASAT test, highlighting the vulnerability of US space assets and its reliance on space for battlefield awareness, missile-guidance, intelligence-gathering and real-time communications, and China's asymmetric ability to overcome US military superiority. This ability would be crucial for Chinese success in a confrontation over Taiwan, the most likely China-US conflict. This test strengthened fears that EU cooperation was accelerating Chinese advanced space-weaponry development.<sup>29</sup> Another US concern regarded proliferation of sophisticated satellite-based navigation technology to China, as well as the use of Galileo's open signals against American interests by third parties.<sup>30</sup>

While the US was applying pressure to kill EU-China space cooperation, the transatlantic allies were simultaneously engaged in space cooperation talks of their own. What facilitated the re-establishment of transatlantic cooperation – indeed, transatlantic space cooperation is greater today than it was pre-2003 – was the political compromise that the two sides were able to achieve in 2005-2006. European scientists were able to overcome an engineering problem in which Galileo's open signals interfered with GPS military signals, which the US claimed caused a national security risk, as the US would be unable to jam Galileo's open-access signals without degrading its own military signals. However, the real solution to the problem was not technical, but rather a political compromise package. Despite the two sides' differing political and security cultures, with the US viewing space capabilities as a military asset, and the EU focusing on creating space applications useful

<sup>28</sup> European Union External Action Service, "Factsheet: EU-China Summit", 20 September 2012, retrieved 21 October 2013, [http://eeas.europa.eu/china/summit/summit\\_docs/20120920\\_factsheet\\_en.pdf](http://eeas.europa.eu/china/summit/summit_docs/20120920_factsheet_en.pdf).

<sup>29</sup> B. Gill & M. Kleiber, "China's Space Odyssey: What the Antisatellite Test Reveals About Decision-Making in Beijing", *Foreign Affairs*, 2007.

<sup>30</sup> S. Beidleman, "GPS vs Galileo: Balancing for Position in Space", *The International Journal of Space Politics & Policy*, Vol. 3, No. 2, 2009, pp. 122-124.

## InBev-Baillet Latour Chair of European Union-China Relations



for civilian populations, as well as a tool for further EU integration, a 'win-win' agreement was reached. Highlights of the deal included GPS III and Galileo sharing civilian signals, creating a world standard for civilian satellite-navigation applications and increase opportunities for mutual or joint-investment, the US renouncing unilateral jamming of Galileo, and information-sharing and increased transparency from both sides regarding their systems. Four transatlantic working groups were also announced, on issues of security and interoperability, future designs and trade.<sup>31</sup> Interoperability is in both sides' interests, as it creates a level playing-field, improving performance of both systems by doubling available satellites, and the creation of common standards encourages cooperation, innovation and synergy, while competition results in redundant duplication at great cost.<sup>32</sup>

Returning to EU-China relations, there are signs that EU-China relations are thawing, with a slew of tentative, non-binding agreements and dialogues initiated. In May 2012, Vice-President of the Commission Antonio Tajani (DG Enterprise and Industry) and the Chinese Minister of Science and Technology WAN Gang signed an 'Elements of Consensus' document, which will serve as the basis for a new space cooperation framework. In September 2012, a Joint Statement on Space Technology Cooperation was signed, increasing the momentum for EU-China Satellite navigation cooperation.<sup>33</sup> Future cooperation activities were discussed in Beijing during the first EU-China Space Technology Dialogue on 14 August 2013.<sup>34</sup> Nevertheless, despite these gains, the EU-China relationship in this field remains, in many respects, strained. The most visible example of this is the EU's unwillingness to sign more ambitious 3-year Action Plans with China, agreements which would provide a roadmap for more concrete GNSS cooperation.<sup>35</sup>

### Conclusion

A new stage in the development of EU-China GNSS cooperation is currently unfolding. It is marked by the normalisation of relations in the field of space cooperation. It could be argued that the EU acted rashly, first by allowing Chinese participation in Galileo before its financing and governance scheme had been finalised, and then by abruptly changing course and excluding China, thereby damaging EU-China relations and causing a diplomatic fall-out. Now the two sides appear to be approaching each other more prudently. The initial 2003 EU-China space cooperation agreement has been abandoned, and the two space powers are slowly constructing the basis for a new space cooperation framework. Though relations may be slowly thawing, the US is ever-present, and will certainly attempt to influence the

<sup>31</sup> Casarini, *op. cit.*, p. 33.

<sup>32</sup> Beidleman, *op. cit.*, p. 150.

<sup>33</sup> The Council of the European Union, Joint Press Communiqué, 15th EU-China Summit, "Towards a stronger EU-China Comprehensive Strategic Partnership", September 2012, Brussels, retrieved 21 October 2013, [http://www.consilium.europa.eu/uedocs/cms\\_data/docs/pressdata/en/ec/132507.pdf](http://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/en/ec/132507.pdf).

<sup>34</sup> P. Gutierrez, "Europe's GNSS Program: Interview with European Commission Vice-President Antonio Tajani", Inside GNSS, May 31, 2013, retrieved 21 October 2013, <http://www.insidegnss.com/node/3595>.

<sup>35</sup> Interview with Commission Official, 10 October 2013.



**InBev-Baillet Latour Chair of  
European Union-China Relations**



outcome. In addition, more and more countries are gaining space capabilities and constructing their own global GNSS, as in the case of Russian GLONASS, or regional systems, such as India and Japan. Thus space is rapidly becoming 'crowded'. Without proper diplomatic action, tensions or even conflict could arise as a result of the powerful actors jostling for control and ultimately supremacy of space. For instance, the frequency band on which satellites can broadcast signals is already very crowded, and China has clashed with both the US and the EU over rights to these frequencies. While they have expressed desire to resolve the conflict diplomatically, no solution has yet been reached. The 2007 Chinese ASAT missile test resulted in diplomatic backlash as well as renewing American and Russian interest in ASAT capabilities. Moreover, the destruction of the Chinese satellite created over 2000 pieces of space debris in orbit, posing a significant risk to satellites and other objects in orbit. Therefore, it is becoming increasingly critical that norms on the proper utilisation of space are jointly established, perhaps via the International Committee on GNSS, or the UN Committee on Peaceful Uses of Outer Space, if the world wishes to keep space open for the shared benefit of mankind and avoid the militarisation of space. Just as free navigation of the open seas is assured by the United Nations Convention on the Law of the Sea, so too must international law produce a legally-binding convention assuring the continued free and open use of space.