

U.S.-China Relations: **Slips of the Tongue and Parables**

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The quarter opened with a visit by Secretary of State Colin Powell to Beijing, as well as Seoul and Tokyo, that did little to jumpstart the stagnant Six-Party Talks or revive the dormant dialogue between Taiwan and China. Controversy erupted over statements Powell made to the media that endorsed peaceful reunification of the two sides of the Strait and declared that Taiwan does not enjoy sovereignty. Hu Jintao and George W. Bush talked by phone in October and November, and then met on the sidelines of the 12th APEC summit in Santiago, Chile. Although cooperation predominated between Washington and Beijing, differences persisted on numerous issues, including China's proliferation activities, U.S. refusal to return to China exonerated Uighurs held in Guantanamo Bay, the European Union arms embargo on China, Iran's nuclear programs, China's human rights practices, China's currency, and the mushrooming bilateral trade deficit.

Powell Kicks off the Quarter with a Visit to Beijing

In early October, Secretary Powell traveled to China, marking his fifth visit in four years and the fifth face-to-face meeting this year with his counterpart, Chinese Foreign Minister Li Zhaoxing. Prior to his departure, Powell told the *Far Eastern Economic Review* that he was "particularly proud of our relationship with relationship with China," adding that "no cliché" can capture the relationship because it is "too complex." After meeting with Chinese President Hu Jintao, Premier Wen Jiabao, and Foreign Minister Li, Powell told the press that the range and scope of the issues he discussed "reflect the increasingly global nature of interaction between China and the United States" and both countries are showing that "we can move forward together." He added that the areas in which the two sides agreed surpassed areas of disagreement and expressed appreciation for China's continued actions in the global war against terrorism and Beijing's leadership in the Six-Party Talks.

On two important issues on Powell's agenda – Taiwan and North Korea – little headway was made, however. He failed to persuade Chinese leaders that they should view Taiwan President Chen Shui-bian's Oct. 10 speech as conciliatory and seek to restart cross-Strait dialogue on the basis of the 1992 meeting in Hong Kong as Chen proposed. Convinced that Chen is a separatist, the Chinese told Powell that the U.S. should pay less attention to the Taiwan leader's words and take concrete steps to stop his ever more blatant actions to

promote Taiwan independence. Hu Jintao also expressed China's resolute opposition to U.S. arms sales to Taiwan and the inclusion of Taiwan in the planned U.S. missile defense system.

Powell's approach to enlisting Chinese help in putting greater pressure on North Korea to return to the Six-Party Talks was suggested in subsequent remarks that he made in a press conference and in media interviews. The pitch likely opened with praise for China's important role in creating and sustaining the six-party framework and followed with encouragement for China to play a more active role as a full participant in the process, not just as a convener of the talks. A discussion of the nature of the threat likely came next, with Powell underscoring that China's neighbors are the most proximate targets of a North Korean nuclear attack. He no doubt also mentioned China's considerable influence with North Korea that derives from the substantial assistance that Beijing provides. Finally, Powell probably underscored that time is of the essence, and China should convince North Korea to return to the talks as soon as possible with a response to the proposal that the U.S. presented last June.

Chinese press reports on the meetings suggested that although Beijing reiterated its commitment to the elimination of North Korea's nuclear weapons through the Six-Party Talks and promised to do its utmost to convene another round, the Chinese side nevertheless voiced dissatisfaction with Washington's approach, which it perceived as too rigid. According to the official *New China News Agency*, Li Zhaoxing told Powell that "we wish the U.S. side would go further to adopt a flexible and practical attitude" during the North Korean negotiations.

Consultations between Washington and Beijing on North Korea continued throughout the quarter. In early December, U.S. special envoy for North Korea Joseph DeTrani stopped in Beijing to bolster U.S.-Chinese coordination and explore the possibility of reconvening the Six-Party Talks. He reportedly conveyed U.S. dissatisfaction with China's frequent contention that "mutual distrust" is the main barrier to settlement of the North Korean nuclear issue because the term implies that Washington bears blame for the lack of progress. DeTrani allegedly urged Chinese officials to refrain from using the phrase in the future.

A Storm over Sovereignty

Before Powell departed Beijing, controversy erupted over an interview he granted to Hong Kong-based *Phoenix TV*. After reiterating the U.S. position that both China and Taiwan should not take any unilateral actions to change the status quo, Powell encouraged both sides "to look for ways of improving dialogue across the Strait and move forward toward that day when we will see a peaceful unification." He also maintained that there is only "one China" and that Taiwan is not independent and does not enjoy sovereignty as a nation. Uproar ensued in Taipei, where the United States was charged with surprising Taiwan with a sudden shift in U.S. policy that inflicted grave harm on its interests.

The U.S. State Department spokesman insisted that U.S. policy had not changed and that the secretary had not broken “new ground” on Taiwanese sovereignty. The endorsement of peaceful unification of Taiwan and the mainland was subsequently corrected, however, when Powell himself told *CNBC* that the “term of art” is peaceful resolution and “that is our policy and remains our policy.” The statement regarding the existence of “one China” and Taiwan’s lack of sovereignty was left standing, even though it ran counter to decades of U.S. policy that merely acknowledges, but does not accept, Beijing’s claim that there is “one China,” and maintains that Taiwan’s sovereignty remains unsettled. Officials in Taipei and Washington were left guessing whether the secretary of state had misspoke or intended to fire a warning shot at Chen Shui-bian for taking unnecessarily provocative actions.

A less-noticed message that Powell conveyed in the *Phoenix TV* interview was that the U.S. does not support the acquisition by Taiwan of medium-range missiles that could be used to strike the mainland. Asked about Taiwan Premier Yu Shyi-kun’s call for obtaining the capability to attack Shanghai with missiles, Powell termed such rhetoric “unfortunate” and linked it to the desire of some in Taiwan to move toward independence, which the U.S. does not support. He maintained that the only technology the U.S. is providing to Taiwan is “technology that will allow for their self-defense. We don’t want them to have an offensive capability,” Powell added.

A comment by another senior U.S. official in an interview two months later once again drew objections from Taiwan and raised questions about U.S. policy. Responding to a query from PBS’s Charlie Rose about whether the U.S. would defend Taiwan from an attack by China, Deputy Secretary of State Richard Armitage veered radically from President Bush’s statement in April 2001 that he would do “whatever it took” to help Taiwan defend itself. Instead, Armitage explained that under the Taiwan Relations Act, the U.S. is obligated to maintain sufficient forces in the Pacific to deter an attack, but is “not required to defend” Taiwan. The decision to go to war resides with Congress, he told Rose, and then stated that “we all agree that there is but ‘one China’, and Taiwan is part of China.” It was quite likely a slip of the tongue, although it could also have been Armitage’s parting shot aimed at providing greater assurance to Beijing that the U.S. does not support Taiwan independence. In any case, no correction was forthcoming.

An Election Eve Surprise

Washington was stunned on the eve of the U.S. election when Beijing’s official English-language newspaper *The China Daily* published a scathing critique of the Bush administration’s foreign policy penned by former Chinese Vice Premier Qian Qichen. The article defined a “Bush doctrine” that “advocates the U.S. should rule over the whole world with overwhelming force, military force in particular.” In language not very dissimilar from that used by European leaders, but seldom expressed by senior Chinese officials, it condemned U.S. unilateralism and charged that “Washington’s anti-terror campaign has already gone beyond the scope of self-defense.”

The timing of the publication of the article provoked the Bush administration's ire and some American experts accused Beijing of seeking to curry favor with Democratic presidential candidate John Kerry on the incorrect supposition that he would win the election. The Chinese Foreign Ministry spokesman tried to distance the Chinese government from the article, insisting that Qian Qichen had not accepted an interview from *China Daily* nor had written an article for the newspaper. There was no effort made to reject or temper Qian's analysis of U.S. foreign policy, however. Indeed, the former vice premier's denunciation of the Bush administration's "preemptive strike" against Iraq and its unilateralist tendencies likely represents the views of mainstream Chinese officials and scholars.

China was nonetheless relieved by the reelection of President George W. Bush for a second four-year term. Despite Beijing's misgivings about many U.S. policies, the Chinese have reached a comfort level with President Bush and were relieved to not have to undertake the task of reeducating yet another U.S. president about the strategic importance of China-U.S. relations and the dangerously volatile Taiwan issue. In a letter of congratulations, Hu Jintao noted that "major progress" had been made in many areas of cooperation between China and the U.S. since Bush assumed the presidency and said he looked forward to working together to further promote development of "China-U.S. constructive cooperative relations."

Hu Meets Bush in Santiago

Presidents Bush and Hu met on the sidelines of the 12th Asia-Pacific Economic Cooperation Leaders' Meeting in Santiago, Chile, Nov. 20-21, 2004. In a relatively brief but fruitful discussion, the two leaders discussed the economic and security issues in the bilateral relationship as well as Taiwan and North Korea. China's president urged joint efforts to enrich the contents of the constructive and cooperative relationship and to further promote the steady development of bilateral ties. He called for sustaining high-level exchanges, strengthening strategic dialogue, and intensifying cooperation in antiterrorism, law enforcement, health, and the environment on the basis of mutual benefit. President Bush asserted that U.S. relations with China are among Washington's most important bilateral ties, and depicted China as a great country that is "a source of stability, trade, and economic development." The two presidents exchanged invitations to visit each other's countries.

Preempting the Chinese president, Bush initiated discussion of Taiwan and reaffirmed that the U.S. maintains a consistent "one China" policy, based on the three China-U.S. communiqués, the Taiwan Relations Act, and opposition to unilateral changes in the status quo. He pressed U.S. concerns over China's missile deployments, urged Beijing to act with restraint, and insisted that the resolution of differences between the two sides of the Strait be achieved peacefully. Going a bit further than in the past, Bush assured Hu that he is well aware of the sensitivities of the Taiwan issue and promised that he would not send inconsistent messages to Taiwan that could be misconstrued as backing for independence. Reflecting the administration's tilt toward a slightly more proactive

stance, President Bush also encouraged Hu to look for opportunities for cross-Strait dialogue.

Hu urged Bush to fully understand President Chen's unremitting commitment to Taiwan independence and the danger posed by his planned constitutional reform. In what Chinese officials characterized as blunter language than was used by Hu's predecessor Jiang Zemin, Hu told Bush that "Taiwan independence will ruin the peace in the Taiwan Strait and undermine peace and stability in the Asia-Pacific region." In support of his claim that Taipei is engaging in provocative actions, Hu mentioned that "Taiwan authorities" had threatened to attack Chinese cities and even the Three Gorges Dam. President Bush sighed and suggested to Hu that he shouldn't take such threats too seriously, likening them to a mosquito attacking an elephant.

Hu emphasized that Beijing would seek to rely on its policy of peaceful reunification and "one country, two systems" to resolve its differences with Taiwan. He also voiced appreciation for Bush's adherence to the "one China" policy and his call for cross-Strait dialogue, raising hopes that the resumption of talks between Beijing and Taipei might be realized in 2005. Portraying Taiwan independence as a danger to both Chinese and U.S. interests, he appealed to the U.S. president to work together with China to stop the Taiwan independence forces' separatist activities.

Discussing North Korea, the two leaders affirmed their commitment to the elimination of North Korea's nuclear weapons and to the Six-Party Talks process, but little progress was made toward setting a date for the next round of talks. Hu Jintao told Bush that China had informed the North Koreans that their interests would be best served by opting for the path of eliminating their nuclear weapons through multilateral dialogue. At the same time, however, Hu insisted that the nuclear issue on the Korean Peninsula is "complicated," and requires that all parties concerned "show patience, flexibility and sincerity in resolving this issue." By implication, this meant not only North Korea, but also the United States.

Dealing with Differences Candidly

Even as senior U.S. and Chinese officials agreed that cooperation and shared interests between their two countries outweighed differences, there were nevertheless a number of issues (in addition to Taiwan) on which there was apparent continued discord. Secretary Powell noted in his press conference held in Beijing that "when we disagree, we do so candidly, openly, and in the spirit of trying to find a solution to the disagreements." The prominent areas of persistent disagreement this quarter included the following:

Proliferation

In early December, the U.S. slapped sanctions on four Chinese entities for selling either weapons or cruise and ballistic missile technology and equipment to Iran. Two of the four companies had previously been cited for violating U.S. law and had sanctions imposed on them. The latest sanctions, among other things, bar U.S. government

agencies from procuring goods, technology, or services from those companies, and instantly terminates any defense contracts with them. In September, seven Chinese entities were also sanctioned for violating the Iran Nonproliferation Act of 2000.

U.S. concerns about assistance provided by Chinese entities to Iran were also evidenced in the unclassified report on the acquisition by foreign countries of technology used in the development or production of weapons of mass destruction in the second half of 2003 that was submitted to Congress this quarter by the Director of Central Intelligence. The report cited Chinese-entity ballistic missile-related aid that helped Iran move toward its goal of becoming self-sufficient in the production of ballistic missiles. In addition, it charged Chinese firms with providing dual-use chemical weapons-related production equipment and technology to Iran and dual-use missile-related items, raw materials and/or assistance to Iran, Libya, and North Korea. Highlighting progress at the governmental level, the report noted that Beijing had “improved its nonproliferation posture through commitments to multilateral nonproliferation regimes, promulgation of expanded export controls, and strengthened oversight mechanisms,” but observed that “the proliferation behavior of Chinese companies remains of great concern.”

Guantanamo Uighurs

The U.S. determination that more than half of the 22 Uighurs captured in Afghanistan and subsequently detained at Guantanamo are eligible for release created a new subject of U.S.-Chinese controversy. In response to the prisoners’ expressions of concern that they would be persecuted if returned to China, the U.S. government quietly began the search for a third country willing to accept them, but most, if not all, the European countries approached by the Bush administration declined, fearing retribution from China. Beijing cried foul, insisting that the Uighurs are terrorists and should be sent back to China to demonstrate the U.S. commitment to fighting terrorism around the world. A Chinese Foreign Ministry spokesman warned that relations between Washington and Beijing could be harmed if the U.S. sent any Uighurs to a third country. During Secretary Powell’s October visit to China, Chinese leaders strongly urged him to return their citizens, but the matter remained unresolved. Prior to Powell’s departure for Beijing, he told the *Far Eastern Economic Review* that any resolution would have to be consistent with U.S. obligations under international law and the Geneva Convention. The Pentagon was reviewing the matter, Powell said, adding that “we haven’t been able to work out a solution yet that we’re comfortable with.”

The EU Arms Embargo and an Israeli Deal

Washington continued to press members of the European Union this quarter to not lift the arms embargo that was imposed in June 1989 in tandem with the United States in response to the Chinese government’s brutal repression of protestors calling for political reform. From the U.S. perspective, the embargo should be maintained for three reasons: serious human rights abuses persist in China; ending the embargo would have a negative impact on Asian regional and cross-Strait stability; and no mechanisms are currently in

place to prevent China from transferring technology and lethal weaponry to other, less stable regions of the world or to use it for internal repression.

Despite intense pressure from China to lift the arms embargo, EU members failed to reach a consensus at the China-European summit held in the Hague in December. The Europeans indicated, however, that the embargo might be removed in 2005 if member states could agree on a strengthened code of conduct on weapons sales. The Pentagon warned that lifting the embargo could have a negative impact on U.S. defense cooperation with EU members.

The Bush administration also blamed Israel for undermining its sustained diplomatic efforts to persuade Europe not to resume sales of arms and military technology to China. Israeli-manufactured drones that were sold to China in 1994 were recently returned for technological upgrading, prompting strong U.S. objections. Increasing the effectiveness of the “Harpy” drones, which the PLA has been using for electronic warfare, airborne early warning and ground attack roles, as well as reconnaissance and communications relay, could upset the military balance between China and Taiwan, U.S. officials claimed. China’s Vice Premier Tang Jiaxuan, who was dispatched to Israel to recover the Harpy UAVs, publicly criticized U.S. interference, calling the American action “groundless and unreasonable.”

Iran’s Nuclear Program

Amid U.S. efforts to take Iran before the UN Security Council (UNSC) because of an alleged attempt to secretly develop nuclear weapons under cover of its civilian atomic energy program, Chinese Foreign Minister Li visited Tehran in early November. In a press conference with Iranian Foreign Minister Kamal Kharazi, Li opposed referring Iran to the UNSC, saying that such a step “would only make the issue more complicated and difficult to work out.” Praising the Iranian government’s positive attitude in its cooperation with the International Atomic Energy Agency (IAEA), Li voiced China’s support for a solution in the framework of the IAEA. Key European nations that shared Beijing’s desire to avoid UNSC action subsequently drafted a resolution that commits Iran to a total suspension of uranium enrichment and all related activities. Secretary Powell welcomed the resolution, but highlighted the stipulation that if there is any future indication that Iran is not meeting obligations set by the IAEA, “action will be forthcoming.”

Human Rights

In mid-December the House of Representatives Committee on International Relations held hearings on China’s human rights policies. Michael Kozak, acting assistant secretary for democracy, human rights and labor, noted the continuation of serious human rights abuses in China, including use of the war on terror to justify its crackdown on minority Uighur Muslims and religious leaders and arrests of individuals for expressing their views on the Internet. Kozak defended the Bush administration’s policy of addressing concerns through dialogue, rather than by punitive action, however.

The Bush administration took the opportunity afforded by the many high-level meetings with Chinese leaders this quarter to express its concerns about China's human rights practices and raise specific cases of individuals that have been detained without due process. At the Santiago summit, President Bush reminded Hu Jintao that human rights and religious freedom are important issues to him and, in that context, mentioned the Dalai Lama's dialogue with the Vatican. During Secretary Powell's visit to Beijing, he told Chinese leaders that China had been "moving backward" on human rights "with respect to detention of journalists, with respect to other individuals who have not been able to move about as freely and participate in civil society as freely as we would like to see." Powell specifically queried Chinese Foreign Minister Li about the detention in September of a *New York Times* researcher, Zhao Yan, on suspicion of divulging state secrets. "We did have a pretty candid exchange on the subject," Powell said after the meeting, but admitted that the foreign minister only promised to look into the matter and reminded his U.S. counterpart that Zhao Yan was a Chinese citizen who was being dealt with according to Chinese law.

Also during Powell's visit, the two sides agreed to explore the possibility of resuming the bilateral human rights dialogue. The talks on human rights broke off in early 2004 because of Chinese anger over a resolution the Bush administration sponsored last April at the U.N. Human Rights Commission in Geneva condemning China's human rights practices. A Chinese delegation was scheduled to visit Washington D.C. in the first week of January to work out a roadmap on human rights that could pave the way for the resumption of the higher level bilateral dialogue in 2005.

China's Currency and the Trade Deficit

The U.S. continued efforts this quarter to prod Beijing to move to a flexible exchange rate. In Washington's view, the Chinese currency's dollar peg artificially lowers the cost of Chinese exports – making them more competitive – while increasing the cost of imported goods in China. President Bush reminded Hu Jintao of his country's commitment to move toward a market-based flexible exchange rate in a phone call in early October and the two presidents discussed the matter again in Santiago, where the Chinese president renewed that pledge and also promised to bolster protection of intellectual property rights.

Chinese officials cautioned, however, that moving toward greater exchange rate flexibility will take place slowly and must be preceded by reforms of China's banks and financial markets. The deputy governor of the People's Bank of China, in an interview with the *Financial Times*, warned the U.S. not to blame Beijing for the ballooning bilateral trade deficit, which is likely to exceed \$120 billion in 2004. He insisted an appreciation of the Chinese currency would not solve the U.S.'s structural problems. If the United States would lift its restrictions on technology exports to China, the Chinese maintain, the trade deficit would narrow. In a speech delivered at Beijing University on Oct. 19, Alan Larson, under secretary of state for economic, business and agricultural affairs, blamed the burgeoning trade deficit on Chinese "trade-inhibiting regulations" and its unwillingness to open up many sectors of the Chinese market to foreign competition.

Looking Ahead to 2005

China-U.S. relations closed out the year on a mostly positive note. 2004 witnessed an unprecedented degree of interaction between the two nations on bilateral, regional, and global issues. The bilateral relationship expanded both in breadth and depth in many arenas. Disagreements persisted and remained largely unresolved, but in a few instances differences were narrowed. Both sides highly appraised the development of bilateral ties and pledged to enhance their strategic dialogue and expand cooperation in the year to come.

There will be no shortage of opportunities for strategic dialogue between U.S. and Chinese leaders in 2005. In May, both presidents are scheduled to be among the 50-odd national leaders visiting Moscow to attend the 60th anniversary celebrations of victory over Nazi Germany in World War II. In October, there will be a gathering of state leaders in New York to mark the 60th anniversary of the signing of the United Nations Charter. The APEC Leaders' Meeting will be held in Seoul in November. And if schedules permit, Hu Jintao and George W. Bush may visit each other's capitals as well.

Chronology of U.S.-China Relations October-December 2004

Oct. 1, 2004: China's central bank president Zhou Xiaochuan and Minister of Finance Jin Renqing join a special meeting of the Group of Seven (G-7) industrialized countries.

Oct. 1, 2004: Department of the Treasury releases a joint statement on the proceedings of the 16th Session of the U.S.-China Joint Economic Committee held Sept. 30. U.S. and Chinese delegates discussed topics, including macroeconomic policy, financial sector issues, and efforts to combat terrorist financing and money laundering.

Oct. 5, 2004: Congressional-Executive Commission on China releases 2004 Annual Report on China assessing developments in China's human rights conditions and the rule of law.

Oct. 6-15, 2004: At the invitation of the Supreme Court of the United States, Chinese Supreme People's Court President and Chief Grand Justice Xiao Yang visits the U.S., the first such visit in nearly 20 years.

Oct. 7, 2004: President Bush telephones Hu Jintao and they discuss Beijing's exchange rate policy, Taiwan, and efforts to defuse the North Korean nuclear crisis.

Oct. 19, 2004: Under Secretary of State for Economic, Business and Agricultural Affairs Alan Larson visits China as part of U.S. delegation to discuss agricultural issues and market access and delivers a speech at Beijing University.

Oct. 24, 2004: Chief of the PLA General Staff Gen. Liang Guanglie arrives in the U.S. and meets with Chairman of the Joint Chiefs of Staff Richard Myers, Secretary of Defense Rumsfeld, Secretary of State Powell, and National Security Adviser Rice. He also visits the U.S. Joint Forces Command, Air Combat Command, Joint Task Force Civil Support, U.S. Army Infantry Center, and the Air Force Academy.

Oct. 25, 2004: Powell stops in China on a three-day swing through Northeast Asia.

Oct. 25, 2004: Powell gives interviews to *Phoenix TV* and *CNN* following talks with Chinese leaders. His comments include the statement that “reunification” between Taiwan and China is the eventual outcome that “all parties are seeking” and Taiwan is not an “independent” country and “does not enjoy sovereignty as a nation.”

Oct. 28, 2004: State Department spokesman says the U.S. will not repatriate Uighurs alleged to be “East Turkistan” terrorists that have been detained in Guantanamo, Cuba to China, and that it was preparing to settle them in a third country to the northwest of China instead.

Nov. 1, 2004: *China Daily*, publishes an article entitled “U.S. Strategy to be Blamed,” by former Vice Premier Qian Qichen, that harshly criticizes President Bush’s foreign policy.

Nov. 5, 2004: Representatives of foreign affairs departments from China and the U.S. sign a protocol in Beijing to install a telephone hotline between two foreign ministers in the near future.

Nov. 5, 2004: Chinese Foreign Minister Li Zhaoxing talks by phone with Secretary Powell on strengthening coordination and mutually beneficial cooperation in fields such as economy and trade, antiterrorism, the DPRK nuclear issue, and law enforcement, and on how to resolve the Iranian nuclear issue.

Nov. 8, 2004: FM Li talks with National Security Adviser Rice by phone about bilateral relations and the Iranian nuclear issue.

Nov. 8, 2004: Presidents Bush and Hu Jintao exchange views by phone on the eve of their planned bilateral meeting at APEC and Hu congratulates Bush on his reelection.

Nov. 12, 2004: U.S. Trade Representative Office rejects a petition filed Sept. 30 under Section 301 of the Trade Act of 1974 on the issue of China’s currency.

Nov. 15, 2004: Under Secretary of State for Global Affairs Paula Dobriansky and Chinese Assistant Minister of Foreign Affairs Shen Guofang discuss proposed “U.S.-China Global Issues Forum” aimed at strengthening bilateral cooperation on transnational issues and exploring new possibilities for joint work on a global basis.

Nov. 18, 2004: FM Li meets Secretary Powell on the sidelines of the APEC Leaders’ Meeting in Chile.

Nov. 20, 2004: Presidents Bush and Hu meet on the sidelines of the APEC summit in Santiago, Chile.

Dec. 1, 2004: U.S. imposes sanctions on four Chinese entities for violations of the 2000 Iran Nonproliferation Act, including a state-run firm, and one North Korean company for selling weapons or cruise and ballistic missile technology and equipment to Iran.

Dec. 1-3, 2004: Vice Foreign Minister Dai Bingguo visits Washington, D.C. for wide-ranging discussions with U.S. officials on bilateral, regional, and global issues as a follow-on to the Bush-Hu talks at the Santiago APEC summit.

Dec. 2, 2004: Sun Laiyan, the head of China National Space Administration visits NASA headquarters where he discusses with counterpart Sean O'Keefe cooperation on the use of space, geoscience, and space science, and agrees to establish a regular exchange mechanism to promote bilateral contact and understanding.

Dec. 3, 2004: Treasury Department releases semi-annual currency report that urges China to move to a flexible exchange rate as soon as possible, but stops short of issuing a formal finding that Beijing is manipulating the exchange value of the yuan.

Dec. 6-7, 2004: U.S. special envoy on North Korea Joseph DeTrani travels to Beijing, then to Tokyo and Seoul, to promote early resumption of the Six-Party Talks. He meets with Vice Foreign Minister Zhou Wenzhong, Director General of the MFA's Asia Affairs Department Cui Tiankai, and Ambassador for North Korean Affairs Ning Fukui.

Dec. 6, 2004: FM Li exchanges views by phone with Secretary Powell on the consensus reached by the Chinese and U.S. presidents at APEC in Chile.

Dec. 7, 2004: Vice Foreign Minister Dai Bingguo unexpectedly returns to Washington to continue talks with U.S. officials that focus on Taiwan.

Dec. 14, 2004: U.S. House of Representatives Committee on International Relations holds hearings on China's human rights policies.

Dec. 17, 2004: Department of Energy Secretary Spencer Abraham arrives in China where he meets with Ma Kai, chairman, National Development Reform Commission, holds discussions with Vice Premier Zeng Peiyan, tours the Qinghua-MIT Modular Pebble Bed Reactor Project, and delivers a speech at Qinghua University.

Dec. 20, 2004: In an interview on PBS, Deputy Secretary of State Richard Armitage explains that the U.S. is not required to defend Taiwan and the decision to go to war resides with Congress. He adds "all agree that there is but one China, and Taiwan is part of China."

Dec. 27, 2004: China issues white paper entitled "China's National Defense in 2004."