

## **U.S.-China Relations**

### **Progress on PNTR Boosts Relations, But Only Slightly**

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The Clinton administration made important progress this quarter toward securing congressional support for granting permanent normal trading status to China. The House approved the trade bill by a comfortable margin and Senate approval of the legislation is expected before the August recess. In an unprecedented gesture, President Jiang Zemin telephoned President Clinton to express his gratitude for the administration's intensive effort to win congressional backing for permanently lowering tariffs on Chinese exports to the United States. Other accomplishments in bilateral ties were less significant and, indeed, were barely noted. For example a bilateral agreement was penned to share information and evidence related to drug smuggling and Secretary of Commerce Daley co-chaired the thirteenth round of the U.S.-China Joint Commission on Commerce and Trade. In the military sphere, the commander in chief of the Chinese Navy made a week-long visit to the U.S. followed by a delegation headed by the Nanjing Military Region Commander. Last, but not least, Secretary of State Albright made a last-minute whirlwind stop in Beijing to engage in security discussions with Chinese leaders.

#### **House Votes in Favor of PNTR**

In a decisive foreign policy triumph for President Bill Clinton and an important achievement for Sino-American relations, the Republican-led House of Representatives voted solidly in favor of granting permanent normal trade relations (PNTR) to China on May 25. The vote tally was 237-197 in favor of ending the 20-year old practice of annually reviewing China's trade status. Clinton hailed the House action, calling it "an historic step toward continued prosperity in America, reform in China, and peace in the world."

The vote was preceded by months of unprecedented active lobbying by President Clinton and his cabinet to persuade House members of the benefits of providing PNTR to China and the costs of failing to do so. In meetings with undecided House members as well as in numerous public speeches delivered around the country, Clinton administration officials underscored the economic gains for the U.S. of conferring PNTR to China. They emphasized that it would open China's markets to U.S. business and thus create jobs, growth, and exports for Americans. The president hammered home the point that China would join the World Trade Organization (WTO) regardless of Congress' decision; the vote would only determine whether the U.S. would receive the same trade benefits from China as U.S. trade competitors.

As part of their sales pitch, Clinton and his cabinet members also articulated a clear national security argument in favor of granting PNTR to China. For example, in a statement delivered on April 11, President Clinton maintained that a yes vote on the trade bill would serve American interests by enmeshing China in the global economy which would increase its interdependence with the rest of the world. Spreading the information revolution to China, with the knowledge and freedom of thought that entails, would also advance American objectives. The president also warned of the dangers of refusing to provide PNTR to China. While a vote in favor of PNTR would strengthen China's reform process and the reformers behind it, a vote against PNTR would undercut those reform-minded leaders who negotiated the agreement. Denying PNTR to China, Clinton warned, would also be viewed by the Chinese people as "a strategic decision by the U.S. to turn from cooperation to confrontation" and "strengthen the hand of those in China who believe that cooperation with the U.S. is a mistake."

National Security Council adviser Sandy Berger similarly told an audience at the East Asian Institute of Columbia University on May 2 that withholding PNTR from China would "have serious and substantial consequences for U.S. national security." It would send a "jarring signal to friends and allies in the world that American is turning inward," Berger maintained. The U.S. would be seen as an unreliable ally and its ability to lead on a broad range of issues such as arms control and peacekeeping would be compromised. In addition, Berger warned that instability and tensions between China and Taiwan would increase because China's suspicions about U.S. motives would intensify while the ability of the U.S. to play a positive role would diminish.

A stepped-up effort by the House GOP leadership significantly aided the administration's cause. The Republicans ended up delivering 164 votes, while the Democrats provided only 73. The Senate vote on the trade legislation is likely to take place in July. Supporters hope to pass a clean version of the House bill, free of amendments that would force the measure back to the House for a potentially tricky second vote. But several senators have expressed interest in offering amendments, including Fred Thompson (R-TN) and Robert G. Torricelli (D-NJ) who support an annual review of China's record in trafficking nuclear, chemical, and biological warfare and missile technology. The measure would also require the administration to impose sanctions on individuals, groups, or companies that the United States identifies as weapons proliferators. On June 20, President Clinton met with 17 Republican and Democratic senators who favor ending the annual vote on China's trade status bill in a strategy session aimed at ensuring a clean bill and preventing a postponement of the vote until September, which--if the issue becomes entangled in election-year politics--could imperil its passage.

The trade bill's approval was widely welcomed in the Asia-Pacific region. Takashi Fukaya, Japanese Minister of International Trade and Industry, greeted the vote as a "big step forward." Taiwan hailed the bill as a catalyst for political reform on the Mainland and hoped that Beijing's early entry into the WTO would pave the way for Taiwan's accession. By contrast, China's public reaction to the passage of the bill was tepid due to the inclusion in the final bill of provisions to set up a special commission to monitor Beijing's human rights and trade compliance record. A spokesman of the Ministry of Foreign Trade and Economic Cooperation merely termed the House vote a "wise" action and condemned the added provisions as

“unacceptable” measures aimed at attempting to “interfere in China’s internal affairs under the pretext of human rights.”

Privately, however, Beijing took an unusual step to express its gratitude to the United States and to President Clinton in particular for his resolute efforts to secure permanent trading status for China. A few days following the House vote, President Jiang Zemin telephoned President Clinton to personally convey his thanks. White House officials said they had expected a formal exchange of letters with Jiang about the trade vote and thus were surprised by the call. Apparently, this marked the first time that Jiang had initiated a call to the president. Chinese think tank analysts privately interpreted the move as signaling Jiang’s commitment to stabilizing and improving Sino-American relations. Press reports on the phone conversation revealed that the two leaders talked for 40 minutes, discussing nuclear nonproliferation, Korean Peninsula developments, and Taiwan, as well as China’s pending entry into the WTO.

### **Official Exchanges and Agreements**

Visits between Chinese and U.S. civilian officials during the second quarter of this year were primarily made by Americans traveling to Beijing. In April Secretary of Education Richard Riley visited China in an effort to enhance Sino-U.S. educational cooperation. He renewed an agreement on Fulbright fellowships and other exchanges that promote a free flow of ideas between American and Chinese societies. Later in April, Secretary of Commerce Daley co-chaired the thirteenth round of the U.S.-China Joint Commission on Commerce and Trade (JCCT). During the Congressional recess, Secretary of Agriculture Dan Glickman visited China, bringing with him a small delegation composed of two PNTR House supporters and two undecided Representatives to evaluate the impact of WTO accession on China and on U.S. interests.

Bilateral cooperation in fighting illegal drugs took a major step forward with the signing of a formal agreement to share information and evidence related to drug smuggling. The accord was announced on June 19 by Barry R. McCaffrey, a retired Army general and director of the White House drug-control office, who is the first top U.S. official responsible for drug control to visit China. McCaffrey was accompanied by other anti-drug officials on an eight-day tour to Beijing, Hong Kong, Hanoi, and Bangkok. In a joint public appearance with the director of drug enforcement at China’s Public Security Ministry, Yang Fengrui, McCaffrey highlighted several areas in which the United States hopes to cooperate with China, including sharing intelligence about drug operations, curbing money laundering, controlling precursor chemicals, analyzing seized drugs to identify their sources, and fighting the smuggling of weapons. Yang expressed his belief that Sino-U.S. cooperation was “going to enter a new stage.” The two sides also discussed the opening of an office of the Federal Bureau of Investigation in Beijing, but no decision was reached.

### **Military Ties Progress**

Contacts between the U.S. and Chinese militaries proceeded this quarter in accordance with the bilateral military program agreed upon last January by Deputy Chief of the General Staff Major General Xiong Guangkai and Undersecretary of Defense Walter Slocombe. In mid-April, a Chinese naval delegation led by Admiral Shi Yunsheng, commander in chief of the PLA navy, made a week-long visit to the U.S. at the invitation of Admiral Jay L. Johnson, chief of U.S. naval operations. Delegation members included Vice Admiral Wang Yongguo, commander-in-chief of the South China Sea Fleet, and Rear Admiral Zhao Xingfa, deputy general chief of staff of the PLA navy. In addition to holding discussions with Secretary of Defense William Cohen and a host of other senior Department of Defense officials, Admiral Shi and his delegation paid visits to the U.S. Naval fleet, air units, and military academies.

In mid-June, a PLA delegation led by Nanjing Military Region commander Liang Guanglie visited the headquarters of the U.S. Pacific Command at the invitation of Admiral Dennis Blair, commander-in-chief of the U.S. Pacific Command. That same week, Daniel Christman, superintendent of the West Point Military Academy, held talks in Beijing with Chinese Defense Minister Chi Haotian. According to Chinese press reports, Chi expressed his appreciation for the role that the academy has played in promoting exchanges between the two armed forces and voiced his hope that the academy would continue to contribute to the development of military relations. Franklin D. Kramer, Assistant Secretary of Defense for International Security Affairs, also paid a visit to China for two days in June as part of the on-going bilateral defense exchange program and to prepare for a trip by Defense Secretary Cohen scheduled for mid-July.

### **U.S. Proliferation Concerns Mount**

Discussion of proliferation and arms control matters are back on the U.S.-China agenda over a year after Beijing suspended the bilateral dialogue in reaction to the NATO accidental bombing of the Chinese embassy in Belgrade. China's foreign ministry spokesman announced in early June that the two sides had agreed in principle to resume the talks in July. Undersecretary of State for International Security Affairs John Holum is scheduled to visit China on July 7-8 for talks with his counterpart Vice Foreign Minister Wang Guangya. Issues to be discussed include Chinese export controls on weapons of mass destruction (WMD) related items, U.S. plans to develop and deploy theater and national missile defense systems, global security issues such as South Asia and Korea, and multilateral arms control topics.

The issue of whether or not to impose economic sanctions on China for its transfer of M-11 ballistic missiles to Pakistan nearly a decade ago remains front and center on the U.S. list of priority concerns. The U.S. intelligence community has long argued that there is irrefutable evidence that China transferred finished M-11 missiles to Pakistan in violation of the Missile Technology Control Regime (MTCR), but there has thus far been no political decision to impose sanctions on China for its breach. According to Nayan Chanda of the *Far Eastern Economic Review*, a deadline is looming for the Clinton administration to decide if sanctions are warranted. Washington is also concerned that China has resumed work on the M-11 missile plant it started constructing in Pakistan in 1990. U.S. and Chinese arms control experts have been quietly discussing the M-11 issue in an attempt to avert sanctions. Technical talks between the U.S. and

China were reportedly held in mid-May, and on June 11 Robert Einhorn, Assistant Secretary of State for Non-Proliferation, traveled to Beijing. Neither of the two rounds of discussions was formally reported by Washington or Beijing.

The U.S. hopes to reach a deal with China that would give Clinton the political cover he needs to waive sanctions on grounds of national security. Such a deal could entail new commitments by Beijing to strengthen controls on the export of nuclear-related items or an agreement to become a full member of MTCR, although the latter is unlikely. Under an amendment to the Missile Control Act of 1990, sanctions could be levied on “all activities of that government affecting the development or production of electronics, space systems or equipment, and military aircraft.” Sanctions could also be imposed on individual companies involved in the M-11 missile transfers, which could prevent U.S. satellite makers from launching satellites on Chinese rockets for a period of at least two years.

Domestic pressure on Chinese leaders to link cooperation with the U.S. on proliferation matters with U.S. arms sales to Taiwan is a complicating factor that makes a resolution of the M-11 issue and progress in other areas of proliferation and arms control exceedingly difficult. Beijing was relieved by the April 18 decision by Washington to defer consideration of the sale to Taiwan of four Aegis-equipped Arleigh-Burke destroyers, but the Chinese know that Taipei is likely to put forward the request again this year. China protested the approval of the transfer to Taiwan of air-to-air and anti-ship missiles as well as a “Pave Paws” long-range radar system, which it fears will be integrated into a U.S. missile defense network. The spokesman for the Chinese foreign ministry charged that the arms sale would “boost the morale of the Taiwan authorities in refusing peaceful reunification with China” and urged the U.S. to exercise greater caution and prudence.

### **Albright’s 36 hour Visit**

Secretary of State Madeline Albright arrived in Beijing on June 22 for a hastily arranged set of meetings with senior Chinese officials and President Jiang Zemin. The last minute decision to make the trip was not driven by any particular event or concern, according to a senior U.S. official who provided a background briefing prior to the secretary’s departure. Albright had long intended to make one last trip to the Chinese capital and the precise timing of the visit was determined primarily by the secretary’s hectic schedule and the process of working out mutually convenient dates with Beijing.

The House passage of PNTR by a wider than expected margin and the successful summit between President Kim Dae-jung and Kim Jong-il in Pyongyang provided a positive backdrop for Albright’s fifth trip to China as secretary of state. After her first day of meetings, Albright held a press conference in which she characterized her discussions as “good” and “substantive.” In a wide-ranging strategic dialogue with Chinese officials, the secretary talked about a host of bilateral, regional and international issues, including the status of the Middle East peace talks, the Korean Peninsula, the threat of terrorism emanating from the “stans” (Kazakhstan, Uzbekistan, Kyrgistan), Chinese proliferation activities, human rights, and Tibet.

Albright explained the status of the administration's effort to seek congressional approval for permanently lowering tariffs on Chinese exports to the United States and praised both Beijing's decision to seek WTO membership and its commitment to abide by WTO rules. Premier Zhu Rongji thanked the secretary for President Clinton's unfailing efforts to win support for PNTR, but also noted that bringing an end to the practice of annually renewing Beijing's normal trade relations status "is the obligation undertaken by the U.S. side in accordance with the rules of the World Trade Organization and is the basis and premise for carrying out the Sino-U.S. bilateral accord on China's accession to the WTO."

As was the case during National Security Advisor Sandy Berger's visit to China in March, however, the Taiwan issue dominated Albright's talks with Chinese officials. The secretary underscored the need to reduce cross-Strait tensions and re-start negotiations which Beijing postponed after former Taiwan President Lee Teng-hui declared last July that relations between the two sides of the Strait were the same as those between independent states. Albright urged Jiang to reconsider China's rejection of Chen Shui-bian's overtures for talks, appealing to the Chinese president to "seize the moment" and hold reconciliation talks with Taiwan at any level that Beijing deems appropriate. Jiang rejected her plea, insisting that Taiwan first acknowledge that there is one-China. Chinese officials also voiced their doubts about Chen's sincerity and his motives. In a veiled warning to Beijing to not increase military pressure on Taiwan, Albright advised her counterparts that "more would be gained through flexibility and shared interests than through efforts to intimidate."

On proliferation matters, the secretary discussed China's transfer of missiles and missile parts to Pakistan and other countries, but U.S. officials said that no progress was made. Albright also addressed U.S. concerns about Chinese human rights violations. She appealed for a resumption of the official dialogue on human rights, but the Chinese were non-committal. Beijing is no doubt still irritated by the U.S. sponsorship this year of a resolution condemning Chinese human rights practices at the United National Commission on Human Rights in Geneva, which it views as a confrontational and counterproductive approach that undermines bilateral cooperation on human rights. In her press conference, Albright did not mince words in her condemnation of China's recent record on human rights. She stated that "China has done little to bring its practices into line with international norms" and declared that Tibet's "unique cultural, religious, and linguistic heritage must be preserved."

In Chinese press accounts of Albright's discussions, Beijing's opposition to U.S. plans to deploy a national missile defense system (NMD) was prominently featured. The Chinese foreign ministry spokesman cited Foreign Minister Tang Jiaxuan as contending that U.S. NMD plans would upset the strategic balance and spur a race to develop more potent offensive nuclear weapons. At her press conference, however, Albright maintained that the Chinese were less concerned about the U.S. NMD program than about the possible U.S. provision to Taiwan of theater missile defense systems.

Toward the end of her visit, Albright predicted that the remaining months of the Clinton administration would be very busy and productive. She held out hope for progress in

cooperation on non-proliferation, the environment, Rule of Law, and counter-terrorism. The Chinese press reported that Albright and Chinese Foreign Minister Tang reaffirmed their commitment to jointly work toward the goal set by the two heads of state on building a Sino-U.S. constructive strategic partnership. Tang indicated Beijing's hopes to work together with the U.S. side in promoting further development of bilateral ties and laying a good foundation for the development of these ties in the new century. He singled out Taiwan as the core problem in bilateral relations and demanded that Washington cease selling the island weapons, exclude it from any regional missile defense systems, and abide by its commitment not to recognize an independent Taiwan.

### **The Next Six Months**

Despite administration hopes that a great deal can still be accomplished between Beijing and Washington in the remaining half year of Clinton's second term, major breakthroughs are unlikely. Nevertheless, sustaining the strategic dialogue and achieving progress in areas where U.S. and Chinese interests overlap remains important. The visit by Undersecretary John Holum in July will provide another opportunity to resolve some urgent proliferation matters and head off new economic sanctions on China, which could further weaken the fragile political relationship. Defense Secretary Cohen's trip one week later will allow the heads of the two militaries to exchange perspectives on global and regional security concerns and make limited progress in the development of the bilateral military relationship.

The timing of these visits is significant as they will take place on the eve of the Chinese leadership's annual meetings at the seaside Beidaihe resort where in-depth discussions are held on priority domestic and foreign policy issues and future policy directions are often set. U.S.-Chinese dialogue on important security issues just prior to these meetings will ensure that Chinese leaders have a clear understanding of American intentions and policies. Hopefully, this will reduce the chances of miscalculation as the Chinese weigh how to respond to Taiwan President Chen Shui-bian.

Later in the fall, planned meetings between Presidents Jiang and Clinton at the millennium UN summit and the informal Asia Pacific Economic Cooperation (APEC) summit will also provide occasions for both sides to exchange views and reaffirm the importance of their bilateral relations. These occasions may well be more form than substance, however, as Beijing will increasingly be looking over Clinton's shoulder in an effort to gauge the policies of his successor.

## **Chronology of U.S.-China Relations April-June 2000**

**Apr. 5, 2000:** U.S. Commerce Secretary William Daley visits China as guest of Chinese Foreign Trade Minister Shi Guangsheng. Daley co-chairs the Thirteenth Session of the U.S.-China Commission on Commerce and Trade.

**Apr. 15, 2000:** A Chinese naval delegation led by Admiral Shi Yunsheng, Navy Commander-in-Chief, arrives in the U.S. for a week-long visit at the invitation of Admiral Jay L. Johnson, Chief of U.S. Naval Operations.

**Apr. 17, 2000:** The Clinton administration approves the sale of a package of high-tech weapons to Taiwan, including sophisticated air-to-air and anti-ship missiles as well as a “Pave Paws” long-range radar system. Consideration of the sale of four destroyers equipped with Navy’s advanced Aegis radar systems is deferred.

**Apr. 18, 2000:** The 53-member UN Commission on Human Rights in Geneva adopts the Chinese “no-action motion” effectively blocking consideration of a U.S.-sponsored resolution criticizing Chinese human rights practices.

**Apr. 25, 2000:** Secretary of Agriculture Glickman visits China together with Representatives Norman Dicks, Ruben Hinojosa, Greg Walden, and Gregory Meeks to better evaluate the impact WTO accession will have on China and on U.S. interests in China.

**May 20, 2000:** Chen Shui-bian is sworn in as Taiwan’s first non-Kuomintang president. His inauguration is attended by a delegation from the United States headed by Laura d'Andrea Tyson who was chairwoman of the Council on Economic Advisers in President Clinton’s first term of office.

**May 24, 2000:** The House of Representatives votes solidly in favor of granting permanent normal trade relations to China. The Republican-led House votes 237-197 to end the 20-year-old practice of annually reviewing China’s trade status.

**May 28, 2000:** Chinese President Jiang Zemin telephones President Clinton to express his gratitude for the House PNTR vote.

**Jun. 8, 2000:** China’s foreign ministry spokesman announces that the U.S. and China have agreed in principle to resume bilateral talks in July on arms control and nuclear non-proliferation suspended after U.S. warplanes accidentally bombed the Chinese embassy in Belgrade last year.

**Jun. 11, 2000:** Robert Einhorn, U.S. Assistant Secretary of State for Non-Proliferation, arrives in Beijing on a low-profile visit to discuss Chinese exports of missile technology and components to Iran and Pakistan.

**Jun. 13-14, 2000:** Franklin D. Kramer, Assistant Secretary of Defense for International Security Affairs, visits Beijing as part of the on-going bilateral defense exchange program.

**Jun. 14, 2000:** Daniel Christman, superintendent of West Point Military Academy, arrives in Beijing at the invitation of the People's Liberation Army Headquarters of the General Staff.

**Jun. 16, 2000:** A delegation of the Chinese People's Liberation Army led by Nanjing Military Area Commander Liang Guanglie visits the headquarters of the U.S. Pacific Command at the invitation of Admiral Dennis Blair, commander-in-chief of the U.S. Pacific Command.

**Jun. 19, 2000:** The U.S. and China sign a formal agreement to share information and evidence related to drug smuggling during a visit to Beijing by Barry R. McCaffrey, director of the White House drug-control office.

**Jun. 20, 2000:** U.S. and China sign an anti-drug pact to prevent drug trafficking.

**Jun. 21, 2000:** U.S. Representative Floyd D. Spence holds a hearing of the House Armed Services Committee to explore the PRC's strategic interests and goals.

**Jun. 21, 2000:** The Dalai Lama meets at the White House with President Bill Clinton and U.S. National Security Advisor Sandy Berger to discuss Tibet. Clinton reiterates the U.S. commitment to support preservation of Tibet's unique religious, cultural, and linguistic heritage.

**Jun. 22-23, 2000:** Secretary of State Albright travels to Beijing for discussions with Chinese leaders that focused on the Korean Peninsula, Taiwan, and China's pending entry into the WTO.

**Jun. 22, 2000:** The U.S. State Department declares that China's official news agency *Xinhua* failed to get required permission when it purchased a seven-story building for news offices and living quarters close to the Defense Department's Pentagon complex.

**Jun. 23, 2000:** The Department of Defense, in accordance with the FY2000 National Defense Authorization Act (section 1202), submits a report to Congress on the current and future military strategy of the People's Republic of China.