



U.S.-China Relations: Progress Amidst Persisting Deep Suspicions

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In the final quarter of 1999, the U.S. and China signed two important agreements that will likely aid in stabilizing the bilateral relationship after a rocky period following the accidental bombing of the Chinese embassy in Belgrade last May. The first, a bilateral accord on the terms under which China will enter the World Trade Organization (WTO), represents an important milestone for Sino-U.S. ties and signals a reaffirmation of China's commitment to market liberalization and economic reform. The second, an agreement settling the issue of compensation by both the U.S. and China for damage to their respective diplomatic property stemming from the accidental embassy bombing, constitutes an important step in the tortuous and as yet unfinished process of restoring normalcy to the bilateral relationship. While the initial steps toward restarting military contacts were recently taken, bilateral dialogues on arms control and human rights have yet to be resumed and strains continue to increase in both areas as well as on the Taiwan issue.

Landmark WTO Accord is Reached

After 13 years of negotiations, China and the U.S. reached agreement on Nov. 15 on the terms under which China will enter the WTO. The impetus to conclude an accord came from Washington, which judged after the Jiang-Clinton meeting in Auckland, New Zealand in September that the Chinese side was politically stalemated and unable to forge a consensus without a push from the U.S. side. President Clinton called Jiang twice, on October 16 and again on November 8, to prod Beijing to resume serious negotiations aimed at closing a deal. He subsequently dispatched Charlene Barshefsky, the U.S. trade representative, and Gene Sperling, his national economic adviser, to Beijing. After five days of grueling negotiations and several key interventions by Chinese premier Zhu Rongji, a deal was sealed.

China's Foreign Trade Minister Shi Guangsheng and U.S. Trade Representative Barshefsky signed the accord in Beijing, in what she termed "a profound and historic moment in U.S.-China Relations." President Bill Clinton called it "a very good day for American diplomacy," and pledged an "all out effort to see the pact implemented." Under the terms of the agreement, China will slash tariffs and restrictions on industrial and agricultural products and open a broad range of services including telecommunications, insurance, banking, and securities. The World Bank estimates the deal could more than triple China's share of world trade to 10 percent.

In the year 2000, Members of Congress will vote on whether to extend on a permanent basis China's normal trading status with the United States -- a fundamental benefit afforded all WTO member states. Denying normal trade relations to China will not block its accession to the WTO, but it would deny the U.S. (and no other country) all of the market access concessions China tenders in the process. This year, in addition to the usual opposition from conservative critics of China, the measure is being opposed by organized labor, which sees the China WTO deal as a threat to the jobs of American workers.

The prospects for passage of the legislation -- even in an election year when China is controversial -- are promising. There remains a possibility, however, that complementary anti-China legislation will be introduced in Congress. Some Members favor passage of the Taiwan Security Enhancement Act (TSEA), a bill originally submitted by Senators Bob Torricelli and Jesse Helms that proposes deepening U.S. military interaction with Taiwan's armed forces and making unambiguously clear that the U.S. would support Taiwan in a conflict with mainland China. If amended to the trade bill, this could pose a dilemma for President Clinton, who would no doubt veto the TSEA as stand-alone legislation. The introduction of alternative legislation critical of Chinese human rights and proliferation behavior and containing some, but not all, of the TSEA provisions, which is not linked to NTR approval, may garner considerable support.

Thorny Property Compensation Issue is Resolved

After five rounds of negotiations, U.S. State Department Legal Adviser David Andrews announced in Beijing on December 16 the successful conclusion of negotiations to resolve property issues arising from the accidental bombing of the Chinese Embassy in Belgrade. Under the terms of the agreement, the State Department will seek Congressional funding of \$28 million to compensate China for damages to its embassy, while the Chinese side will pay \$2.87 million for damage to American diplomatic facilities in China. The U.S. side was upbeat about the implications of the agreement for the broader bilateral relationship. Andrews stated that he was "sure that the settlement will be conducive to improvement and further development of U.S.-China relations." Retired Admiral Joseph W. Prueher, who arrived in Beijing to take up his post as the new U.S. ambassador to China just days before the deal was reached, praised the agreement and expressed confidence that the two countries "whose common interests transcend disputed issues, can advance relations in an atmosphere of mutual respect and understanding."

The Chinese side, while praising the accord, nevertheless noted that the issue of the embassy bombing was still not resolved to Beijing's satisfaction. China's foreign ministry spokesman indicated that Beijing remains unconvinced by the U.S. explanation that the bombing was a mistake caused by outdated maps and reiterated China's call for the U.S. to "conduct a comprehensive and thorough investigation into the bombing, severely punish the perpetrators and give a satisfactory account of the incident to the Chinese people as soon as possible." While Washington is hopeful that the bilateral dialogues on arms control and human rights which were suspended by Beijing in the aftermath of the embassy bombing last May can soon be resumed, it is as yet uncertain whether the Chinese are ready to do so or will continue to press the U.S. to respond to its demands.

Military Ties Advance, but Agenda has yet to Resume

The restoration of contacts between the Chinese and American militaries inched forward in the final months of 1999. In mid-November, Deputy Assistant Secretary of Defense Kurt Campbell traveled to Beijing for talks with officials of the Chinese People's Liberation Army. As a signal of Beijing's persisting discontent with U.S. handling of the embassy bombing matter, the Chinese insisted that Dr. Campbell visit as a guest of the U.S. embassy, rather than of the Chinese government. Although the Pentagon judged the discussions to be constructive, Campbell's visit failed to achieve the goal of getting China to commit to a date for the visit to Washington by the PLA's deputy chief of staff, Lt. Gen. Xiong Guangkai to hold bilateral Defense Consultative Talks with Under Secretary of Defense Walter Slocombe. Such a visit, which has yet to be approved by the ruling Communist Party's decision-making Politburo, would signal the full resumption of high-level military contacts. DoD officials are hopeful that with the signing of the property compensation agreement, the Chinese will move to schedule General Xiong's visit early in 2000. (Reports after the New Year indicated that Xiong would visit Washington January 24-26.)

Additional headway toward the re-starting of military contacts was made in the first week of December when the PLA Hong Kong Garrison joined with American forces in a search and rescue exercise at Lantau island. This marked the second consecutive year since the turnover of Hong Kong to Chinese control that PLA forces participated in the joint maneuvers. As a gesture to Washington, a P3 Orion reconnaissance aircraft was permitted to visit Hong Kong to take part in the exercises. A week later, the Chinese welcomed the USS Blue Ridge, the command ship of the Seventh Fleet, and its commander Vice Admiral Walter Doran, to make a ship visit in Hong Kong. U.S. ship visits and aircraft landings have not yet returned to the pre-bombing pattern of being routinely granted authorization by the Chinese, however. Since the embassy bombing, China has turned down requests for 10 U.S. navy ships to dock and six aircraft to land in Hong Kong, while giving the go ahead to seven ships and five aircraft. Until Beijing decides to put the embassy bombing matter in the past, it may continue to intermittently deny U.S. ships and aircraft access to Hong Kong.

Once the Chinese leadership signals that Sino-American military contacts can proceed, the agenda of the military relationship is likely to be more restricted than in the past. On the Chinese side, suspicions about U.S. regional and global strategy and American intentions toward China will likely put a damper on cooperation between the two militaries. On the U.S. side, the "National Defense Authorization Act for Fiscal Year 2000," signed into law by President Clinton in early October, will force a re-evaluation in the Pentagon of its prior program for building confidence and developing cooperation with the PLA. The Act prevents the Secretary of Defense from authorizing any military contact with the PLA that would create a national security risk due to exposure to specific advanced U.S. military capabilities, but does not stipulate what areas of contact constitute a risk.

Human Rights Remains Contentious

The bilateral relationship continues to be troubled by Chinese human rights transgressions, especially in the realm of religious freedom. Thousands of followers of the spiritual movement Falun Gong, which draws ideas from Buddhism, Taoism, and traditional

Chinese slow-motion exercises and meditation, have reportedly been detained since the Chinese government banned the group four months ago as a threat to Communist Party rule. Four individuals accused of being leaders of the movement were given prison sentences in late December ranging up to 18 years. Earlier that month, at a program marking the 51st anniversary of the Universal Declaration of Human Rights held in the Eisenhower Executive Office Building, President Clinton spoke out for the first time against China's detention and jailing of Falun Gong members. Clinton insisted that Falun Gong followers are not political dissidents and called for them to be accorded the rights of "freedom of conscience and freedom of association." Chinese officials continue to claim that Falun Gong is a cult, not a religion and that many of its supporters are politically motivated.

Other incidents highlighted the growing strains in the relationship arising from differences over human rights. In mid-November, the American Embassy in Beijing protested when it became known that a democracy advocate, Fu Sheng, had been detained and beaten after meeting the embassy's human rights officer. The U.S. also decided to impose sanctions against China based on the 1999 International Religious Freedom Report issued by the U.S. Department of State in late September. The sanctions will prevent the export of crime control and monitoring devices and equipment to China. The Chinese government lambasted the decision as "the continuation of a series of acts vilifying China."

Differences Widen Over Arms Control and non-Proliferation

While Sino-U.S. talks on arms control and non-proliferation remain in abeyance awaiting Beijing's cue, tension continues to mount on several critical issues. The U.S. Senate vote in mid-October against ratifying the Comprehensive Test Ban Treaty evoked sharp criticism from Beijing. In several interviews with Chinese and foreign reporters, Sha Zukang, director-general of the Chinese Foreign Ministry's arms control department, lambasted the failure of the U.S. to ratify the Treaty, arguing that such an act would make other countries, including China, reluctant to enter into arms control agreements with the United States.

U.S. plans to deploy theater and national missile defense systems is another increasingly divisive issue between Beijing and Washington. The Chinese have warned that such programs will result in a race between offense and defense, lead to the further spread of missile technology as well as countermeasures technology, and open up outer space as a new realm of weapons competition. Sha Zukang predicted that deployment of ballistic missile defense systems would lead to a nuclear arms race and dangerously alter the strategic balance in Asia and the rest of the world. Privately, Chinese officials are cautioning that Washington's resolute determination to move forward on deployment of advanced ballistic missile defense systems with total disregard for Chinese concerns will render future cooperation on arms control and non-proliferation exceedingly difficult and may also adversely affect cooperation between the U.S. and Chinese militaries.

Beijing has joined with Moscow to oppose the U.S. deployment of a national shield against ballistic missiles and to preserve the Anti-Ballistic Missile (ABM) Treaty. During Russian President Boris Yeltsin's visit to China in December, the two sides signed a joint communiqué, which highlighted their countries' shared concerns about the pending U.S. decision to build a national missile defense system. Russia also backed China in opposing the inclusion of Taiwan in

any regional anti-missile umbrella. The possibility of U.S. transfer of new theater missile defense systems to Taiwan is especially worrisome to Beijing and the Chinese warn of grave consequences for the bilateral relationship if Washington provides upper-tier missile defense systems to Taipei.

Another cloud on the horizon is the renewed possibility of sanctions on China as a result of its alleged sale to Pakistan of M-11 short-range ballistic missiles. Although the U.S. government has in the past determined that there was insufficient evidence to warrant sanctions, a new U.S. intelligence report stating that complete M-11 missile systems were transferred may rekindle this issue and could result in the imposition of sanctions.

Taiwan Issue Heats Up

Beijing is increasingly putting the Taiwan issue front and center in its dealings with the United States. In December the Chinese government lodged a strong protest against President Clinton's signing of two bills in support of Taiwan's participation in the World Health Organization (WHO). Chinese Vice Foreign Minister Yang Jiechi warned that if the U.S. backs Taiwan's entry into the WHO, it must be prepared for "serious consequences." The Chinese view the U.S. move as a violation of its three no's commitment -- no support for Taiwan independence, two China's, or Taiwan's membership in international organizations for which statehood is required to join. Clinton first conveyed the three no's privately to Jiang Zemin in a letter in the summer of 1997 and publicly enunciated the position during his stopover in Shanghai after meeting with the Chinese president in June 1998.

China's tough rhetoric on Taiwan is in part a consequence of rising Chinese worries that Taiwan President Lee Teng-hui could trigger a new crisis between Washington and Beijing in the first few months of 2000. Chinese experts on Taiwan affairs expect Lee to take further steps to influence the outcome of the March presidential elections in Taiwan and to advance the cause of independence for the island before he leaves office next May. The passage of the Taiwan Security Enhancement Act or some of its provisions by the U.S. Congress is pointed to by Chinese institute analysts as a possible catalyst for a crisis because they believe it would be interpreted by Lee Teng-hui as signaling U.S. support for his independence agenda. Chinese experts and officials are troubled by what they say is insufficient appreciation by Washington of the dangerous period ahead and the lack of policy measures to dissuade Taiwan from provoking another Sino-U.S. crisis.

Statements by the U.S. nevertheless suggest that Washington remains on the alert against possible instability in the Taiwan Strait. At a press conference on December 8, President Clinton repeated the American policy position of supporting cross-Strait dialogue and stressed that the U.S. would "view with grave concern any kind of violent action." Responding to press reports concerning the construction of new Chinese missile bases along the coast opposite Taiwan, Clinton asserted that the buildup of tension on both sides is "unnecessary and counterproductive." The president sent a veiled warning to Beijing by alluding to his 1996 decision to dispatch two aircraft carrier battle groups to the area off Taiwan in response to Chinese missile firings in the Strait. "You know what I've done in the past. And I think that's all I should say about it right now," Clinton stated.

With the return of Macao to Chinese control on December 20, the reunification of Taiwan with the Mainland will increasingly be on Beijing's agenda. Chinese President Jiang Zemin may have been sending this message to Ambassador Joseph Prueher when he told him in their first meeting after Prueher's arrival that Beijing would "liberate" (rather than unify) Taiwan in the future. There is growing disquiet in China about continued U.S. arms sales to Taiwan and American unwillingness to unequivocally condemn what the Chinese insist is a creeping trend toward independence on the island. If the bilateral discussions on arms control and proliferation matters resume this year, it can be expected that the Chinese will link future cooperation with the U.S. on proliferation matters to a commitment of greater U.S. restraint on the transfer of weapons to Taipei.

Mutual Suspicion and Mistrust Will Continue to Plague the Relationship

As the presidential campaign in the U.S. gets underway in earnest, substantial improvements in Sino-American relations are unlikely to be achieved. China is likely to distance itself from Washington to avoid being charged with interference in the U.S. election process and to avoid drawing increased attention by the presidential contenders to the China issue. In addition, Beijing calculates that in the final year of his presidency, President Clinton will be unwilling to make deals requiring concessions to China for fear of damaging the prospects of his vice president, Albert Gore. Barring a crisis spurred by the process of leadership transition in Taiwan, prospects nevertheless remain good for a limited resumption of Sino-U.S. military contacts, a re-starting of the bilateral talks on arms control and non-proliferation, and a return of the bilateral relationship to a quasi-normal status.

Even if a degree of stability can be achieved in the bilateral relationship in the coming year, suspicions on both sides are likely to remain high. The accidental bombing of the Chinese embassy in Belgrade and the NATO military operation in Kosovo crystallized for the Chinese the uncertainty of their security environment and provoked heated debates about American global strategy, U.S. intentions toward China, and the prospects for securing a normal and steady relationship with the United States. The Chinese continue to ponder and debate the implications for China of a greatly imbalanced global pattern of power in which America's might vastly outstrips other nations. They worry about increased U.S. willingness to act unilaterally and recklessly use military force to prolong its reign as sole superpower.

In the U.S., there is also uncertainty about the implications for American security interests of the emergence of a more powerful China combined with growing suspicion about Chinese regional and global intentions. China's modernization of its strategic nuclear-tipped missiles is perceived by many as threatening to the United States. In addition, there is rising worry in the U.S. about China's concerted efforts to enhance its military capability to deter Taiwan from declaring independence and, if that fails, to force reunification of the island with the Mainland. Moreover, Chinese deployment of hundreds of ballistic missiles opposite the island is likely to become an increasingly contentious issue between the U.S. and China in the months ahead.

Chronology of U.S.-China Relations

October - December 1999

Oct 1: China celebrates the 50th anniversary of the founding of the People's Republic of China.

Oct 5: President Clinton signs into law S. 1059, the "National Defense Authorization Act for Fiscal Year 2000," with provisions requiring annual reports to Congress on Chinese military power, the establishment of a Center for the Study of Chinese Military Affairs, and the imposition of new restrictions on Defense Department contacts with the People's Liberation Army (PLA).

Oct 25: Treasury Secretary Lawrence Summers and Chinese Prime Minister Zhu Rongji meet in Lanzhou, China to discuss economic issues and China's campaign to enter the World Trade Organization.

Oct 31: The USS O'Brien, a destroyer, calls at Hong Kong's port, the first U.S. Navy warship to visit the territory since China suspended military ties.

Nov 10: China denies a U.S. military aircraft permission to land in Hong Kong, bringing to 16 the number of rejected US military requests for ships to dock or aircraft to land since the Belgrade incident.

Nov 15: China and the U.S. reach a bilateral agreement on China's accession to the WTO after five days of grueling negotiations in Beijing involving American negotiator Charlene Barshefsky.

Nov 20: Deputy Assistant Secretary of Defense Kurt Campbell holds talks in Beijing aimed at re-starting contacts between the U.S. and Chinese militaries that were suspended after the embassy bombing.

Dec 1-4: The PLA Hong Kong Garrison participates in a short-range mountain and sea rescue exercise with the U.S. Air Force at Lantau island.

Dec 6: For the first time President Clinton publicly criticizes China's crackdown on the Falun Gong spiritual movement, calling it a troubling example of the government's acting against those "who test the limits of freedom."

Dec 7: The USS Blue Ridge, a guided missile cruiser and the command ship of the U.S. Seventh Fleet, makes a ship visit in Hong Kong. Vice Admiral Walter Doran, the commander of the Blue Ridge, is the highest ranking military official to visit Hong Kong since the embassy bombing. The USS Vincennes follows with a visit on Dec 10.

Dec 9: Joseph W. Prueher, the new U.S. ambassador to China, arrives in Beijing.

Dec 10: China lodges a strong protest against U.S. President Bill Clinton's signing of two bills in support of Taiwan's participation in the World Health Organization (WHO).

Dec 16: U.S. State Department Legal Adviser David Andrews announces in Beijing the successful conclusion of negotiations to resolve property issues stemming from the accidental bombing of the Chinese Embassy in Belgrade.

Dec 20: Macao returns to Chinese control after 442 years of Portuguese rule.