U.S.-China Relations:
China and the U.S. Disagree, but with Smiles
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A flurry of diplomatic activity took place this quarter as Chinese and U.S. officials conferred on how to compel Iraqi President Saddam Hussein to relinquish his weapons of mass destruction and manage the emerging crisis over the North Korean nuclear weapons programs. Beijing opposed the U.S. military strike on Iraq, but was cautious to prevent its antiwar position from damaging the bilateral relationship. U.S. and Chinese presidents engaged in telephone diplomacy and U.S. Secretary of State Colin Powell consulted frequently with Chinese Foreign Minister Tang Jiaxuan on the sidelines of meetings at the United Nations in New York. United States Trade Representative Robert Zoellick visited China to discuss the repercussions of its entry into the World Trade Organization (WTO), ongoing Chinese economic reforms, bilateral trade issues, and current global trade negotiations. Cooperation on counterterrorism advanced with the convening of the third U.S.-China antiterrorism consultation and the second meeting on cutting financial fund links to terrorists.

Telephone Diplomacy

Telephone diplomacy was the hallmark of U.S.-China relations this quarter. President George W. Bush held three phone conversations with Chinese leaders, two with Jiang Zemin in January and February, and one with Hu Jintao in March following his succession to Jiang as president of China. The first phone call came on the heels of North Korea’s declaration of its intention to withdraw from the Nuclear Non-proliferation Treaty (NPT). Bush seized the opportunity to enlist Beijing’s support in condemning Pyongyang’s dangerous action. “This binds us in common purpose,” Bush told Jiang in the 15-minute conversation, and pledged that the U.S. “has no hostile intentions toward North Korea” and seeks a peaceful solution to the standoff. Jiang denounced North Korea’s withdrawal from the NPT and reiterated China’s commitment to the preservation of a nonnuclear Peninsula. He highlighted the importance of safeguarding the international nuclear nonproliferation system and promised to work with all parties concerned to promote an early peaceful settlement of the DPRK nuclear issue.

The next presidential phone call, which took place almost one month later on Feb. 7, focused on North Korea’s provocations and unwillingness to comply with its commitments to refrain from developing nuclear weapons. Jiang reportedly restated
China’s opposition to nuclear weapons on the Peninsula and expressed hope that all sides would make joint efforts to push for the peaceful settlement of the DPRK nuclear issue. President Bush told reporters that he reminded the Chinese president that “we have a joint responsibility to uphold the goal (of) a nuclear weapons-free Peninsula.” Although the Chinese press reported the exchange as amicable, a Chinese Foreign Ministry official privately admitted that President Bush was “tougher” compared to the previous month’s discussion. “We feel the urgency of the United States,” the official noted, adding that Bush clearly “wants China to do more.”

On March 18, Bush phoned Hu Jintao to congratulate him on his election as China’s president. The conversation touched on Chinese domestic and foreign policy, U.S-China. relations, and once again, North Korea. According to the Chinese media, Bush stated “U.S. willingness to work closely with China to continue moving bilateral relations forward” and reaffirmed that the U.S. would adhere to the one-China policy, abide by the three China-U.S. joint communiqués, and would not support Taiwan independence. Hu replied that China is willing to work with the U.S. to promote a healthy and stable development of China-U.S. relations for the benefit of the peoples of the two countries. Bush’s message to Hu on North Korea’s nuclear weapons program was omitted. Hu stressed that the key to resolving the impasse lies in “launching some form of dialogue as soon as possible, especially dialogue between the United States and the DPRK. In the meantime,” Hu added, “actions that could further escalate the situation should be avoided.”

**Convergence and Divergence Over North Korea**

In addition to presidential phone conversations, several senior U.S. officials visited Beijing to discuss security matters, which in essence meant the challenges posed by the refusal of both Iraq and North Korea to disarm in accordance with their international commitments. In mid-January, Assistant Secretary of State for East Asian and Pacific Affairs James Kelly stopped in China after visiting Seoul. Under Secretary of State John Bolton and his Chinese counterpart Vice Foreign Minister Wang Guangya held the first round of vice-foreign ministerial consultations on strategic security, multilateral arms control, and nonproliferation later that month. In early February, Director of the State Department’s Policy Planning Staff Richard Haass conducted consultations with senior Chinese officials. At the end of that month, Secretary of State Colin Powell traveled to Beijing.

On North Korea’s nuclear weapons program, U.S. and Chinese officials agreed in principle that the Korean Peninsula should remain free of nuclear weapons, but the two sides differed on how to achieve that objective. U.S. officials insisted that North Korea’s nuclear activities pose a threat to regional stability and to the global nonproliferation regime and therefore must be discussed multilaterally. The Chinese initially chose to carry Pyongyang’s water by calling for a bilateral U.S.-North Korea dialogue to resolve the issue, but later shifted to a position endorsing any form of dialogue that would promote a peaceful settlement. They continued, however, to emphasize that the crux of the problem was between Washington and Pyongyang and therefore direct talks between
those two parties was of paramount importance. During Kelly’s mid-January visit to Beijing, the Chinese offered to host a bilateral U.S.-North Korea dialogue in Beijing, but the U.S. did not take them up on their proposal.

Differences also prevailed in U.S. and Chinese assumptions and assessments of critical issues at play in the North Korean equation. Beijing remained skeptical of the U.S. judgment that North Korea possesses 1-2 nuclear weapons and will soon have the capability to produce many more. Thus, from the Chinese perspective, the situation is not as urgent as it is in the eyes of the Bush administration. The United States refrained from terming the North Korea situation a crisis, but only because of the priority that the administration accorded to Iraq and its preference for dealing with the two challenges sequentially rather than simultaneously. On the issue of Kim Jong-il’s intentions, the Chinese government bases its policy on the estimation that the North Korean leader is willing to use nuclear weapons as a bargaining chip to obtain economic assistance and security assurances from the West. The Bush administration does not exclude the possibility that Kim will bargain away his weapons of mass destruction (WMD) programs, but considers it possible that North Korea’s leader is determined to develop nuclear weapons and will refuse to relinquish the WMD programs regardless of the carrots that are tendered.

Beijing also harbors doubts about U.S. intentions. Despite assurances from the Bush administration that it had no intention to attack North Korea and preferred to resolve the standoff peacefully, the Chinese worried that a preemptive strike might nonetheless be undertaken if diplomatic efforts do not succeed. Many Chinese also suspect that Bush’s real aim is not limited to removing North Korea’s WMD, but instead extends to bringing about regime change. That prospect is alarming to the Chinese who fear that the consequences of instability in North Korea could be even more harmful to Chinese security than the emergence of yet another nuclear neighbor.

As North Korea escalated tensions by moving previously stored spent fuel rods, restarting its nuclear reactor, and test firing missiles off its coast, there was palpable impatience in Washington that China was not doing enough to prevent the emergence of full-blown crisis. Two weeks prior to his departure for Beijing, Secretary Powell declared on Fox Sunday News that the Chinese “have considerable influence with North Korea … Half their foreign aid goes to North Korea. Eighty percent of North Korea’s wherewithal, with respect to energy and economic activity, comes from China. China has a role to play,” Powell asserted, saying, “I hope that China will play that role.”

At the same time, there was growing frustration in Beijing that Washington was failing to duly recognize China’s efforts to play a constructive role to resolve the impasse over North Korea’s nuclear weapons programs. Not only had Chinese officials faithfully conveyed messages between the U.S. and North Korea, the Chinese complained, but Beijing also held frank discussions with North Korean representatives in which the Chinese claim to have called Pyongyang’s attention to the dangerous consequences of its actions. Moreover, China voted in the International Atomic Energy Agency (IAEA) to refer the North Korean nuclear issue to the UN Security Council, while Russia and Cuba
abstained. Chinese officials also told U.S. media of their impatience with persistent U.S. demands for support on the war on terror, Iraq, and North Korea, without U.S. willingness to alter U.S. policy where it matters most to China – i.e., Taiwan.

Powell sought to soothe Chinese irritation in the press conference following his talks with Chinese leaders. Noting that the Chinese “are anxious to play as helpful a role as they can,” the secretary of state indicated that he had thanked Chinese leaders for their efforts to resolve the emerging crisis over North Korea’s nuclear weapons programs. Powell also expressed U.S. appreciation for Beijing’s consistent message to the North Koreans that China joins the rest of the world community in expecting Pyongyang to comply with its obligations and its own promises with respect to nuclear weapons. He cryptically added that Beijing was quietly undertaking initiatives with North Korea that he was unable to discuss publicly.

**Beijing Demands Iraq Disarm, but Opposes Force**

In separate discussions with Assistant Secretary of State Kelly and Under Secretary of State Bolton in January, Chinese officials underscored the importance of achieving a consensus among the permanent members of the UN Security Council on the question of Iraq. The Chinese emphasized common positions with the U.S. on the importance of disarming Iraq of its weapons of mass destruction and preserving the credibility of the UN by strictly implementing past UNSC resolutions aimed at achieving that objective and expressed their hope that the Iraq situation would be solved peacefully through diplomatic means. In addition, Beijing voiced concern about the possible negative consequences of a war in Iraq, including rising oil prices, civilian casualties, and regional instability. If war is unavoidable, the Chinese asked that their commercial and economic interests be protected.

In early February, as the U.S. decision to launch a military attack on Iraq drew nearer, Beijing abandoned its public posture of straddling the fence and rallied behind France, Germany, and Russia in urging more time for weapons inspections in Iraq. In doing so, however, China carefully hewed to the policy of following the lead of the other major powers that opposed U.S. unilateralism in Iraq and scrupulously avoiding getting out in front. In a phone conversation between the Chinese and U.S. presidents on Feb. 7, Jiang agreed with Bush that Saddam Hussein must be disarmed, but he also asserted that the UN weapon inspectors in Iraq be given more time, adding that “it is the common aspiration of the international community to safeguard the Security Council’s authority when dealing with significant issues like the Iraq issue.”

China’s official news media, which had assiduously avoided excessive criticism of the United States and Bush administration foreign policy up to that point, adopted a decidedly harsher tone in its coverage of U.S. policy toward Iraq. Articles boldly portrayed the Bush administration’s plan to attack Iraq as aimed at preserving the status of the United States as the sole hegemon in the world and warned of the dangers of U.S. unilateralism and the Bush doctrine of preemptive war. Also in mid-February, a small group of Chinese scholars presented a petition to U.S. Embassy officials in Beijing to
protest the planned war against Iraq. It was signed by 506 Chinese scholars and students, including some from Hong Kong and Taiwan.

Beijing was likely relieved that after several weeks of haggling with the other UNSC members, the U.S. decided not to ask the UN Security Council to vote on a new draft resolution on the Iraq issue. Had a vote been taken, China probably would have abstained rather than veto to avoid a negative backlash in its relations with the United States. Nevertheless, China continued to oppose the use of military force, even after Bush issued a 48-hour ultimatum to Saddam Hussein to leave the country with his sons or face a military invasion. China’s newly appointed President Hu Jintao spoke with his U.S. counterpart one day following Bush’s announcement that the diplomatic clock had run out of time and told him that “China has consistently advocated a political resolution of the Iraq issue within the framework of the United Nations. We hope for peace and do not want war.”

As the war got underway, China’s Foreign Ministry, in a statement, said Beijing objected to the military action, but also recalled that it had consistently urged the Iraqi government to “fully and earnestly” comply with Security Council resolutions to disarm. China’s Foreign Ministry spokesman charged that the U.S. decision to bypass the UN Security Council to launch military actions against Iraq was a violation of the UN Charter and the basic norms of international law. Tang Jiaxuan, who had just been promoted from foreign minister to state councilor, told Powell in a phone call that China sought an immediate halt to military operations “so that the Iraq issue can be returned to the current track of a political solution.”

**Progress in Trade Ties**

The top U.S. trade official, Robert Zoellick, visited China Feb. 17-20 to discuss the impact on China of its joining the WTO, ongoing Chinese economic reforms, bilateral trade issues, and current global trade negotiations. In Beijing, Zoellick held talks with then Vice Premier Wen Jiabao and Minister of Foreign Trade and Economic Cooperation Shi Guangsheng and launched the U.S.-China Trade Dialogue, a new bilateral forum designed to bring together U.S. and Chinese officials from throughout their respective governments to discuss bilateral trade issues, resolve potential disputes, and foster cooperation on issues within the ongoing Doha global trade negotiations.

From Beijing, Zoellick traveled to Chongqing, Shenzhen, and Hong Kong. In Chongqing he toured a recently opened Ford factory that makes automobiles for the domestic Chinese market, visited an open produce market that sells top quality U.S. produce to Chinese consumers, met with Chongqing officials to underscore that Chongqing’s implementation of its share of WTO rules is essential to enable that city to successfully compete and attract investment, and talked with students to applaud Chinese government efforts to educate its people on the importance to China of its membership in WTO. In Shenzhen, Zoellick visited a Wal-Mart store that provides Chinese consumers with more consumer choice, better quality goods, and lower prices.
At a press roundtable following discussions with Chinese officials in Beijing, Zoellick was generally upbeat about the progress made just over one year after China’s entry into the WTO, noting that China had been lowering tariffs, making its regulations understandable and transparent, and granting more licenses to foreign insurers and other financial services companies. He drew a comparison between the 1972 Shanghai Communiqué and China’s accession to the WTO, saying that while the former agreement had helped shape political ties between the U.S. and China, joining the WTO is helping to strengthen U.S.-China trade ties. He described his trip as an effort to emphasize “a new and deeper phase in U.S.-China economic relations” in the aftermath of China’s WTO entry.

Zoellick acknowledged that although Beijing has made important progress in reforming its economy, U.S. concerns persist that in some areas, especially agriculture, Americans are not getting the access the Chinese promised and which the WTO mandates. China has been slow to lower tariffs on a few crops and has imposed restrictions on imports of U.S. genetically modified soybeans, despite growing some genetically modified crops of its own. The Chinese claim that safety tests are needed, but U.S. farmers are suspicious that Beijing is trying to restrict imports for commercial reasons and charge that China is applying a kind of licensing system that is illegal under WTO rules. Other near-term problems that Zoellick addressed in his discussions with Chinese officials included biotechnology, intellectual property issues, and the capitalization requirements for financial firms.

**Cooperation on Terrorism Advances**

On Feb. 18 and 19 respectively, the third U.S.-China antiterrorism consultation and the second meeting on cutting off financial fund links to terrorists were held in Beijing. State Department Counterterrorism Coordinator Ambassador J. Cofer Black hailed cooperation between China and the United States in the war on terrorism as “highly successful” and expressed America’s gratitude for the assistance China has provided United Nations counterterrorism organizations as well as for its aid to the reconstruction of Afghanistan. “Our two nations are engaged very closely in the war on terrorism,” and share a “commonality of interests” in combating al-Qaeda and other terrorist groups, Black said at a news conference following the talks.

A central topic of this round of antiterrorism talks was the exchange of intelligence and the crucial importance of intelligence sharing in the effort to eradicate terrorists. The two sides also discussed law enforcement and the issue of security at the 2008 Olympics, which is slated to be held in Beijing. Black indicated U.S. willingness to provide support to the Olympic security network and expressed his hope that U.S.-Chinese cooperation in the war on terror would enhance safety at the 2008 Olympics.

China’s Foreign Ministry spokesperson lauded the two working group meetings as “positive, practical, fruitful, and conducive to furthering bilateral antiterrorism cooperation.” Commenting on the discussions, the spokesperson emphasized that both sides viewed the strengthening of U.S.-China antiterrorism cooperation as conducive to
the advancement of international antiterrorism activities and of the bilateral relationship as well. *Xinhua News Agency* reported that the next two rounds of consultations would take place in the latter half of 2003 and in 2004.

In another step forward on the counterterrorism front, the Chinese moved closer to signing the Container Security Initiative (CSI), the Bush administration’s endeavor to place U.S. Customs agents at ports of origin to screen shipments bound for the U.S. Speaking to the Terminal Operating Conference 2003 at the Hong Kong Convention and Exhibition Center in late February, Deputy U.S. Customs Commissioner Douglas Browning described ongoing discussions between the U.S. and China on getting Beijing to sign on to the CSI as “very healthy” and expressed hope that the agreement would be completed by early summer at the latest. When China signs, phase one of the CSI, which involved gaining cooperation from the top 20 “megaports” exporting to the U.S., will have been completed. Shanghai, which shipped approximately 3.4 million boxes to the U.S. last year or roughly 7 percent of its containerized imports, is number two in the top 20, after Hong Kong, which shipped about 10 percent.

**Proliferation Remains a Problem**

Evidence surfaced this quarter of persisting U.S. concerns about Chinese proliferation activities, although the issue received little attention in the media and took a back seat to the more pressing issues of Iraq and North Korea in discussions between senior U.S. and Chinese officials. In early February, the U.S. Director of Central Intelligence George Tenet delivered a briefing to Congress on “The Worldwide Threat in 2003,” in which he called attention to possible violations of Chinese promises to refrain from assisting countries seeking to develop nuclear-capable ballistic missiles. “Chinese firms remain key suppliers of ballistic- and cruise missile-related technologies to Pakistan, Iran, and several other countries,” Tenet asserted.

In Secretary Powell’s press conference in Beijing following his talks with Chinese leaders, he implied that there is a gap between China’s stated intentions to control the export of WMD technology and its actual performance. Noting that the U.S. welcomes China’s promulgation last fall of missile, chemical, biological, and munitions-related export controls, Powell emphasized that, “What is now key is full implementation and effective enforcement of the regulations through a transparent process.” Hinting that leakage is still taking place, Powell maintained that companies and individuals must be held responsible for adhering to China’s new laws and regulations.

**Relations May be Tested**

The firmness of U.S.-Chinese relations may be tested in the coming months as the war on Iraq proceeds and the crisis over North Korea’s nuclear weapons programs intensifies. If the military operation in Iraq goes smoothly, a comprehensive effort is launched for the postwar reconstruction of Iraq, and the Bush administration is able to repair its alliances, then U.S.-China relations will hardly be affected. But if the Bush administration were to become bogged down in Iraq or the war leads to a major economic downturn that is
accompanied by a loss in support at home and abroad, Beijing might perceive opportunities to press for advantage that would cause new friction in the relationship. In either case, China will continue to evaluate the long-term implications of the U.S. military strike on Iraq for U.S. power and policies, and adjust its behavior accordingly.

Regarding U.S.-China relations and the Korean issue, as long as the Bush administration adheres to a policy of finding a peaceful solution through dialogue, Beijing and Washington will be able to sustain cooperation. Successful bilateral cooperation to remove the threat of nuclear weapons from the Korean Peninsula and establish a roadmap for achieving a permanent peace on the Peninsula would bolster the nascent U.S. partnership with China. Although other bilateral problems would persist, including in the areas of trade, human rights, non-proliferation, and Taiwan, differences on these issues would become easier to manage as a result of increased mutual strategic trust. Beijing’s willingness to take risks in support of shared security objectives would ease American suspicions that China seeks to divide the U.S. from its allies and expel U.S. forces from Asia. It might set the stage for broader cooperation to establish an enduring multilateral security mechanism in Northeast Asia. Bilateral cooperation in the war on terror would likely flourish. China might even adopt a more flexible posture toward Taipei and take steps to reduce cross-Strait tension.

On the other hand, if the current North Korea nuclear situation continues to fester and further deteriorates, frustration in Washington over Beijing’s unwillingness to actively mediate will grow. If the Bush administration presses for sanctions or the use of military force, a sharp rift between the U.S. and China could emerge. Possible negative scenarios include the emergence of a declared nuclear-armed North Korea, a damaging and costly military conflict on the Peninsula, and the proliferation of nuclear materials from North Korea to U.S. adversaries. In all of these scenarios, China will be blamed as contributing to or, even worse, shouldering responsibility for the problem. Worst of all, from the perspective of future bilateral relations, President Bush may end up feeling disillusioned about the nascent U.S.-Chinese partnership.

Chronology of U.S.-China Relations
January - March 2003


Jan. 9, 2003: Secretary of State Colin Powell talks to Chinese FM Tang Jiaxuan by phone about North Korea’s nuclear weapons program.

Jan. 10, 2003: President George W. Bush talks by phone with Chinese President Jiang Zemin following North Korea’s announcement it is withdrawing from the Nuclear Non-Proliferation Treaty.

Jan. 14-16, 2003: U.S. Assistant Secretary of State for East Asian and Pacific Affairs James Kelly visits Beijing from Seoul to discuss the impasse over North Korea’s nuclear weapons programs.


Feb. 4, 2003: FM Tang meets Secretary Powell in New York as both attend a UNSC meeting.

Feb. 7, 2003: President Bush phones President Jiang to urge him to do more to help resolve the standoff over North Korea’s nuclear weapons program.


Feb. 11, 2003: Director of the State Department’s Policy Planning Staff Richard Haass holds talks with Chinese counterparts on a broad range of international security issues.

Feb. 12, 2003: China, a member of the IAEA Board of Governors, votes to refer the North Korean nuclear issue to the UN Security Council.

Feb. 17-20, 2003: Robert Zoellick, the United States trade representative, travels to Beijing, Chongqing, and Shenzhen to discuss issues in U.S.-Chinese trade.

Feb. 18, 2003: Four Chinese intellectuals hand petition (signed by 906 scholars and students) to U.S. Embassy officials in Beijing opposing the war in Iraq.

Feb. 18-19, 2003: Ambassador J. Cofer Black, director of the State Department’s antiterrorism office, visits Beijing to conduct the third China-U.S. antiterrorism consultation and the second consultation on financial antiterrorism.

Feb. 24, 2003: Secretary Powell holds talks in Beijing with Chinese leaders.
Feb. 24, 2003: Secretary Powell holds a press conference in Beijing after talks with Chinese leaders; participants include *China Youth Daily*, *USA Today*, *CCTV*, *CNN*, and 21st Century World Herald.


March 5, 2003: The 10th National People’s Congress (NPC) opens in Beijing, China.

March 5, 2003: Two top U.S. aerospace companies, Hughes Electronics Corporation, a unit of General Motors, and Boeing Satellite Systems, agree to pay a record $32 million in fines to settle civil charges that they unlawfully transferred rocket and satellite data to China in the 1990s.

March 7, 2003: FM Tang meets with Secretary Powell on the sidelines of the UNSC meeting on Iraq.

March 10, 2003: Presidents Bush and Jiang have a scheduled phone conversation on the subjects of North Korea and Iraq.

March 16, 2003: At the conclusion of the annual session of the NPC President Jiang steps down and Hu Jintao, current party secretary, is named as his successor.

March 11, 2003: The House of Representatives unanimously passes a bill authorizing the U.S. to seek observer status for Taiwan at the World Health Organization.

March 17, 2003: Newly appointed Chinese Foreign Minister Li Zhaoxing confers by phone with Secretary Powell on Iraq.

March 18, 2003: President Bush phones Hu to congratulate him on his election as Chinese president and discusses Iraq, North Korea, and China-U.S. relations.


March 20, 2003: Secretary Powell phones State Councilor Tang Jiaxuan who relates China’s position that military actions against Iraq should avoid civilian casualties and calls for an immediate halt to U.S. military operations in Iraq.
March 21, 2003: Charles Li, a U.S. citizen, is sentenced to three years in prison and deportation by a Chinese court after being convicted of sabotaging broadcast facilities in connection with the outlawed Falun Gong spiritual movement.

March 28, 2003: China provides an exit visa to Tibet’s longest-serving female political prisoner, Ngawang Sangdrol, permitting her to seek medical treatment in the U.S.

March 29, 2003: Jerry D. Jennings, deputy assistant security of defense for POW and missing personnel affairs, concludes visit to China during which specialists discuss cooperation in resolving POW and MIA cases. The team explored options for gaining information from Chinese archival materials at the national and provincial levels.