

U.S.-China Relations:
**Fleshing out the Candid, Cooperative,
and Constructive Relationship**

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An active agenda of exchanges and consultations took place this quarter, providing Sino-U.S. relations with a modicum of stability as Washington focused on the war on terrorism and other foreign policy priorities. Chinese Vice President Hu Jintao toured the United States, stopping in Washington for two days of meetings with President George W. Bush, Vice President Dick Cheney, and many Cabinet members. Cooperation between Washington and Beijing in the war on terrorism advanced with the establishment of semi-annual consultations on depriving terrorist networks of their sources of financing. Broader discussions on combating terrorism were also held in the second round of bi-annual U.S.-Chinese counterterrorism talks. Sessions were held of the Joint Commission on Economic Cooperation and Trade and the Joint Commission Meeting on Science and Technology, providing a boost to commercial and economic ties. Beijing remained both suspicious and perplexed by U.S. policy toward Taiwan, and verbal gaffes by President Bush and Deputy Secretary of Defense Paul Wolfowitz created unease on both sides of the Strait. Finally, representatives from the U.S. and Chinese militaries explored the possibility of resuming contacts.

Antiterrorism Cooperation Continues

Cooperation between Washington and Beijing in the war on terrorism advanced in the second quarter of 2002, although it remained limited compared to America's collaboration with scores of other coalition partners. In late May, China and the U.S. inaugurated semi-annual consultations on depriving terrorist networks of their sources of financing. At the invitation of the U.S. Department of Treasury, a delegation from China held discussions with U.S. counterparts for three days, during which they visited and were briefed at the FBI's Financial Review Group, Treasury's Operation Green Quest, and the Financial Crimes Enforcement Center. In a press release issued at the close of the meetings, the Treasury Department declared that the discussions "represent another important step in our bilateral relationship with China and in the international fight against global terrorism." The press release added that the semi-annual meetings "will not only strengthen cooperation between China and the U.S. in the area of terrorist financing but will also seek to further strengthen the existing cooperative relationship in the law enforcement and counterterrorism areas between the two countries."

Broader discussions on combating terrorism were held June 20-21 in the second round of bi-annual U.S.-Chinese counterterrorism consultations in Washington, D.C. In that meeting, delegations from both countries comprising representatives of law enforcement, intelligence, military, diplomatic, and financial agencies discussed a wide range of issues related to international and regional terrorism such as the situation in Afghanistan, Central Asia, South Asia, and Southeast Asia. The talks were headed on the U.S. side by Ambassador Francis X. Taylor, the State Department's coordinator for counterterrorism, and on the Chinese side by Li Baodong, director general of the Foreign Ministry's Department of International Organizations and Conferences. Ambassador Taylor expressed America's appreciation for China's contributions to the war on terror and discussed next steps in the global war on terrorism. The Chinese delegation conveyed Beijing's assessments of its ongoing domestic counterterrorism campaign.

According to a U.S.-China joint press release, "the two sides reviewed bilateral counterterrorism cooperation, expressed satisfaction with progress to date, and discussed next steps and goals." They emphasized the importance of U.S.-China counterterrorism cooperation as part the global war on terror and agreed that "such cooperation is a solid foundation for the constructive cooperative relations between the United States and China." In addition, Washington offered to provide expert advice and assistance on event security, in anticipation of the 2008 Olympics being held in Beijing. The two countries also indicated plans to hold several expert-level dialogues on this and other subjects in the coming months.

In evaluating the assistance provided by China and other countries to the war on terror, the Bush administration seemed to draw a distinction between *military* support and support of a political, diplomatic, or financial nature. A Department of Defense Fact Sheet released in early June listed 69 nations that are contributing to the global war on terrorism. Although DoD claimed that the list was not intended to be all-inclusive, nonetheless it was notable that China was not among those countries that the Pentagon judged to be U.S. coalition partners. The list included Eritrea and United Arab Emirates, which were described only as having sent a few personnel to U.S. Central Command (CENTCOM).

By contrast, China was included in the State Department's annual report to Congress "Patterns of Global Terrorism 2001," issued on May 21 by the Office of the Coordinator for Counterterrorism. The report lauded Beijing's vote for UN Resolution 1368 authorizing the use of international force against al-Qaeda, along with its "constructive approach to terrorism problems in South and Central Asia." Chinese financial and material support for the Afghan Interim Authority was also welcomed. China's bilateral cooperation with Washington was described as producing "encouraging and concrete" results, notably the approval by the Chinese government to establish an FBI Legal Attaché office in Beijing and set up U.S.-China counterterrorism working groups on financing and law enforcement. "Beijing has agreed to all our requests for assistance," the report noted. The report went farther than previous U.S. government statements in acknowledging "credible" accounts that some Uighurs who were trained by al-Qaeda have returned to China, but fell short of Chinese demands that the U.S. recognize as

terrorist groups the East Turkestan Islamic Party and the East Turkestan Liberation Organization operating in and around the Xinjiang Uighur Autonomous Region. Moreover, the report reiterated previous warnings by Bush administration officials that a counterterrorism campaign cannot serve as a substitute for addressing legitimate social and economic aspirations.

Washington Discovers Who's Hu

In a carefully choreographed visit initiated and arranged by the White House, PRC Vice President Hu Jintao toured the United States for six days beginning on April 27, stopping in Honolulu, New York, Washington, D.C., and San Francisco. The visit was Hu's first to the United States and was billed as an opportunity to provide China's leader-in-waiting a first-hand impression of the world's only superpower. It was also designed to allow Americans to get acquainted with Hu, who has been portrayed as an enigmatic figure. Indeed, one U.S. official noted that Hu's trip had the song "Getting to Know You" playing in the background. No breakthroughs were anticipated and none took place, but the visit was nevertheless judged to be a success by both countries.

Hu's swing through Washington, D.C. was packed with high-level meetings at a frantic pace. In less than 48 hours, he met with the president, the vice president, and the secretaries of state, defense, treasury, commerce, and labor, as well as lawmakers on Capitol Hill and the president of the World Bank. With the exception of the meetings with Vice President Dick Cheney and Secretary of State Colin Powell, the sessions were half an hour or less. With time for introductory pleasantries, photo ops, farewells, and interpretation, most of the exchanges consisted of only a few sentences on substantive matters.

In a 30-minute meeting at the Oval Office, Hu conveyed China's concerns about Washington's increasingly close ties to Taiwan and warned against taking any steps that would provide encouragement to pro-independence forces on the island. President George W. Bush repeated the mantra of U.S. policy, including pursuit of a "one China" policy based on the three Sino-U.S. communiqués and the Taiwan Relations Act, and insistence on a peaceful resolution of differences between China and Taiwan. Bush also reiterated that the U.S. does not support Taiwan independence and does not wish to see provocation by either side of the Strait. The various elements of U.S. policy toward China and Taiwan had been articulated by President Bush to President Jiang Zemin when the two presidents met at the Asia Pacific Economic Cooperation (APEC) Leaders' Meeting last October but had not been reiterated during Bush's visit to Beijing in February, apparently because the U.S. side hoped to discuss new matters instead of covering the same ground the leaders had conferred about in their previous meeting. Bush's failure to restate U.S. policy created some anxiety in Beijing, which increased further following Taiwan Defense Minister Tang Yiau-ming's visit to the United States in April. Hu Jintao's priority during his meeting with President Bush was to obtain reassurance that U.S. policy toward China and Taiwan had not changed. With this goal attained and no major *faux pas* in the course of his travels through the U.S., Hu was able to return home having proven his skills as a diplomat. Vice President Cheney's statement to Hu,

reported only by Chinese media, that “the Bush administration neither supports Taiwan independence nor encourages the development of the Taiwan independence forces” was icing on the cake.

Other topics discussed between Hu and U.S. officials included the war on terrorism, agricultural issues, Taiwan, missile proliferation, trade, Tibet, religious freedom, and human rights. At every opportunity, Hu pronounced that China stands with the United States in combating terrorism. President Bush and other senior U.S. officials thanked Hu for Beijing’s cooperation in the fight against terrorism. Regional security issues such as Central Asia, the Middle East, South Asia, and the Korean Peninsula were touched upon in the meeting with Secretary Powell, but none of these topics was discussed in great depth. According to U.S. officials, Vice President Hu was well-briefed and demonstrated a good understanding of every issue that was raised. He was poised, business-like, and gracious, and he was cautious to not upstage China’s paramount leader Jiang Zemin, which some observers viewed as confirmation that China’s next leadership line-up is not a done deal. On several occasions, Hu noted that his task was to implement the agreement between Presidents Bush and Jiang to develop a constructive, cooperative relationship between the United States and China.

At a banquet hosted by the National Committee on U.S.-Chinese Relations and seven other groups, Hu Jintao delivered his only public speech before a high-powered gathering of American China watchers. He talked mainly about the bilateral relationship and proposed “four principles” for vigorously promoting the development of U.S.-Chinese ties: 1) strengthen high-level strategic dialogue as well as exchanges among various levels and departments; 2) strengthen exchanges and cooperation in all fields; 3) respect each other and handle differences on the basis of seeking common ground; and 4) strengthen dialogue and cooperation on major issues related to world peace and security. Hu’s responses to questions from the audience on China’s economy and political structural reform were extremely detailed and long-winded, leading one observer to remark that he sounded more like a provincial mayor than an impending state president. In replying to a third question about Taiwan, Hu read a prepared answer, underscoring the sensitivity of the issue in Sino-U.S. relations.

A last-minute invitation from Secretary of Defense Donald Rumsfeld enabled Hu Jintao to become the highest-ranking Chinese official to visit the Pentagon. Although the meeting was brief, they had a good exchange of views on the U.S.-China military relationship, Taiwan, Chinese arms and technology sales to Iraq, proliferation of weapons of mass destruction, and the war on terrorism. Hu emerged from the meeting smiling and told reporters that the two sides “will take some action to resume military exchanges.” The Pentagon spokesman characterized the understanding differently, however, saying “they agreed to have their military representatives talk more about military contacts in the near future.” In late June, the Defense Department sent Assistant Secretary of Defense for International Security Affairs Peter Rodman to Beijing to explore the possibility of restoring military contacts, which were mostly suspended after the April 1, 2001 mid-air collision between a Chinese fighter jet and the U.S. EP-3 reconnaissance plane. The talks were “frank” and “constructive,” according to Rodman but produced no agreements on

military exchanges. A U.S. Embassy statement declared that “the talks dealt candidly with problems that had arisen in the past” and that discussions would continue. Chinese Defense Minister Chi Haotian insisted in his meeting with Rodman that the U.S. should shoulder main responsibility for the “twists and turns” in bilateral military relations over the past two years.

U.S. Bungles Policy Rhetoric, Upsetting Beijing and Taipei

In a speech at the U.S. State Department on April 4, President Bush called on the Senate to pass Trade Promotion Authority legislation. While praising the success of U.S. efforts to facilitate China and Taiwan’s accessions to the WTO, he referred to China and Taiwan as “countries” and called Taiwan the “Republic of Taiwan.” The same day Bush signed a bill supporting Taiwan’s entry into the World Health Organization (WHO), triggering new worries in Beijing that the United States was modifying its “one China” policy. According to the White House’s subsequent clarification, the president simply made a “slip of the tongue.” In a phone conversation with Chinese Foreign Minister Tang Jiaxuan, Secretary Powell reassured his counterpart that there had been no change in U.S. policy regarding the cross-Strait issue.

The following month, Deputy Secretary of Defense Paul Wolfowitz seemed to depart from long-standing U.S. policy by implying that the United States backs reunification of Taiwan and the mainland, rather than supports a peaceful resolution of differences between the two sides of the Strait. In a statement at a Brookings Institution forum May 15, Wolfowitz stated that the U.S. has “no intention, no desire, to separate Taiwan from the mainland.” Wolfowitz asserted, “We think that a peaceful process is the only way to bring Taiwan and the Mainland together again. And, frankly, we believe that the sooner a peaceful approach is adopted, the sooner that solution can happen.”

Two weeks later, at a briefing on the eve of his departure for a conference in Singapore of defense ministers and security experts, Wolfowitz again misstated Bush administration policy. In an answer to a reporter’s question about his remarks at the Brookings Institution forum, Wolfowitz maintained that his statement was “another way of saying we’re opposed to Taiwan independence.” The consistent public position of both the Bush administration and its predecessor has been that the U.S. does not support Taiwan independence and officials have up till now been careful not to carelessly supplant the words “does not support” with “opposes,” which would signal a policy shift in Beijing’s favor. Once again, U.S. officials scrambled to clarify U.S. policy on cross-Strait relations, this time to Taipei, which worried that Wolfowitz’s statements would provide Beijing with new leverage over Taiwan and result in a toughening of China’s cross-Strait policy.

The strong reaction to the unintended verbal gaffes by both President Bush and Deputy Secretary Wolfowitz underscores the lack of confidence that both Taiwan and China have in the sustainability of U.S. policy. Uncertainty and concern in Beijing about U.S. intentions and policy toward Taiwan undoubtedly explain, at least in part, China’s decision to dispatch deputy chief of the Mainland’s Taiwan Affairs Office Zhou Mingwei to Washington in late June, only four months after his last visit. Zhou met with Deputy

Secretary of State Richard Armitage and other U.S. officials to discuss U.S. and Chinese policies toward Taiwan and cross-Strait relations. He sounded alarm bells about various pieces of legislation on Capitol Hill, including: 1) the *Defense Authorization Bill for Fiscal 2003*, which carries provisions from the aborted Taiwan Security Enhancement Act on U.S.-Taiwan joint military training and on strengthening U.S.-Taiwan high-level military personnel exchanges and 2) the *Supplemental Appropriations Bill*, which contains language suggesting that Taiwan enjoys the status of a “non-NATO ally.”

In a meeting with Representative Robert Wexler (D-Fl.), one of the founders of the Taiwan Caucus, Zhou inquired about the objectives of the Caucus and accentuated Chinese opposition to Taiwan’s bid for observer status in the WHO. With American academics, Zhou complained that Taiwan President Chen Shui-bian is putting up roadblocks to the establishment of direct transportation links between Taiwan and the mainland and insisted that Chen’s cross-Strait policies are politically motivated. U.S. officials used the opportunity presented by Zhou’s visit to upbraid Beijing for threatening to retaliate against countries that negotiate free trade agreements with Taiwan.

Commercial and Economic Ties Proceed Apace

On the economic front, this quarter witnessed a series of visits to China by U.S. Cabinet members and other senior officials to promote commercial relations and bilateral economic cooperation. U.S. Commerce Secretary Donald Evans led a 15-member delegation of U.S. business leaders to Beijing and Shanghai in late April, the first U.S. business development mission to China since its accession to the WTO. Evans and his Chinese counterpart Minister of Foreign Trade and Economic Cooperation (MOFTEC) Shi Guangsheng co-chaired a meeting of the Joint Commission on Economic Cooperation and Trade (JCCT), a forum for addressing issues critical to continued economic cooperation between the U.S. and China. U.S. participants expressed concerns about intellectual property rights protection, new Chinese regulations on private express delivery services, export control end-use visits, the sanctity of contracts, and issuing of insurance licenses to U.S. companies. Chinese participants raised Section 201 safeguards on steel imports to the United States, high-tech export controls, anti-dumping procedures, and the General System of Preferences. A press release issued by the Department of Commerce following the JCCT session noted that the forum “made progress in many areas,” although “differences remain.” Among the achievements of this 14th JCCT session were agreements to conduct training exchanges on WTO responsibilities and to increase private-sector participation in the work of the JCCT. Both sides also agreed to expand the JCCT framework through additional contacts at the sub-Cabinet level and through regular telephone discussions between Evans and Shi.

Another highlight of the quarter in the economic realm was the signing of four U.S. grant agreements by Trade and Development Agency (TDA) Chief of Staff Carl Kress and Chinese leaders. The agreements will provide management and technical support to China’s Sinopec International in the development of an e-procurement platform, fund a study on the increasing use of U.S. geothermal heat pump technology in China, provide technical assistance for the preparation of a Chinese loan application to the World Bank

for a solid waste management and disposal project, and fund a feasibility study to modernize and expand air traffic information flow in China. The TDA, a U.S. government-funded program that assists in the creation of jobs for Americans by helping U.S. companies pursue overseas business opportunities, also declared its intention to offer the Chinese government grants to survey market trends and to fund a WTO e-learning program that will provide guidance to both Chinese government officials and citizens on WTO implementation.

Also in April, the U.S. and China held the 10th bilateral Joint Commission Meeting on Science and Technology. John Marburger, assistant to the president for science and technology and director of the Office of Science and Technology Policy, led the U.S. delegation. Xu Guanhua, minister of science and technology headed the Chinese delegation. The meeting focused on cooperation in energy and material science, life and environmental science, agricultural and food science, and scientific education and popularization.

Shared Interest in a Modicum of Stability

The preservation of relatively stable Sino-U.S. relations currently serves both U.S. and Chinese interests. Beijing's cooperation in – or at least non-opposition to – the war on terrorism is important to Washington. China has been helpful in easing tensions between Pakistan and India, working in parallel with the U.S. to persuade both countries to back away from the brink of war. Beijing could also be instrumental in promoting the resumption of the U.S. dialogue with North Korea and advancing the process of reconciliation between North and South Korea. Steps by China to tighten up its exports controls and halt proliferation of weapons of mass destruction technology and delivery systems would also be beneficial to U.S. security interests. These issues were among those discussed by Chinese Vice Foreign Minister Wang Yi, who visited Washington for consultations on regional and international security matters in the last week of June.

China has an even greater stake in the maintenance of a normal and stable relationship with the United States. Unexpected changes in the international environment in the past year have significantly increased China's strategic vulnerability. A large majority of nations have rallied behind President Bush in support of the war on terrorism, enhancing America's global leadership position and slowing, if not reversing, Beijing's hoped for trend toward a multipolar world. The U.S.-Russian rapprochement has weakened China's ability to limit the negative effects of unparalleled U.S. global clout. The discarding of the Anti-Ballistic Missile Treaty has posed new challenges for sustaining the credibility of China's nuclear deterrent. The strengthened position of Taiwan President Chen Shui-bian and his Democratic Progressive Party along with firmer ties between Washington and Taipei, especially in the military sphere, have injected new uncertainty into cross-Strait relations and raised doubts about whether reunification can ever be achieved. And all the above developments are taking place at a time of a critical leadership transition in China. Surely, the imperative for avoiding strategic animosity with the United States is obvious.

Chronology of U.S. - China Relations

April - June 2002

April 3, 2002: Chinese President Jiang Zemin meets with Sen. Dianne Feinstein (D-Ca.).

April 4, 2002: The Chinese government frees an elderly Tibetan teacher on medical parole after 19 years in prison.

April 4, 2002: At a State Department news briefing, President George W. Bush welcomes both Taiwan and the PRC into the WTO.

April 6, 2002: President Bush signs a bill supporting Taiwan's campaign to obtain observer status at the annual assembly of the WHO in Geneva in May.

April 9, 2002: U.S. Trade Representative Robert B. Zoellick delivers a speech at China's Central University of Finance and Economics in Beijing.

April 9, 2002: On the 23rd anniversary of the Taiwan Relations Act, the U.S. Congressional Taiwan Caucus is inaugurated with 85 members. The Caucus is founded by Democrat Representatives Robert Wexler (D-Fl.) and Sherrod Brown (D-Oh.) and Republicans Dana Rohrabacher (R-Ca.) and Steve Cabot (R-Oh.).

April 21- 25, 2002: U.S. Commerce Secretary Donald Evans visits Beijing. Evans and Chinese Minister of Foreign Trade and Economic Cooperation Shi Guangsheng co-chair a meeting in Beijing of the Joint Commission on Economic Cooperation and Trade.

April 23, 2002: The Department of Commerce announces that U.S. and Chinese trade officials signed in Beijing four grant agreements that will provide funding for projects in China involving e-commerce, renewable energy, the environment, and aviation.

April 25-26, 2002: The 10th China-U.S. Joint Commission Meeting on Science and Technology is held in Beijing.

April 25, 2002: Sen. Paul Wellstone (D-Mn.) submits Senate Resolution 252, expressing the sense of the Senate regarding human-rights violations in Tibet, the Panchen Lama, and the need for dialogue between the Chinese leadership and the Dalai Lama or his representatives.

April 27, 2002: Vice President Hu Jintao arrives in Honolulu on a week-long visit to the United States that included stops in New York, Washington D.C., and San Francisco.

May 1, 2002: Hu meets with President Bush in the Oval Office.

May 7, 2002: President Jiang meets with former U.S. President George H.W. Bush and his wife in Shanghai.

May 9, 2002: The U.S. imposes two-year economic sanctions on 14 companies, including eight Chinese firms, for selling weapons-related goods to Iran.

May 10, 2002: The U.S. House of Representatives approves the “Defense Authorization Bill for Fiscal 2003.” The bill carries provisions on U.S.-Taiwan joint military training and on strengthening U.S.-Taiwan high-level military personnel exchanges.

May 10-22, 2002: National War College China Field Study delegation visits Beijing, Urumqi, and Kunming.

May 14, 2002: Taiwan loses its sixth successive bid for observer status to the WHO.

May 16, 2002: U.S. Secretary of State Colin Powell briefs Chinese Foreign Minister Tang Jiaxuan on the U.S.-Russian nuclear arms agreement via telephone. The two officials also discuss Sino-U.S. relations and the Indo-Pakistani situation.

May 20, 2002: Sen. Sam Brownback (R-Ks.) and Ted Kennedy (D-Ma.) submit Senate Concurrent Resolution 114 calling upon China to immediately release certain refugees from North Korea on humanitarian grounds and in accordance with international law.

May 26, 2002: FM Tang speaks with Secretary Powell by phone to exchange views on the Indo-Pakistani situation.

May 29, 2002: Congressional delegation led by Curt Weldon (R-Pa.) arrives in Beijing and meets with Jiang.

May 29-31, 2002: In the first of a series of semi-annual meetings planned to deal with the issue of terrorist financing, experts from China and the U.S. meet at the Department of the Treasury in Washington, D.C. to exchange views on how to prevent and combat the financing of terrorism.

June 4, 2002: Senate passes by unanimous consent an amended version of Senate Resolution 252 calling upon China to release the Panchen Lama and talk with the Dalai Lama about the future of Tibet.

June 4-13, 2002: At the invitation of the U.S.-China Inter-Parliamentary Exchange Group, a Chinese National People’s Congress delegation headed by Zeng Jianhui, chairman of the NPC Foreign Affairs Committee, visits the United States. The Chinese delegation meets with House Speaker Dennis Hastert (R-K.) and Henry J. Hyde (R-Ill.), chairman of the House International Relations Committee.

June 6, 2002: U.S. Deputy Trade Representative Jon M. Huntsman, Jr. and Under Secretary of Commerce for International Trade Grant D. Aldonas testify to the Congressional-Executive Commission on China.

June 13, 2002: House lawmakers pass a resolution 406-0 calling on the PRC to treat DPRK asylum seekers humanely and halt the forced repatriation of North Koreans who face a well-founded fear of persecution if they are returned to North Korea.

June 20, 2002: Members of the U.S. Senate follow the House of Representatives unanimously in calling for a resolution urging the PRC government to allow safe passage for DPRK refugees and to cease repatriating them.

June 20-21, 2002: U.S. and Chinese delegations meet in Washington, D.C. for bi-annual bilateral consultations between the two countries on counterterrorism.

June 24-25, 2002: Vice Foreign Minister Wang Yi visits Washington for consultations with U.S. officials at the Department of State and the National Security Council.

June 25-27, 2002: Assistant Secretary of Defense for International Security Affairs Peter Rodman stops in Beijing after visiting Tokyo and Seoul for consultations with Chinese officials on U.S.-Chinese military relations.

June 26, 2002: Zhou Mingwei, deputy head of China's State Council Taiwan Affairs Office, arrives in Washington, D.C. for discussions on Taiwan with U.S. officials, lawmakers, and scholars.