

U.S.-China Relations:

## Two Steps Forward, One Step Back

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U.S. President George W. Bush's visit to Beijing, Feb. 21-22, was the highlight of Sino-U.S. relations in the first quarter of 2002. President Bush and PRC President Jiang Zemin held in-depth discussions on a broad range of international and bilateral issues and both reaffirmed their commitment to a "constructive, cooperative" relationship. They agreed to intensify high-level strategic dialogue and expand bilateral exchanges and cooperation in the areas of economy and trade, energy, science, and technology, environmental protection, the prevention of HIV/AIDS, counterterrorism, and law enforcement. Differences persisted over nonproliferation, Taiwan, human rights, and religious freedom. In March, following talks in Washington between Chinese and U.S. officials in charge of nonproliferation matters, there were signs that modest progress might be forthcoming later this year in the dispute over Chinese export controls and sales of missile technology. Improvement in the relationship was to some extent set back by Taiwan's Defense Minister Tang Yiau-ming's visit to Florida to attend a unofficial conference that included senior Bush administration officials. In protest, Beijing canceled a Chinese Navy ship visit to the United States planned for the latter half of 2002.

### **Summit Advances Cooperation, Highlights Differences**

President Bush's 30-hour stay in Beijing, his final stop on a three-country Northeast Asia tour, marked the principal event in Sino-U.S. relations in the first quarter of 2002. Bush landed on Chinese soil on the 30th anniversary of former U.S. President Richard M. Nixon's groundbreaking visit to China. He held meetings with President Jiang and Premier Zhu Rongji, met briefly with Vice President Hu Jintao, held a joint press conference with Jiang, delivered a speech to students at Qinghua University, visited a bus engine factory, and toured the Great Wall. Presidents Bush and Jiang reaffirmed their commitment to a "constructive, cooperative" relationship, with Bush once again adding the term "candid" to underscore his desire for frankness in their dealings. Both U.S. and Chinese governments deemed the visit a success.

In his opening remarks at the joint press conference, Jiang declared that the leaders had agreed to intensify high-level strategic dialogue and increase contacts between various agencies at all levels, with a view to increasing mutual understanding and trust. The two presidents endorsed the conduct of bilateral exchanges and cooperation in the areas of

economy and trade, energy, environmental protection, the prevention of HIV/AIDS, counterterrorism, and law enforcement. They also agreed to hold meetings within the year of the Joint Economic Commission, the Joint Commission on Commerce and Trade, and the Joint Commission on Science and Technology. Jiang revealed that President Bush had invited him to visit the United States in October, prior to the Asia Pacific Economic Cooperation meeting in Mexico. In addition, he announced that Vice President Hu Jintao would soon make his first ever visit to the United States.

In the private sessions, Bush addressed a broad range of international, regional, and bilateral issues with Chinese leaders. He talked about shared U.S.-Chinese interests in South Asia, on the Korean Peninsula, in the Middle East, as well as in the UN Security Council. He recognized the challenges that China faces in fulfilling its ambitious plans for economic development and emphasized the importance of China carrying out its obligations under the World Trade Organization. Bush explained the U.S. commitment to deploying missile defense and his conviction that reliance on a mix of offense and defense would bring greater stability to the world, not less. In the area of nonproliferation, the president urged China to halt exports of missile technology and cooperate with the U.S. to keep weapons of mass destruction out of the hands of terrorists and their state sponsors. The two leaders had a lengthy exchange on religious freedom, in which Bush encouraged Jiang to open a dialogue with religious communities and religious figures, the Vatican and the Dalai Lama in particular. Jiang explained that Chinese citizens are allowed to practice their religious beliefs, but must do so according to the law that permits worship only within government-approved religious groups.

In his public remarks President Bush credited China for contributing to the war against terror and for supporting aid efforts to the post-Taliban government in Afghanistan. He lauded Jiang's "constructive leadership" in urging North Korean leader Kim Jong-il last fall to accept South Korea's offer to hold discussions and enlisted Jiang's further help in conveying to North Korea his sincere desire to resume contacts between Washington and Pyongyang. Jiang did not comment on whether he would comply with Bush's request, but he noted China's sincere hope that contacts between the U.S and North Korea would be resumed. There seemed to be less agreement between the two leaders on policy toward Iraq, however. Bush privately communicated his belief that Iraqi President Saddam Hussein's regime is dangerous and that the international community should not tolerate the flouting of the obligations that Hussein undertook in 1991. In response to a question posed by a reporter, Jiang counseled patience and stressed that "the important thing is that peace is to be valued most." In an effort to allay Beijing's fears that a U.S. attack on Iraq was imminent, Bush said that no decision had been made about the use of force against Iraq and promised to consult with other countries before making such a determination.

Taiwan remained the area of greatest difference between the two presidents and Chinese leaders were clearly dissatisfied by President Bush's remarks on what they continue to characterize as the most sensitive issue in U.S.-China relations. Bush twice publicly referred to U.S. obligations under the Taiwan Relations Act (TRA), a 1979 law requiring the U.S. to sell arms to Taiwan to help defend itself. Although Bush reiterated U.S.

support for the “one China” policy, he refrained from public mention of the three communiqués, arousing suspicion that his administration might forsake the August 1982 communiqué in which the U.S. declared its intention “gradually to reduce its sale of arms to Taiwan, leading, over a period of time to a final resolution.” In the private session, Bush also apparently declined to voice U.S. opposition to Taiwan independence. An early version of Jiang’s opening statement at the press conference, which may have been released prior to the event, included the sentence: “we both expressed opposition to ‘Taiwan independence’ and the hope of solving the Taiwan question peacefully.” When Jiang delivered his statement to the press following the presidents’ discussion, however, that sentence was expunged.

Rather than explicitly opposing independence for Taiwan, President Bush opted for a more even-handed formulation, saying that “there should be no provocation by either party.” When pressed by Qinghua University students to go beyond support for a peaceful resolution and endorse peaceful reunification, Bush dodged the question, saying only that he hoped a peaceful solution “happens in my lifetime and I hope it happens in yours.” The subject of cross-Strait political dialogue was apparently not discussed during the summit, but Bush did raise with Jiang the new opportunities for cross-Strait dialogue on trade matters presented by both sides’ membership in the WTO. In January, U.S. officials encouraged Zhou Mingwei, deputy head of China’s Taiwan Affairs Office, to take advantage of the more stable political environment in Taiwan in the aftermath of the island’s December elections to renew dialogue with Taipei.

Jiang undoubtedly raised China’s objections to U.S. arms sales to Taiwan in his private talks with Bush. Just prior to Bush’s visit, China protested U.S. plans to sell destroyers to Taiwan and help Taiwan buy submarines, warning that the deals could damage Sino-U.S. ties. According to National Security Adviser Condoleezza Rice, Bush underscored the impact of the changing “security environment” on U.S. obligations under the TRA, a probable reference to the direct correlation between China’s military build-up against Taiwan and U.S. willingness to sell advanced weapons to the island.

In his speech to students at Beijing’s prestigious Qinghua University, Bush extolled American liberty and urged China to be more tolerant of diversity and dissent. Chinese television carried the speech live, but the country’s official news agency edited out almost half of his remarks, mainly those concerning religious faith and freedom. Bush’s criticism of some Chinese textbooks’ portrayal of U.S. society was also excised along with his call for an end to religious persecution in China, his description of the Statue of Liberty, and even his praise for the heroic efforts of American police and fire fighters during the Sept. 11 disaster. A reference to the fact that political authority derives from a “free vote of the people” was surprisingly included in the published text, but Bush’s wish that the Chinese people might one day choose their own national leaders was censored.

### **Nonproliferation: Signs of Modest Progress**

President Bush assigned greater priority to the task of curbing proliferation of weapons of mass destruction during this quarter, which increased pressure on Beijing to respond to

Washington's concerns in this area. In the president's State of the Union address on Jan. 29, he stated that one of America's goals is "to prevent regimes that sponsor terror from threatening America or our friends and allies with weapons of mass destruction." Bush called on the members of the antiterror coalition to deny terrorists and their state sponsors the materials, technology, and expertise to make and deliver weapons of mass destruction. He singled out Iran, Iraq, and North Korea as an "axis of evil" that is "arming to threaten the peace of the world."

On the eve of Bush's departure for Asia, U.S. officials suggested that progress might be made during the summit toward resolving the niggling differences between the two countries on the November 2000 agreement in which China had pledged to end exports of ballistic missiles and missile technology and tighten missile export controls. No understanding materialized during Bush's talks with Jiang, however. China continued to insist that its commitment to halt exports of missile technology did not cover deals signed before the agreement was reached with the Clinton administration. Therefore, China maintains that its continuing transfers to Pakistan are not in violation of the agreement and demands that the U.S. lift the sanctions imposed on a Chinese company in August 2001. Beijing also wants Washington to relax the ban on launches of U.S. commercial satellites on Chinese rockets, which it agreed to as part of the November 2000 accord.

In a press briefing following the first round of talks between the U.S. and Chinese presidents, National Security Adviser Rice acknowledged that China is irritated by the imposition of sanctions and hopes to get them removed. "But we're not prepared to do that," she said. Rice also admitted that the "grandfathering" sticking point remained. "So we've got work to do still," she concluded. Flying back from China, Secretary of State Colin Powell said that the dispute over Beijing's export of missile technology remains "an irritation in the relationship" that the two countries would continue to try to resolve.

U.S. concerns about Chinese transfers of missile technology were highlighted by the CIA in a report on arms proliferation in the first half of 2001, made public in late January. The CIA cited China's assistance to Pakistan's production of solid-propellant short-range ballistic missiles and development of the two-stage Shaheen II, a medium-range ballistic missile. China's sales of missile-related items to Iran, North Korea, and Libya were also noted. In addition, the CIA indicated that continuing contacts between Chinese and Iranian nuclear "entities" call into question whether China is adhering to its 1997 pledge to limit cooperation with Iran on a uranium-conversion plant that could be used to build nuclear weapons. The report also raised the possibility of continuing sales of chemical weapons-related equipment to Iran. A week prior to the report's release, the Bush administration imposed sanctions on two Chinese firms and one individual broker accused of supplying Iran with technology and equipment used to manufacture chemical and biological weapons.

The early March Washington visit by Liu Jieyi, the director general of arms control and disarmament for China's Ministry of Foreign Affairs, presented an opportunity to make headway on nonproliferation matters. Liu headed a delegation attending a two-day

conference, the fourth annual track-two meeting between the U.S. and China on arms control, disarmament, and nonproliferation and held discussions following the conference proceedings with John Wolf and Avis Bohlen, assistant secretaries of state for nonproliferation and arms control, respectively. Wolf gave an upbeat account of his talks with Liu to the press, characterizing them as “far more substantive than the previous talks I had last fall.” He revealed that Liu had provided new information about Chinese efforts to crack down on nuclear, chemical, and biological weapons and missile exports. “In all those areas they professed they are in the process of tightening their export controls,” noted a U.S. official who was privy to the talks. Specifically, Liu said that China is bringing nuclear export controls “up to compatibility” with standards adopted by the Nuclear Suppliers Group, and chemical and biological export controls “up to compatibility” with standards set by the Australia Group. On sales of missiles and related technology, Liu maintained that Beijing would “take into account fully” the Missile Technology Control Regime, an international mechanism under which countries voluntarily agree to curb the transfer of missiles and missile technology.

U.S. officials are now hopeful that considerable progress can be made toward resolving the dispute over the November 2000 agreement, perhaps as early as late April when Vice President Hu Jintao visits Washington, or in the fall when Jiang comes to the United States. Narrowing outstanding differences between the U.S. and China on this and other nonproliferation issues would contribute to easing American mistrust of Beijing and provide a boost to the relationship.

### **Taiwan Defense Minister’s U.S. Visit Triggers Retaliation**

The U.S. decision to grant Taiwan Defense Minister Tang Yiau-ming a visa to attend a conference in St. Petersburg, Florida sponsored by the U.S.-Taiwan Business Council, a private organization, set off a series of diplomatic protests and retaliatory measures by Beijing. Prior stops in the U.S. by Taiwan defense ministers since Washington switched diplomatic recognition from Taipei to Beijing had only gained approval as transit visits en route to other destinations. Alarm bells were sounded in China when the conference agenda and participants were reported by the Taiwan press, revealing that Deputy Defense Secretary Paul Wolfowitz and Assistant Secretary of State for East Asian and Pacific Affairs James Kelly were both scheduled to deliver addresses. Beijing’s ire was intensified by the willingness of both senior U.S. officials to hold private meetings with Tang Yiau-ming on the sidelines of the conference.

China’s official *Xinhua News Agency* charged that by permitting Taiwan’s defense minister to attend the conference, the U.S. had “blown a gust of strange, chilly winds into Sino-U.S. relations.” Senior officials from China’s Ministry of Foreign Affairs made solemn representations to the United States both before and after the conference took place. In an unusually strident demarche to U.S. Ambassador to China Clark T. Randt, Chinese Vice Foreign Minister Li Zhaoxing accused the U.S. of “pampering and supporting ‘Taiwan independence’” and “trampling” on the principle of the three Sino-U.S. communiqués. Describing the Taiwan question as “a burden on the back of the United States for more than half a century,” Li said that “keeping it on the back will do

no good to the United States, for it may end up like lifting a rock only to drop it on one's toes." He urged the U.S. to relinquish the policy of taking Taiwan as an "unsinkable aircraft carrier" and using the Taiwan question to interfere in China's internal affairs.

Li also used harsh words to protest the U.S. Nuclear Posture Review (NPR), which was delivered to Congress in January, but became the focus of attention in early March when the document was leaked to the press. The NPR identified China as one of seven nations that the United States needs to be prepared to use nuclear weapons against. "Due to the combination of China's still developing strategic objectives and its ongoing modernization of its nuclear and nonnuclear forces, China is a country that could be involved in an immediate or potential contingency," the report allegedly noted. Li questioned U.S. motives in "nuclear saber-rattling at the Chinese people" and told Randt that China would not yield to "outside intimidation, including nuclear blackmail." A Chinese Foreign Ministry spokesperson declared that the PRC is waiting for an official and more clear-cut explanation from the U.S. on the possible use of nuclear weapons against China and six other countries.

On top of strong diplomatic protests, Beijing cancelled a Chinese Navy ship visit to the United States planned for later this year. China also denied permission for a U.S. Navy destroyer to make a routine port call in Hong Kong. Privately, a Chinese diplomat based in Washington, D.C. asserted that China hoped that by retaliating in a limited way, the U.S. would reconsider its policy toward Taiwan and refrain from taking further actions to upgrade U.S.-Taiwan relations. He indicated, however, that China's reprisals were not intended to negatively affect the overall Sino-U.S. relationship and that Hu's visit to the U.S. in late April would proceed as planned.

### **Relations Remain Fragile and Fraught with Suspicion**

It is undeniable that some features of Sino-U.S. relations have changed considerably since Sept. 11, but it is also true that in other ways, the relationship has changed little. In the category of what *has* changed, the most significant is the increase in high-level contacts and the expansion of the agenda of cooperation between the two countries. What has *not* changed is persisting mutual suspicion and sharp differences on a multitude of issues. Both countries are uncertain about how much of a long-term threat each society poses to the other. Despite assurances by President Jiang to President Bush that China does not challenge the U.S. military presence in the Asia-Pacific region and views the U.S. as playing a stabilizing role, most Americans remain wary of Beijing's long-term intentions. China is similarly skeptical of Bush administration officials' assertions that the U.S. does not view China as an adversary. Doubts have been reinforced by the Pentagon's NPR that includes contingency planning for a nuclear confrontation with China, among other countries.

Beijing is clearly upset by the Bush administration's policy toward Taiwan, especially approval of significant arms sales, expansion of U.S.-Taiwan military cooperation, rhetorical support for Taiwan's defense, and the trend of upgrading contacts between U.S. and Taiwan officials. China's decision to cancel a naval port call to the U.S. and

deny U.S. Navy ship visits to Hong Kong are intended as a shot across the bow – a warning to the administration that there are limits to China’s forbearance. Beijing’s response was carefully calibrated to affect only a small segment of the bilateral relationship, however. Preserving good relations with the United States remains China’s top foreign policy priority.

Chinese leaders are inclined to continue their conciliatory posture toward the U.S., despite their complaints and concerns about U.S. policy. Preoccupied with leadership succession and protracted economic and social challenges, Chinese leaders want to avoid a confrontation with Washington that could jeopardize the economic benefits that flow from stable U.S.-China ties. Beijing’s tolerance is not inexhaustible, however. Pressing China too hard on Taiwan or other sensitive issues could evoke a strong backlash that results in heightened cross-Strait tension and U.S.-China confrontation, neither of which is in U.S. interests.

### **Chronology of U.S.-China Relations January-March 2002**

**Jan. 8, 2002:** President Jiang Zemin meets with a delegation led by Rep. Donald Manzullo, chairman of the U.S.-China Inter-Parliamentary Exchange Group of the U.S. House of Representatives.

**Jan. 10, 2002:** Loral Space & Communications Ltd., under federal investigation since 1997 for allegedly passing sensitive missile technology to China, agrees to pay \$14 million as part of a civil settlement that will allow it to resume shipping satellites and other high-technology gear to that country.

**Jan. 13, 2002:** Zhou Mingwei, deputy head of China’s Taiwan Affairs Office, arrives in the U.S. for a week-long visit; he attends a conference in New York and holds consultations with U.S. officials in Washington, D.C.

**Jan. 16, 2002:** The U.S. imposes sanctions on three Chinese entities found to be in violation of the Iran Nonproliferation Act of 2000. The three PRC firms accused of supplying Iran with materials used to make chemical and biological weapons are Liyang Chemical Equipment Company, the China Machinery and Electric Equipment Import and Export Company, and an individual broker and agent named as Q.C. Chen.

**Jan. 18, 2002:** Harvard University’s John F. Kennedy School of Government signs an agreement with China’s Qinghua University and the Development Research Center of the State Council to train 300 high-ranking Chinese officials over the next five years.

**Jan. 18, 2002:** President George W. Bush waives sanctions imposed by his father against China following the 1989 crackdown on student protesters in Tiananmen Square to permit the export of a bomb containment and disposal unit to the Shanghai fire department.

**Jan. 19, 2002:** *Financial Times* and *The Washington Post* report that 27 listening devices were found hidden on President Jiang Zemin's refitted Boeing 767.

**Jan. 20, 2002:** Ngawang Choephel, a 34-year old Tibetan music scholar serving an 18-year sentence for spying, is released from prison on medical parole and allowed to fly to the U.S. He reportedly suffers from hepatitis and pulmonary bronchitis and had served about six years of his sentence.

**Jan. 23, 2002:** China frees Liu Yaping, an U.S. resident, from detention in the province of Inner Mongolia. Liu, a permanent U.S. resident businessman, had been held without trial for more than a year.

**Jan. 25, 2002:** President Bush reports to Congress that it is in the national interest of the U.S. to terminate the suspensions under section 902 of the Foreign Relations Authorization Act insofar as such suspensions pertain to the export of defense articles or defense services in support of efforts by the government of Japan to destroy Japanese chemical weapons abandoned during World War II in China. License requirements remain in place for these exports and require review and approval on a case-by-case basis by the United States government.

**Jan. 30, 2001:** The CIA issues an annual report that identifies China, along with Russia and North Korea, as "key suppliers" of nuclear, chemical, and biological weapons materials and missile-delivery systems.

**Feb. 1-6, 2002:** Vice Foreign Minister Li Zhaoxing visits the U.S to make preparations for Bush's China tour. Cui Tiankai, director general of the Ministry of Foreign Affairs Policy Planning Department, holds consultations with his counterpart Richard Haass during the visit.

**Feb. 6, 2002:** In his annual presentation to the Senate Select Committee on Intelligence of the CIA's estimate of threats to U.S. national security, CIA Director George Tenet warns Congress that over the past year China has increasingly honed its operational military skills to be better prepared to deal with possible military action in the Taiwan Strait and to deter the U.S. from defending Taiwan in case of a mainland attack.

**Feb. 7, 2002:** Senator Max Baucus (D-MT) and Congressman Doug Bereuter (R-NE), the chairman and co-chairman, respectively, of the Congressional-Executive Commission on China, hold the first hearing of the commission. The theme of the inaugural hearing is "Human Rights in the Context of the Rule of Law."

**Feb. 11, 2002:** About 24 U.S. generals and admirals travel to Beijing as part of the Capstone program for new flag officers. The officers visit the People's Liberation Army National Defense University and a PLA military base.



**Feb. 21, 2002:** President George W. Bush lands in Beijing on a 30-hour “working visit” during which he meets with Chinese President Jiang Zemin and Premier Zhu Rongji; Presidents Bush and Jiang Zemin hold a joint press conference following their first session of talks. Bush delivers a speech at Qinghua University and visits the Great Wall of China.

**Feb. 28, 2002:** Presidents Jiang and Bush exchange messages to commemorate the 30th anniversary of signing the U.S.-China Shanghai Communiqué.

**March, 4, 2002:** The Department of State’s Bureau of Democracy, Human Rights, and Labor releases the annual Country Report on Human Rights Practices in China, Hong Kong, and Macao.

**March 5, 2002:** Forty-two legislators submit House Resolution 357 calling on the Bush administration to recognize the authorities of Tibet who are currently exiled in Dharamsala, India, as the legitimate representatives of Tibet if those Tibetans in exile and the Beijing regime do not sign an agreement that provides for the political autonomy of Tibet within three years.

**March 6, 2002:** Liu Jieyi, director general of the Chinese Foreign Ministry’s Department of Arms Control and Disarmament, meets with U.S. Assistant Secretary of State for Arms Control Avis Bohlen and U.S. Assistant Secretary of State for Nonproliferation John Wolf.

**March 7, 2002:** U.S. Ambassador Clark T. Randt is summoned to the Chinese Foreign Ministry to hear “serious representations” from Assistant Foreign Minister Zhou Wenzhong regarding the U.S. decision to grant Taiwan Defense Minister Tang Yiauming an entry visa to attend a conference in the United States.

**March 10-12, 2002:** U.S.-Taiwan nongovernmental business meeting in Florida. U.S. Deputy Secretary of Defense Wolfowitz and Assistant Secretary of State for East Asian and Pacific Affairs James Kelly meet informally with Taiwan’s DM Tang and Chief of the General Staff Li Chien.

**March 11, 2002:** Foreign Ministry spokesman Sun Yuxi says that Beijing is “deeply shocked” over reports that the Nuclear Posture Review, delivered by the U.S. Defense Department to Congress last January, outlined the possible use of nuclear weapons against seven countries including China.

**March 11, 2002:** The Information Office of the State Council of the PRC releases its annual report on the human-rights record of the U.S.

**March 13, 2002:** All 18 Congressional members of the Congressional-Executive Commission on Human Rights and the Rule of Law in China, mandated by Congress as a result of passing permanent normal trade relations, sign a letter to President Bush

requesting that he support a resolution condemning China's human rights practices at the UN Human Rights Commission meeting opening March 18 in Geneva.

**March 15, 2002:** China, the world's largest steel maker, files a complaint to the WTO against the United States' decision to impose tariffs of up to 30 percent on steel imports to protect its producers.

**March 16, 2002:** Chinese Vice FM Li Zhaoxing summons Ambassador Randt to protest the visit by Taiwan DM Tang to the U.S.

**March 18, 2002:** China denies permission for the USS Curtis Wilbur, a U.S. Navy destroyer, to make a routine port call in Hong Kong April 5-9.

**March 19-21, 2002:** China and U.S. hold maritime transportation talks in Beijing.

**March 20, 2002:** CIA Director Tenet delivers testimony to the U.S. Senate Armed Services Committee on the threats facing the U.S., including China.

**March 21, 2002:** Beijing announces that it will cancel a planned exchange of naval ship visits later this year in retaliation for the Taiwan's defense minister visit to the U.S.

**March 29, 2002:** An advance team from China arrives in the U.S. to make preparations for Vice President Hu Jintao's visit in late April.