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Hearing on “China-Europe Relationship and Transatlantic Implications”

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Security and the EU – China relationship: The EU arms embargo on China and the export of defence and dual-use technology and commodities and opportunities for transatlantic cooperation in this field

The differences between the US and the EU’s approach towards exporting defence-related technology and commodities to China are triggered by two major reasons: firstly, a differing perception of the rise of China, its implications and the adequate approach towards it, and secondly, the difference in statehood: The European Union is not a nation state and export controls take place on all three levels of the EU’s multilevel governance system (international, European, national levels). The transatlantic clash over the intended lifting of the EU arms embargo in 2004/5 illustrated the different views that the United States and the European Union (EU) and its Member States have on the security implications of the rise of China. In debates in the United States, China is often seen as the coming strategic competitor; EU Member States rather focus on domestic issues in China such as internal oppression and human rights violations. The EU has its roots in integrating trade policies to achieve long-term solutions to Europe’s historical security challenges and only slowly develops a strategic outlook on the Asia-Pacific and China in particular. Among its 27 Member States, the “Big Three” have more of a strategic outlook in differing degrees towards the region, while it is still very nascent in other Member States’ foreign policies. The EU’s ‘Strategic Partnership’ with China still needs to be defined in detail, with ‘strategic’ being equated to long-term and comprehensive, yet not necessarily embodying a military notion. No EU Member State has permanently deployed military forces to the region. The ‘tyranny of distance’¹ aggravates this perception of Asia-Pacific and the rise of China – that is, with countries like Russia and Afghanistan in between Europe and East Asia, the European Union as a still predominantly regional power with limited resources tends to concentrate on these countries first. Accordingly, interpretations concerning the aim and the reading of the arms embargo and export controls in regard to China differ. The European Union still perceives China primarily through an economic prism and believes into a policy of engaging a rising China at all levels and in all policy fields. A more ‘strategic outlook’ on the region and on China among the 27 EU Member States and the European Union, however, is slowly underway, although it still differs from American perceptions: While ‘strategic’ implies a military notion for Americans, it does not for Europeans. Misunderstandings are also triggered by the lengthy process on the EU side to come to a common point of view that often gets misunderstood by the US side as passivity and lack of political will. The following testimony aims to respond to questions raised on the EU arms embargo, European export controls in defence and dual-use commodities and technologies and possible transatlantic cooperation.

1. The status, prospects and utility of the European Union’s arms embargo on China and its implications on EU-China relations and the United States

Today, the European Union (EU)’s arms embargo on China has primarily symbolic meaning. Enacted as a political declaration on June 27, 1989, it differs from the US embargo that had

¹ Term coined by Michael Yahuda in his work on EU-China relations.

been enacted shortly before on June 7, 1989. Driven by concerns over human rights instead of China's military development, this "embargo on trade in arms with China" predates the EU's Common Foreign and Security Policy as set up in the Treaty of Maastricht in 1993 and, as such, is only politically and not legally binding. It has become effective by the Member States introducing it into national law, leading to different interpretations across the 27 EU Member States. Contrary to the US perspective that sees China as a strategic competitor in the region and potentially globally in the future, the majority of EU Member States focus on domestic issues such as internal repression in China when referring to the embargo. Accordingly, in national interpretations such as the British reading of the arms embargo, "any lethal weapons that could be used for internal repression" are excluded from exports to China.

The utility of the arms embargo is limited: As a non-legally binding, political declaration, its main purpose – the prevention of the sales of militarily relevant technologies and commodities – is covered by the legally binding 2008 "EU Common Position defining common rules governing control of exports of military technology and equipment" (Council Common Position 2008/944/CFSP), the successor of the EU's Code of Conduct, and the EU Regulation 428/2009 on dual-use exports, in the framework of the EU's supranational trade policy (both regulations are currently being revised). European export controls are located at all three different levels of the European Union's system of multilevel governance (international, supranational and national) that provide for a unique system of export controls, integrating all internationally agreed dual-use control regimes such as the Wassenaar Arrangement, the Missile Technology Control Regime, the Nuclear Suppliers Group, the Australia Group and the Chemical Weapons Convention. The common guidelines and frameworks such as the EU Common Position 2008/944/CFSP and the EU Regulation 428/2009 are set up at the European level; however, legislation, implementation and operationalisation takes place at the national level with national authorities executing the interpretation of the regulations as well as having the final decision as to whether to grant a national, global or individual export license (Art. 9 (2), Regulation 428/2009; see Annex I).

What implications might the arms embargo have for China's ability to acquire defence technologies in the future? The regulations of the EU export control regimes are strict, yet with the final decision being located at the national level, differing interpretations of the commonly agreed guidelines for export controls by national authorities can lead to deviating parameters for denial and approval. A removal of the arms embargo would remove one of the eight Criteria for assessing the export of military technology and equipment² and might shift in some of the EU Member States the tendency from "export granted in exceptions" to "export denied in exceptions", hence leading to a slightly higher likeliness of the application being approved (see Annex I for Criteria). Overall, due to the export control regimes in place, strict national regulations i.e. in Germany and business interests of the national defence industries marginalise the likeliness of China being able to acquire complete weapon platforms. From an industrial-political point of view, most companies will most likely refrain from selling and exporting defence technologies and equipment to the People's Republic of China in order to not jeopardise potential sales to the United States – a lesson learnt from the rift over the potential arms embargo lifting in 2004/5.³

The embargo is not likely to be lifted in the near future, despite repeated efforts to start the discussion lifting the arms embargo on China. Recent endeavours encompass the initiative

² Criterion One refers to those states where an arms embargo is in place. Applications where criterion one can be applied are most likely declined. "Criterion One: Respect for the International obligations and commitments of Member States, in particular the sanctions adopted by the UN Security Council or the European Union, agreements on non-proliferation and other subjects, as well as other international obligations." (Council Common Position 2008/944/CFSP, Article 2, Criteria, § 1, 8 December 2008)

³ In the acrimonious debate over the lifting of the EU arms embargo, the House of Representatives passed in May 2004 its version of the National Defense Authorization Act for FY2005 (H.R. 4200), reported out of the House Armed Services Committee. This bill included a provision to impose procurement sanctions against any foreign person that transfers certain military items to China, that is, the Pentagon could be barred for 5 years to purchase from the sanctioned company. ARchick, K. et al (2005) European Union's Arms Embargo on China: Implications and Options for U.S. Policy, CRS Report for Congress, April 15, 2005

by the Spanish EU Presidency in 2010 and the forays by the EU's High Representative on Common Foreign and Security Policy, Catherine Ashton, in 2010 and 2011. The EU Member States are divided over the lifting with countries such as France, Spain, Greece, Malta, Romania, Bulgaria, Austria, the Czech Republic and Italy are in favour of discussing the lifting while others such as Germany and the United Kingdom have publicly declared their opposition. Officially, two conditions are set out for a potential lifting: Improvements in a) the domestic human rights situation in China and b.) the situation in the Taiwan Straits⁴. Particularly the strong US opposition towards lifting the embargo makes a change of the current status quo highly unlikely. Accordingly, the European Union will most likely only lift the embargo in coordination with a U.S., and concurrently with a lifting of the US' embargo.

The arms embargo remains a constant irritant in the European-Sino relations, although the Chinese side has refrained from mentioning it at Summits for the past one and a half years and it has not appeared in the Joint Communiqués issued after the annual EU-China Summits since 2007. In the EU's China-policy approach of engagement at all levels, and the established "Strategic Partnership", maintaining an arms embargo – particularly one that is de-facto already replaced by the EU's arms control regulations - does not reflect the level of engagement that the European Union aspires to establish with China. For now, the arms embargo issue is dormant while the EU aims to intensify its engagement with the PR China on all levels. The impact of a potential lifting of the embargo has led to a controversy: While Chinese representatives continue to insist that they will not buy more weapons from the European side, the European companies might most likely refrain from deals with China in order to not jeopardise their more profitable sales in the US market. ON the US side, a lifting of the US side might most likely increase the pressure of US industry on the US government to lift the US embargo in order not to lose out to European competitors in the Chinese market.

2. Implications of European defence exports on China's military modernisation

Due to the primarily economic outlook of Europeans to China, European research focusing on the impact of European defence exports on the modernization of the Chinese military is still marginal and has only recently emerged⁵. Overall it can be stated that besides involuntary transfers due to espionage and reverse engineering, defence exports to China have contributed to the modernization of the Chinese military and security forces, yet to a marginal extent compared to Russian exports. In 2010, military exports from the European Union to mainland China accounted for 69 510 882 EUR, to Hong Kong for 103 611 EUR and to Macao for 54 040 EUR.⁶

Some European firms have exported defence items to China since the EU established the embargo. These exports occurred because the 1989 agreement which established the arms embargo stipulated that existing contracts would be honoured (see Annex III). Moreover, the deviating interpretations of the arms embargo in national legislations, including its focus on human rights issues and internal repression in China, has led to some defence exports. However, the impact of these exports on the modernisation of the Chinese People's Liberation Army (PLA) and/or China's internal security forces such as the People's Armed Police (PAP) has been marginal, particularly when compared to Russian and Israeli exports.

⁴ The European Union as well as its Member States adhere to the One China Principle.

⁵ See Duchatël, M. and Sheldon-Duplaix, A. "The European Union and the modernization of the People's Liberation Army Navy: the limits of Europe's strategic irrelevance", *China Perspectives*, 2011/4, pp. 31-43; also see the work of SIPRI in the context of the "Study of Innovation and Technology in China" of the University of California San Diego.

⁶ Numbers taken from Thirteenth Annual Report according to Article 8(2) of Council Common Position 2008/944/CFSP defining common rules governing control of exports of military technology and equipment, 30 December 2011 (2011/C 382/01)

Transfers since 1989 included among others British Searchwater radars in 1996 and Spey Turbofan (from 2004 – 2011, ordered in 1988), French helicopters (i.e. AS-565SA Panther, SA-321 Super Frelon, ordered in 1980/81) between 89 and 2011 and French marine diesel engines and German MTU marine diesel engines to be used in the Chinese Type 051 Luhai destroyers, Type 052 Luyang destroyers, Type 054 Jiangkai-series frigates, and Type 039A Song conventional attack submarines,⁷ which led e.g. in June 2006 to co-production of MTU Series 2000 engines in Suzhou, China. Recent large sports events have been providing windows of opportunity for the Chinese side to acquire sensitive technology and equipment worldwide that can be used in the modernisation efforts for the internal security forces; examples from the European side include for instance German monitoring systems for chemical substances as in the case of the Olympic Games 2008 or French monitoring systems delivered to provide security to large public events such as the Asian Games in Guangzhou in 2010.

Probably the most significant contribution from a US perspective is the variety of diesel engines used in various submarine and surface vessels and the resulting anti-access/area denial capabilities (A2AD) for the Chinese PLAN. The use of these less effective engines – as compared to their military counterparts – sheds light to the still prevailing difficulties of the Chinese military industry (CMI) to provide adequate indigenous military commodities.

3. European export controlled dual-use technology to China

Due to industrial policy considerations, European Union Member States do not report the volume and type of licenses that have actually been granted. Instead, they report denials of licenses. Accordingly there is no official overview on the European level of the volume, nature and generation of dual-use technology exported to China. In its response to the European Commission's Green Paper on the EU's Dual-Use Regulation, the German Association of Industries (BDI) for example assesses the percentage of controlled dual-use exports to 2 percent of the total volume of German exports.⁸ The UK Government, in absence of data on the actual value of goods under dual-use licenses, estimates the share of 3 – 4 percent of all UK exports.⁹ The official answers of the EU Member States to the request by the European Commission to obtain from the EU Member States the quantities and types of exported dual-use technology in the course of the ongoing revision of EC Regulation 428/2009 shows the differences among the 27 Member States: The share of dual-use exports is differently estimated (if at all) and the availability of the necessary data differs among the EU Member States.

Because firms conduct in-house reviews of export requests prior to applying for export licenses, the actual license applications are likely to be approved; national governments approve an average of 90% of all applications for export licenses to China. Controlled dual-use exports are listed within the general export statistics of the individual member states (Annex II provides an overview of the main categories of exports to China by the six EU countries with defence industries ("LoI"-countries)). Predominantly commodity end items are being exported¹⁰, examples for these dual-use technologies exported include chemical processing equipment, imaging cameras, equipment and software for Information and Communication technology, equipment and software for microelectronics, inertial equipment, optical technologies and others.

⁷ Figures are taken from the SIPRI Arms Transfers Database and Jane's Intelligence Review.

⁸ Bundesverband der Deutschen Industrie, Eingabe: EU-Kommission Grünbuch zur EU-Dual-Use-Verordnung. BDI-Bewertung, 31 October 2011

⁹ BIS Export Control Organisation, Response from Her Majesty's Government to the European Commission Green Paper on the dual-use export control system of the European Union, January 2012

¹⁰ In the German case, for example, German companies rather establish a joint venture in China to produce onsite, with production being based on older designs of the most recent products.

All commodities, end items, enabling technologies, the export of technical assistance, and granting Chinese access to the development of export controlled items, fall under the regulations of the three different levels of the regime (international, supranational and national) that provide for a unique system of export controls, integrating all international agreed dual-use controls. Yet, some firms may export problematic goods to China because the regime has potential loop holes and because governments have different national export control systems. (see Annex I for further information on the EU Export Control System).

Accordingly, room for improvement in this export control regime is in the details. The EU law requires Member States to apply the guidelines adopted in export control regimes in their export licensing decisions. However, as outlined above, the final assessment and decision is still taken on the national level – opening the door for differing interpretations and so-called “licence shopping”.¹¹ A so-called “catch-all article”, Art.4 of the regulation, supplements the regularly revised list of dual-use items in Annex I of the Council Regulation.¹² However, subparagraph 4.2 and 4.3, that are targeted on dual-use items that do not fall under the WMD category of chemical, biological or nuclear weapons or other nuclear explosive devices, do not capture items exported to China: Art. 4.2 and 4.3 require a license for export if the EU has implemented an arms embargo against the recipient country, based on a common position or joint action. As the 1989 EU embargo on China pre-dates the introduction of common positions and joint actions by the Maastricht Treaty in 1993, this regulation does not apply to China.

Do any of these technologies pose a challenge to U.S. security interests vis-à-vis China? There are still no systematic studies available that investigate the kind and volume of European technologies being used in the modernisation of the Chinese military and security forces. Hence it is not possible to argue in a substantiated way if any of these technologies pose a challenge to US security interests vis-à-vis China (see 2.) for the impact of European equipment on A2AD capabilities). However, most of the controlled exported technologies are already available uncontrolled on the world market. The danger of jeopardising market access to the US market by eventually violating ITAR further decreases the inclination of companies to aspire export licenses to China for technologies that could seriously challenge US security interests.

4. Transatlantic alignment and cooperation on defence and dual-use exports to China

Concerning the way and structures of export controls, European and US export control regimes are ever more converging. All are based on the international export control regimes and aim to follow the whole life cycle of the exported commodity, including regulations regarding re-exports, best practices, end-use and end-user. The Common Military List of the European Union and the United States Munitions List show a great deal of overlap. Regular exchange is happening in the international regimes’ working groups, between the EU working group COARM and US officials, and between EU Member States and US officials. Although the European Union and its Member States aim for greater harmonisation in the practice of export controls, the executing agencies and hence the final decision is still located at the national level.. Therefore, US-European exchange happens hence predominantly between Washington and the EU Member States. Transatlantic exchange on the working level between the operating officials in the national authorities remains sporadic and is limited by human resources, that is, the amount of coordination that is feasible concurrently

¹¹ See SIPRI, ‘The European Union arms embargo on China’. Available at: http://www.sipri.org/research/armaments/transfers/controlling/arms_embargoes/eu_arms_embargoes/china/china?searchterm=EU+China+Arms (accessed 29 May 10).

¹² Art. 4 requires a licence for every dual-use export if the EU has implemented an arms embargo against the recipient country, based on a common position or joint action.

to the licensing work load as such. China is mentioned in these forms of bilateral and multilateral exchanges, yet not in a special forum or coordinated way.

Further exchange has generally been welcomed from European sides as desirable to decrease the potential for frictions. Yet obstacles are seen in a.) the different assessments of European countries and the United States regarding the rise of China and b.) to what extent this cooperation would happen on eye level. Regarding a.), Europeans predominantly regard China through an economic lens and feel less threatened by a militarily modernizing China, thereby deviating from a US view of China as strategic competitor. Regarding b.) there are complaints that the United States shares only selectively on export control issues while expecting comprehensive transparency from the cooperation partner. Moreover, the US authorities sometimes seem to tend to unilaterally set the standards for cooperation. In a nutshell, it has been questioned, to what extent Washington would be open to commonly develop a shared view among equals. The European perception that the United States expects its partners to fall in line with the US view on exports has triggered some resistance to a more coordinated approach. For example, the Europeans resisted Washington's attempt after the arms embargo clash to establish a renewed version of the Cold War-era Coordinating Committee for Multilateral Export Controls (CoCom).

Do European exports to China comply with the U.S. International Traffic in Arms Regulations (ITAR)? As mentioned before, the European export control regimes resemble to great parts the US control regimes in general. The revision of the European Community's regime for the control of dual-use items and technology in 2009 by the replacing EC Regulation No 428/2009 setting up a Community regime for the control of exports, transfer, brokering and transit of dual-use items entails Annex I Cat. 7 on Navigation and avionics that led e.g. in Germany to a special export license requirement concerning data acquired through satellite technology (administered by BAFA)¹³. Regarding ITAR, the responsibility to comply lies with the exporters, the companies as such. Companies operating in several countries and with substantial business interest in the United States pay careful attention to comply with the different rules of ITAR. For example, before the European company Airbus opened up a final assembly line for the A319/A320 in Tianjin, it sought the 'green light' from the US administration. However, the occurring delays and lack of predictability have also led to the development of ITAR-free technologies and also in European defence procurement bids the notion of ITAR-free has received additional attention due to concerns of security of supply.

Recommendations

Despite some degrees of convergence, the perception and assessment of China's rise and the adequate policy response still differs and will remain different between the United States, the European Union and the EU Member States. Contrary to the Cold War and the times of CoCom, the threat perception and subsequent policy choices will remain different. Risks cannot be eliminated, but they can be managed. Both sides have their stake in Asia and particularly in dealing with China: With more coordination and exchange, each position can be strengthened and the different approaches in selected policy initiatives merged. Without, the United States and the European Union are likely to weaken each other's position and policies in return. Recommendations are therefore to encourage the US government to:

- Increase and maintain exchange on these issues on the government level in formats such as the US-EU Summit, the 2005 established US-EU Strategic Dialogue on East Asia and comparable fora in order to push for a better understanding of each other's views and approaches

¹³ http://www.bafa.de/bafa/de/weitere_aufgaben/satdsig/index.html

- Promote open exchange at eye-level between US and EU/Member States agencies and bodies on the concurrent reform of the US export control system and the EU export control regimes
- Continue and increase the transatlantic exchange on the Track 1,5 and Track 2 level in order to provide for a comprehensive approach that can draw on both sides' advantages and interests and to pave the ground for further cooperation on the government level

Testimony based on the following papers:

Stumbaum, May-Britt U. and Oliver Bräuner (2010c) "The Current State of EU-China High-Tech Cooperation with a special focus on the aerospace industry and the arms embargo debate.", in Tai Ming Cheung (ed) *The Rise of the Chinese Defense Economy. Innovation Potential, industrial performance, and regional comparisons.* Policy Brief No. 15, IGCC University of California San Diego, September 2010

Stumbaum, May-Britt U. (2009), "Risky Business? The EU, China and Dual-Use Technology", Occasional Paper No.80, EU Institute for Security Studies: Paris, October 2009

Stumbaum, May-Britt U. (2010), *Toward a Transatlantic Approach to Technology Transfers to China*, Policy Brief, Asia Program, German Marshall Fund of the United States, 9 July 2010

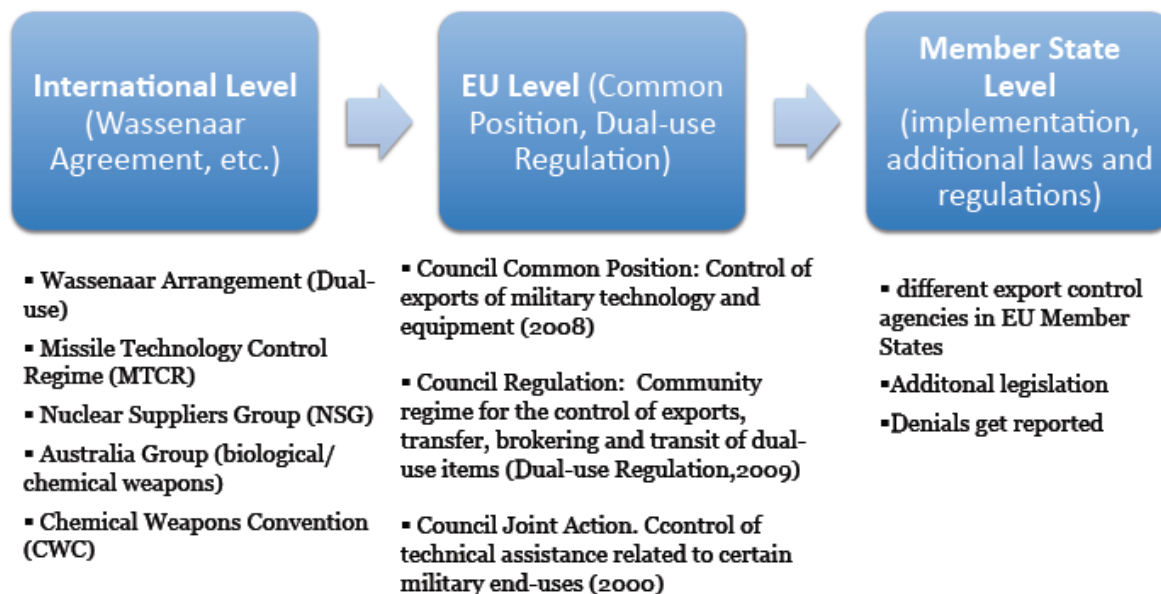
Stumbaum, May-Britt U. (2009) "The EU and China. EU Decision-Making in Foreign and Security Policy toward the People's Republic of China", *Nomos: Baden-Baden*

Stumbaum, May-Britt U. (2008) "The invisible ban. EU maintains weapons embargo on China." *Jane's Intelligence Review: Chinawatch*, December 2008, p. 52-3

Annex I: The Export Control System of the European Union

European export controls¹⁴ are located at all three different levels of the European Union's system of multilevel governance (international, supranational and national) that provide for a unique system of export controls. While the framework and guidelines are decided on the European level, legislation and implementation are executed on the national level:

Graph: Three levels of the EU Export Control System



Stumbaum/Bräuner 2010

All civilian goods fall under the auspices of European community law, but military goods listed in the Annex of Art. 296 of the EC Treaty can be excluded from aspects of community law for national security reasons. Therefore, exports of goods that were specially designed, developed or modified for military use are governed by national laws. In order to promote a Europe-wide harmonized approach to exports of military listed items, the European Union has provided a framework for reference, which was initially provided by a June 1998 non-binding EU Code of Conduct on Arms Exports.¹⁵ In December 2008, the EU Council adopted an updated and strengthened version of the 1998 EU Code of Conduct as an EU Common Position.¹⁶ Member States have worked together over a number of years to develop a best practice guidance document to be used by national export licensing officers, further narrowing the scope for different national interpretations of current guidelines. The EU Common Position lists eight criteria for the denial of export licenses:

Criterion One: Respect for the international obligations and commitments of Member States, in particular the sanctions adopted by the UN Security Council or the European Union, agreements on non-proliferation and other subjects, as well as other international obligations.

Criterion Two: Respect for human rights in the country of final destination as well as respect by that country of international humanitarian law.

¹⁴ For concise and informed articles on European export controls, see the writings of Ian Anthony, Sybille Bauer, Oliver Bräuner, Mark Bromley, Paul Holtom, Ivana Micic, Sam Perlo-Freeman and others at the Stockholm International Peace Research Institute (<http://www.sipri.org>).

¹⁵ Council of the European Union, 'Code of Conduct on Arms Export', 8675/2/98 Rev2, Brussels 5 June 1998.

¹⁶ Council Common Position 2008/944/CFSP of 8 Dec. 2008 defining common rules governing control of exports of military technology and equipment, Official Journal of the European Union, L335, 13 Dec. 2008, pp. 99–103; The Common Rules have replaced the 1998 EU Code of Conduct on Arms. Council of the European Union, EU Code of Conduct on Arms Exports, 8675/2/98 Rev. 2, Brussels, 5 June 1998

Criterion Three: Internal situation in the country of final destination, as a function of the existence of tensions or armed conflicts.

Criterion Four: Preservation of regional peace, security and stability.

Criterion Five: National security of member states and of territories whose external relations are the responsibility of a member state as well as that of friendly and allied countries.

Criterion Six: Behaviour of the buyer country with regard to the international community, in particular its attitude to terrorism, the nature of its alliances and its respect for international law.

Criterion Seven: Existence of a risk that the military technology or equipment will be diverted within the buyer country or re-exported under undesirable conditions.

Criterion Eight: Compatibility of the exports of the military technology or equipment with the technical and economic capacity of the recipient country, taking into account the desirability that states should meet their legitimate security and defence needs with the least diversion of human and economic resources for armaments.¹⁷

An annual report documents the implementation of the Common Position including an overview of the individual nations' granted licenses and volumes of arms transfers compiled by regions and countries of recipients. Moreover, Member States regularly inform each other about particularly sensitive licenses granted and denials.

By contrast, exports of dual-use items are governed by a single primary legislation adopted at EU level that is binding on all Member States.¹⁸ This regime aims to implement all internationally agreed dual-use controls, including the Wassenaar Arrangement, the Missile Technology Control Regime (MTCR), the Nuclear Suppliers Group (NSG), the Australia Group and the Chemical Weapons Convention (CWC). Dual-use technology transfer by means of technical assistance is covered by a Council Joint Action¹⁹, which means that the member states have committed themselves to implement its guidelines by producing the necessary national legislation. In its tradition of striving to export its norms and regimes and in order to promote UNSC Resolution 1540²⁰, the European Union tries to actively spread its concept of non-proliferation by spurring the dialogue with third countries such as China in EU-OUTREACH Pilot Projects – where China has been one of the partner countries.²¹

As supranational law, the EC dual-use regulation is directly applicable in all 27 member-states. Each state is required to take the necessary steps to implement and enforce the regulation and to put in place the necessary national laws and sanctions for violations. They are interpreted and executed by national authorities such as the German BAFA export control authority or the British Export Control Organisation (ECO). While many smaller member states just use the regulation directly, larger trading nations, such as Germany²², have passed a number of additional laws to complement the EC dual-use regulation.

¹⁷ Council of the European Union, Council Common Position 2008/944/CFSP of 8 Dec. 2008 defining common rules governing control of exports of military technology and equipment, 8 Dec. 2008.

¹⁸ Council Regulation (EC) No 428/2009 of 5 May 2009 setting up a community regime for the control of exports, transfer, brokering and transit of dual-use items (recast), 29.5.2009

¹⁹ Council of the European Union, 'Council Joint Action concerning the control of technical assistance related to certain military end-uses, 2000/401/CFSP, Luxembourg, 22 June 2000

²⁰ UN Resolution 1540, 28 April 2004, S/RES/1540 (2004) , <http://daccess-ods.un.org/TMP/6545339.html> (accessed: 29 May 10)

²¹ Organised by the German BAFA export control authority. See: www.eu-outreach.info (accessed 10 April 12)

²² Namely the Außenwirtschaftsgesetz (AWG, Foreign Trade and Investment Act) and Außenwirtschaftsverordnung (AWV, Foreign Trade and Investment Regulation).

Annex II: Exports of the 6 “Letter of Intent” (LoI) States to China

Country	Main export products
France	aeronautics, pharmaceuticals and chemicals, machinery
Germany	machinery, electro-technical products, motor vehicles
United Kingdom	electrical/mechanical equipment, precision instruments, vehicles, plastics, wood pulp and pharmaceuticals
Italy	machinery, electrical equipment, hides and skins
Spain	chemicals, raw materials, industrial technology
Sweden	telecommunication products, steel products, iron ore, precision instruments, building and mining machines

Annex III: European arms sales and deliveries 1972 – 2011

Transfers of major conventional weapons: sorted by supplier. Deals with deliveries or orders made for year range 1972 to 2011

Note: The ‘No. delivered/produced’ and the ‘Year(s) of deliveries’ columns refer to all deliveries since the beginning of the contract. Deals in which the recipient was involved in the production of the weapon system are listed separately. The ‘Comments’ column includes publicly reported information on the value of the deal. Information on the sources and methods used in the collection of the data, and explanations of the conventions, abbreviations and acronyms, can be found at URL <http://www.sipri.org/contents/armstrad/at_data.html>. The SIPRI Arms Transfers Database is continuously updated as new information becomes available.

Source: SIPRI Arms Transfers Database

Information generated: 15 April 2012

Supplier/ recipient (R) or licensor (L)	No. ordered	Weapon designation	Weapon description	Year of order/ licence	Year(s) of deliveries	No. delivered/ produced	Comments
France							
R: China	4	SA-321G Super Frelon (9)	ASW helicopter	1973	1977-1978	(4)	Chinese designation Z-8
			SA-321H Super Frelon Helicopter			1973	1977-1978 (9) SA-321M version; Chinese designation Z-8
		(4)	SS-12	ASW sonar		(1986)	1987 (4) For 2 Type-037/1 (Haijiu) and 2 Type-037 (Hainan) patrol craft produced in China
		(240)	HOT-2	Anti-tank missile		1987	1988-1989 (240) Deal worth \$29.7 m incl 8 SA-342L helicopters
		8	SA-342 Gazelle	Light helicopter		1987	1988-1989 (8) Part of \$29.7 m deal; armed version (with anti-tank missiles); deal incl Chinese involvement in development of EC-120 (P-120L) helicopter

	(2)	Compact 100mm	Naval gun	(1988)	1989	(2)	Incl for 1 Jianghu-2 Class (Type-053) frigate
	2	DUBV-23	ASW sonar	(1988)	1991	2	For 2 Type-051 (Luda) destroyers produced in China; produced in China as SJD-7
	2	DUBV-23	ASW sonar	(1990)	1994-1996	2	For 2 Type-052 (Luhu) frigates produced in China; produced in China as SJD-7
	2	DUBV-43	ASW sonar	(1990)	1994-1996	2	For 2 Type-052 (Luhu) frigates produced in China; produced in China as SJD-7
	(25)	SS-12	ASW sonar	(1991)	1993-2001	(25)	For 25 Type-037-1 (Haiqing) patrol craft produced in China
	1	DUBV-23	ASW sonar	(1996)	1999	1	For 1 Type-051B (Luhai) frigate produced in China; produced in China as SJD-7
	4	PC-2.5	Diesel engine	(2001)	2004	4	For 2 Fuchi support ships produced in China; designation uncertain
	(14)	PC-2.5	Diesel engine	(2005)	2007-2011	(10)	PC-2.6 version; for 3 Type-071 (Yuzhao) AALS and 1 Danyao support ship produced in China
L: China	..	Crotale	SAM system	(1978)	1992-2011	(40)	Chinese designation HQ-7, FM-80 and FM-90
	..	R-440 Crotale	SAM	(1978)	1990-2011	(2000)	Incl R-440N version; Chinese designation HQ-7 (US designation CSA-4 and CSA-N-4)
	(30)	AS-365/AS-565 Panther	Helicopter		1980	1982-1991	(30) AS-365N version; Chinese designation Z-9/Z-9A Haitun
	..	AS-565SA Panther	ASW helicopter		(1980)	1989-2011	(39) AS-365F version; Chinese designation Z-9C Haitun
	(12)	SA-321G Super Frelon	ASW helicopter		(1981)	1989-1997	(12) Chinese designation Z-8C
		SA-321 Super Frelon	Helicopter		(1981)	2001-2011	(33) Chinese designation Z-8A, Z-8K, Z-8S and Z-8JH

(14)	Castor-2	Fire control radar	(1986)	1994-2002 (14)	For 2 Luhai (Type-052), 1 Luhai and modernization of 3 Luda-1 (Type-051) destroyers and for 8 Jiangwei-2 frigates; probably assembled/produced in China; for use with Crotale EDIR (Chinese designation HQ-7) SAM system
(8)	DRBV-15 Sea Tiger	Air/sea search radar	1986	1987-2008 (7)	For 2 Type-052 (Luhai) and 2 Type-051 (Luhai) and modernization of 2 Type-051 (Luda-1) destroyers and for 2 Type-071 (Yuzhao) AALS; probably produced in China as Type-363
..	AS-365/AS-565 Panther	Helicopter	1988	1992-2011 (208)	Chinese designation Z-9A or Z-9A-100 Haitun and Z-9B/G; incl WZ-9 anti-tank version
(97)	PA6	Diesel engine	(1990)	1991-2011 (81)	For 2 Type-054 (Jiangkai-1) and 12 Type-054 (Jiankai-2) frigates and 7 Type-037/2 (Houjian or Huang) FAC produced in China
(75)	AS-350/AS-550 Fennec	Light helicopter	(1992)	1995-2011 (75)	Chinese designation Z-11; incl Z-11W armed version
8	Compact 100mm	Naval gun	(2001)	2004-2007 8	For 2 Type-051C (Luzhou) and 4 Type-052 (Luyang) destroyers and 2 Type-054 (Jiangkai) frigates produced in China

Germany (FRG)

R: China

3	8RL-B66	Diesel engine	(1975)	1979-1980 (3)	For 3 Fuqing support ships produced in China
14	MTU-1163	Diesel engine	(1987)	1994-2005 14	For 4 Luyang, 1 Luhai and 2 Luhai destroyers produced in China
(4)	MTU-493	Diesel engine	(1989)	1999 4	For 1 Type-039 (Song) submarine produced in China
..	MTU-883	Diesel engine	(1989)	1998-2011 (350)	For Type-98 (ZTZ-98) and Type-99 (ZTZ-99) tanks produced in China; incl 150HB883 version
4	MTU-396	Diesel engine	1991	1999 4	For 1 Type-039 (Song) submarine produced in China

L: China	(1200)	Type-6150L	Diesel engine	(1965)	1966-1981	(1200)	For YW-531/Type-63 APC and WZ-302/Type-70 self-propelled gun produced in China 1982-2006 (4000) For YW-531/Type-63, YW-531H/Type-85, YW-534/Type-89, Type-90/YW-535, WZ-551 and WMZ-551 APC (incl IFV and other versions), Assaulter tank destroyer and Type-85 self-propelled gun produced in China; BF-8L413 and BF-8L513 version 1996-2000 (100) For PZL-45 self-propelled gun produced in China; BF12L413FC version; probably assembled/produced in China 2001-2006 48 For 12 Type-039G (Song) submarines produced in China; probably produced in China
	(4000)		BF8L			(1981)	
	(100)		BF-12L413			(1995)	
	(48)		MTU-396			(2000)	
Italy							
R: China	(40)	A244 324mm (200)	ASW torpedo Aspide	(1985)	1986-1987	(40)	1987-1991 (200) Probably for F-8-II (J-8-II) combat aircraft; technology probably used in development of PL-11
						(1986)	
UK							
R: China	(1)	Watchman 140	Air search radar Spey	(1986)	1987	(1)	For JH-7 combat aircraft produced in China (including for prototypes); incl some 80 ex-UK 1999-2001 (6) \$62-66 m deal; for Y-8J MP aircraft; status of last 4 uncertain; no. may be 8
	(6)		Searchwater			1996	
L: China	..	Spey	Turbofan	(1988)	2004-2011	(170)	For JH-7 combat aircraft produced in China; Chinese designation WS-9