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Recommended Citation

Bonnie Glaser, "US-CHINA RELATIONS FACE BOTH CHALLENGES AND OPPORTUNITIES", nuclear policy 2nd workshop, March 02, 2001, https://nautilus.org/projects/nuclear-policy-2-d-workshop/us-china-relations-face-both-challenges-and-opportunities/

"Partnership for Peace: Building Long-term Security Cooperation in Northeast Asia"
The Second Collaborative Workshop on East Asia Regional Security Futures The Center for American Studies, Fudan University
Shanghai, China, March 3-4, 2001

US-CHINA RELATIONS FACE BOTH CHALLENGES AND OPPORTUNITIES
by Bonnie Glaser *

ABSTRACT

American presidential transitions inevitably bring a degree of uncertainty to Sino-US. relations. George W. Bush's accession to the presidency is no exception. Among the many challenges facing the U.S. and China, U.S. determination to deploy missile defense systems and handling the Taiwan issue are two of the potentially most divisive and dangerous. Both will demand high-level attention by Chinese and American leaders. It is important that the two sides approach these challenges with an open mind and a willingness to consider each other's sensitivities and concerns. An agenda for progress in Sino-American relations this year should not be overly ambitious. Washington and Beijing should identify areas where real achievements can be made and seek to bring those to fruition. Both sides should focus on issues where bilateral interests overlap and cooperation is possible. Expectations should not be set too high on either side to avoid perceived failures and subsequent disappointment. The broad objective in bilateral relations this year should be to accomplish small, but concrete progress that contributes to building trust and confidence between the two sides. Important goals that Beijing and

Washington should strive to achieve this year include: engage in substantive strategic dialogue; open a dialogue on managing the strategic transition, including missile defenses; make further progress in non-proliferation cooperation; complete Chinese membership in WTO; engage in constructive interaction on human rights; work jointly to ensure a successful APEC Summit and Bush-Jiang summit; and continue close coordination and consultation on the Korean peninsula.

INTRODUCTION

American presidential transitions inevitably bring a degree of uncertainty to Sino-US. relations. George W. Bush's accession to the presidency is no exception. Bush's references to China during the campaign as a strategic competitor of the United States unnerved Beijing and left the Chinese uneasy about U.S. intentions and unsure about the future of the bilateral relationship. Now that Bush has taken office, the administration is groping to determine what its campaign rhetoric means in practice and how it will manage the broad range of issues in Sino-American relations. Early signs indicate that continuity will predominate in Bush's approach to China, yet there may also be some changes in both tone and substance.

The Sino-U.S relationship is both complex and multi-faceted. An extensive network of cultural, commercial, scientific and academic ties inextricably binds the United States and China together. Indeed, governmental interaction pales by comparison to the millions of contacts that take place between Chinese and American citizens on a daily basis. This significant web of ties provides strong incentives to keep the relationship stable and on an even keel. Nevertheless, it is the official government component of the relationship that largely determines the state of overall bilateral ties. After several decades of official diplomatic dealings, the U.S. and China have drawn some important lessons about Sino-American relations. Among those lessons, the following merit special attention: 1) American and Chinese interests sometimes overlap or coincide, yet they also often diverge across a range of bilateral, regional and global issues; 2) managing the differences on security issues deemed critical to either country is imperative to avert a rupture of the bilateral relationship; and; 3) development of an adversarial relationship between the U.S. and China and, even worse, the outbreak of military conflict would be devastating to both countries' national interests and should be avoided at all costs.

The U.S. and China are simultaneously both partners and competitors. The dichotomy between strategic cooperation and competition is thus a false one—the U.S.-China relationship is a mixture of both.(1) The Clinton administration's consent to jointly adopt with Beijing the objective of "building toward a constructive strategic partnership" was unfortunate because it was roundly criticized domestically as an erroneous description of the prevailing relationship that undervalued genuine U.S. strategic partnerships with such nations as Japan and Australia. The goal of establishing a strategic partnership with China was equated to a policy that critics charged placed too much emphasis on the positive elements Sino-U.S. ties and ignored the sometimes critically important differences. In China, there are also voices that disapprove of the agreed-upon objective of a strategic partnership, although many, including the senior leadership, favor retaining the phrase because it provides a positive framework for the conduct of Sino-U.S. relations and aids in deflecting domestic criticism of Jiang's policy of handling the bilateral relationship according to his 16 character guideline—"increase mutual trust, reduce friction, develop cooperation, and refrain from confrontation."

From the U.S. perspective, within certain bounds, competition can be a healthy

component of any relationship. Bush administration officials have urged Beijing to not be alarmed by American references to the bilateral relationship as a competitive one. The new team in charge in Washington is likely to appraise China and formulate its policies based on the hard realities that prevail today as well as possible uncertainties in the future. In Secretary of State Colin Powell's confirmation hearings, he stated that:

"A strategic partner China is not, but neither is China our inevitable and implacable foe. China is a competitor, a potential regional rival, but also a trading partner willing to cooperate in areas where our strategic interests overlap. China is all of these things, but China is not an enemy, and our challenge is to keep it that way by enmeshing them in the rule of law, by exposing them to the powerful forces of a free enterprise system and democracy, so they can see that this is the proper direction in which to move."(2)

China must now adjust to this new rhetoric of the Bush administration and work with Washington as before to maximize cooperation, manage friction and promote peace and stability globally as well as in the Asia-Pacific region. Both the U.S. and China will continue to share a strong interest in preserving an amicable, stable and cooperative relationship.

TWO CHALLENGES FACING CHINA AND THE U.S.:
MISSILE DEFENSE AND TAIWAN

Among the many challenges facing the U.S. and China, U.S. determination to deploy missile defense systems and handling the Taiwan issue are two of the potentially most divisive and dangerous. Both will demand high-level attention by Chinese and American leaders. It is important that the two sides approach these challenges with an open mind and a willingness to consider each other's sensitivities and concerns.

MISSILE DEFENSE

The Bush administration has declared its intentions to build and deploy both national and theater missile defense systems. The president and his national security team are firmly committed to moving American defense planning beyond the Cold War. They deny that it is necessary to continue to rely on mutual assured destruction and massive retaliation. (3) They are eager to embrace a very different defense structure to deal with what they view as a very different era. Efforts are underway to persuade U.S. allies that their interests will be protected under U.S. missile defense plans. Russian President Vladimir Putin's proposal to Europe and the NATO alliance to jointly work to develop a common defense against missile attacks suggests that Moscow may have accepted the inevitability of the deployment of some form of missile defense system. Although resolution of U.S. and Russian differences will not take place overnight, negotiations may soon begin in earnest and an eventual understanding may well be possible.

China remains concerned that the deployment of missile defenses will disrupt global strategic stability, undermine efforts to curb the proliferation of nuclear weapons, neutralize China's strategic deterrent, and hamper Chinese attempts to promote the reunification of Taiwan with the Mainland. Beijing also is convinced that U.S. missile defense plans are at least in part driven by American concerns about a rising threat from China. Thus, a decision to proceed with deployment of theater and national missile defense systems will be perceived in Beijing as evidence of U.S. hostile intent.

A heated debate about the wisdom of missile defense continues in the United States.

The China portion of this debate is increasingly focused on whether the U.S. should accept or deny China's desire to have a credible strategic deterrent against the United States. Some argue that it is immoral to permit Americans to be vulnerable to nuclear attack by any country if the technology exists to defend U.S. territory against such attacks. Others explicitly seek to capture China's deterrent either because they foresee an adversarial relationship with China or because they want to deny Beijing the opportunity to deter U.S. involvement in a Taiwan Strait conflict by making nuclear threats against U.S. territory. Yet others maintain that any attempt to deny China a reliable strategic deterrent capability will almost certainly have destabilizing consequences. The U.S. has never explicitly made a policy determination on the legitimacy of China's deterrent. This will be an important decision that the Bush administration will have to address as it proceeds to finalize its missile defense plans.

In the next decade, the U.S. and China are likely to embark on a transition to a new strategic nuclear relationship. The U.S. will almost certainly move toward a re-definition of deterrence that encompasses both offense and defense. China will be modernizing its nuclear forces to enhance the survivability, safety and reliability of its deterrent. This transition period could be one of tremendous uncertainty and suspicion. It could further promote the perception of an adversarial bilateral relationship in both countries and result in unchecked competition of offense and defense. Such an outcome can be averted, however. It is incumbent upon officials and strategic thinkers in both the U.S. and China to seriously consider measures the two sides can take to manage the strategic nuclear transition in a way that alleviates tension and builds trust.

TAIWAN

Taiwan remains the most sensitive and potentially the most explosive issue in Sino-American relations. For Beijing, the U.S. attitude and policy toward the Taiwan issue embodies the essence of U.S. intentions toward China and determines the overall state of Sino-U.S. relations. The intensification of Chinese worries over the past several years that Taiwan is drifting toward independence has combined with heightened Chinese suspicions that the U.S. seeks to indefinitely prolong separation of the two sides of the Strait. The establishment of a democratic political system on the island and the election of a president from the Democratic Progressive Party, which calls for independence in its party platform, have further increased the complexity of the issue. Chen Shui-bian's refusal to acknowledge the existence of one China has irritated Beijing. U.S. arms sales to Taiwan have become increasingly objectionable to China, especially the transfer of weapons and capabilities that reduce Taipei's vulnerabilities to military coercion by China.

From the perspective of the United States, any outcome of the dispute between Beijing and Taipei will be welcome as long as their differences are resolved peacefully. Secretary of State Colin Powell stated in his confirmation hearings on January 17: "Let all who doubt, from whatever perspective, be assured of one solid truth: We expect and demand a peaceful settlement, one acceptable to people on both sides of the Taiwan Strait." A priority objective of U.S. policy in the past two years has been to encourage both sides of the Strait to re-open talks, settle outstanding problems and discuss confidence-building measures.

The uncertain and unstable relationship between Taiwan and the PRC represents a dangerous security risk for the United States. If strained relations between the China and Taiwan were to erupt into military conflict, the U.S. would inevitably be drawn in

because of its legal and moral commitments to Taiwan's defense. If a military conflict occurs it will upset regional stability and result in long-term enmity between the U.S. and China. The outbreak of a cross-Strait war would represent a colossal failure of Chinese and American policy.

The unrelenting military buildup in southern China opposite the Taiwan Strait, especially the deployment of hundreds of short-range ballistic missiles, has raised U.S. doubts about Chinese commitment to rely on peaceful means to manage cross-Strait relations. U.S. calls for China to exercise military restraint, for example by freezing the numbers of SRBMs deployed opposite Taiwan and pulling back those already deployed out of range of the island, have gone unheeded. Chen Shui-bian's concerted efforts to avoid provoking China since his inauguration last May, unlike his predecessor Lee Teng-hui, have led to the widespread perception in Washington that the major source of cross-Strait instability has shifted from Taiwan to the Mainland.

On the positive side, trade and investment across the Strait are expanding, even as political relations have stalemated. The accession of both China and Taiwan to the WTO, expected later this year, should further boost trade and economic ties between their two highly complementary economies. Although it is uncertain whether economic integration between the two sides of the Strait will promote a political reconciliation, it is likely to contribute to a general easing of tensions and will also increase the costs to both Beijing and Taipei of seeking to force a change in the status quo.

The annual decisions regarding U.S. arms sales to Taiwan will be made later this spring. Secretary of State Powell has stated that the U.S. "has an obligation to Taiwan to make sure that their level of defense capability remains constant over time, and they are in a position to defense themselves against any threats that might come their way."(4) China has warned the Bush administration against the sale of major new weapons systems to Taiwan, specifically the Aegis battle management system, Advanced Patriot missile defense systems known as PAC-3, and submarines. Congress has put the new administration on notice that if it does not prepare a robust arms package for Taiwan this year, the Senate will press forward with the Taiwan Security Enhancement Act which would legislate an expansion and upgrading of military ties between the U.S. and Taiwan.(5)

Both the U.S. and China should carefully handle their differences over Taiwan.
It is contrary to China's interests to make U.S. policy toward Taiwan, and arms sales in particular, a litmus test of broader U.S. intentions toward China. Taiwan is but one of numerous issues on which the U.S. and China will continue to disagree. Moreover, while reunification of the island with the Mainland is understandably a pressing matter for China, it is only one of Beijing's priorities. Other priorities include raising farmers' incomes, developing China's western lands, addressing the needs of unemployed workers, solving China's water and energy needs, sustaining overall economic development and preserving a peaceful international environment. Vice Premier Qian Qichen's visit to Washington later this month poses an opportunity for both sides to develop a positive agenda for promoting Sino-American relations and advancing bilateral cooperation. It would be a mistake for China to assess the success or failure of Qian's visit based on subsequent decisions on U.S. arms transfers to Taipei.

SETTING A POSITIVE AGENDA FOR SINO-AMERICAN RELATIONS

An agenda for progress in Sino-American relations this year should not be overly

ambitious. Washington and Beijing should identify areas where real achievements can be made and seek to bring those to fruition. Both sides should focus on issues where bilateral interests overlap and cooperation is possible. Expectations should not be set too high on either side to avoid perceived failures and subsequent disappointment. The broad objective in bilateral relations this year should be to accomplish small, but concrete progress that contributes to building trust and confidence between the two sides.

1. Engage in Substantive Strategic Dialogue

At both mid and high levels, the U.S. and China should conduct regular discussions on a broad range of security issues. This should cover issues such as each side's respective global strategies, foreign policy priorities and security concerns. It should also include conversations on major power relations, the evolving role of the United Nations, use of force and diplomacy in international relations and regional security issues (Northeast Asia, South Asia, Middle East/Persian Gulf, Central Asia). East Asian matters should be explored in depth, including exploration of a new regional security architecture that retains strong U.S. security alliances and forward deployed American military forces and, at the same time, involves China as an active participant in maintaining regional security.

One important goal of such a dialogue would be to identify new areas of common interest and potential cooperation, such as keeping the sea lanes open for shipment of oil. A second objective would be to clarify areas of possible conflict of interest and discuss ways to manage differences. A third objective would be to establish channels of communication that would be available in the event of a crisis or a perceived need to exchange views on important issues.

2. Open a Dialogue on Managing the Strategic Transition

Chinese and U.S. leaders should agree to open a bilateral dialogue in which both sides discuss how to preserve each other's strategic interests as both proceed with plans to alter their strategic nuclear force structure. Such a dialogue could include: 1) discussion of the past, present and future role of nuclear weapons; 2) the meaning of nuclear deterrence in the post-Cold war era; and 3) acceptable offense/defense balances.

The U.S. can also consider unilateral steps to clarify its strategic intentions toward China and the capabilities of its NMD and TMD programs once these defense architectures are decided. In turn, Beijing should be more transparent with the U.S. about its strategic nuclear modernization program and offer reassurances that it will not proliferate BMD countermeasures technology to other states.

3. Make Further Progress in Non-proliferation Cooperation

China should reiterate and adhere to its commitment made in November last year to not export nuclear-capable missiles or their technologies and strengthen export controls on missile-related items. In addition, a target date should be set for publication of the promised export control list for missile-related and dual-use technology items. If China is perceived to be backsliding on these obligations, this will provoke a major backlash in Congress and inhibit the Bush administration's efforts to build a new consensus on China policy. Conversely, evidence that Beijing is abiding by its latest non-proliferation commitment will help to deflect criticism of China and boost confidence in the value of

U.S.-Chinese cooperation in curbing proliferation of WMD and their delivery systems.

In addition, the U.S. and China should consider next steps to advance their bilateral cooperation in the non-proliferation sphere. Chinese membership in the Missile Technology Control Regime remains in U.S. interests and Washington should not abandon this goal. At the 1998 summit, Jiang Zemin told President Clinton that Beijing would "actively consider" joining the MTCR and China has not subsequently publicly denied continued interest in membership, although serious consideration of this issue was suspended following the accidental bombing of the Chinese embassy in Belgrade in May 1999. Consultations between Chinese and American officials to discuss formal Chinese participation in MTCR should resume as soon as possible. In the meantime, China should implement the steps that would make it eligible for membership in the future.

China's past linkage of U.S. arms sales to Taiwan to Chinese cooperation on non-proliferation should be reassessed. Curbing proliferation is in Chinese interests and should thus be pursued as an end in itself, not linked to other matters. Moreover, there is no leverage to be gained over the United States through such linkage, especially with the new team in charge in Washington. Any deliberate horizontal proliferation activities by China to signal displeasure with U.S. weapons sales to Taiwan will be extremely counterproductive and damaging to Sino-American relations.

4. Complete Chinese Membership in WTO

Hard bargaining in Geneva continues on China's WTO accession, but both the U.S. and China have a strong interest in early completion of a multilateral agreement. If there is no agreement reached by June 3, then President Bush will be required to send new waiver authority to Congress and an acrimonious debate on China policy will ensue. Although the result would unquestionably be renewal of China's normal trade status, the debate would nevertheless focus attention on negative Chinese behaviors and sour the atmosphere in Sino-U.S. relations. Beijing and Washington should therefore attach high priority to an early completion of China's entry into WTO. In addition, the smooth accession of Taiwan to the WTO following China's entry will promote the development of cross-Strait trade and economic cooperation, thus serving Chinese and U.S. interests in easing tensions between Taipei and Beijing and promoting reconciliation between the two sides of the Strait.

5. Engage in Constructive Interaction on Human Rights

The decision by the Bush administration to sponsor a resolution at the UN Human Rights Commission condemning China's record indicates that the United States will not shy away from criticizing Chinese human rights violations. Beijing should resist its inclination to define the U.S. action as "confrontational" and refuse to engage with the United States on human rights matters. Both the U.S. and China need to find ways to engage in constructive interaction on human rights.

The U.S. should credit China with making advances in the areas of social and economic rights while continuing to urge greater progress in the provision of political rights. Congressional approval for spending U.S. government funds to support rule-of-law programs in China has opened up new opportunities to provide technical assistance for the development of China's legal system. USAID to China and inclusion of China in the U.S. Asian Environment Program should also be considered. China should attach

priority to ratifying the International Covenant on Economic, Social and Cultural Rights, which it signed in 1997. In addition, Beijing should follow through on its suggestion last Fall that the bilateral human rights dialogue be resumed. An agenda should be worked out to ensure that such a dialogue produces positive results.

6. Work Jointly to Ensure a Successful APEC Summit and Bush-Jiang Summit

Beijing's chairmanship of APEC this year provides an opportunity for China to assume a regional leadership role and build on past achievements by APEC members. China should seek to revive the core APEC objectives of economic liberalization and trade expansion. Steps could also be taken to press for the reduction of barriers to information access.

Preparation for a Bush-Jiang summit, which may be part of an extended tour of China made by the new U.S. president, should begin early. Beijing should not wait for the U.S. to begin identifying areas where progress can be made and new agreements can be reached. Instead, China should seize the initiative and table constructive proposals. The U.S. should use the summit opportunity to signal the importance of Sino-American relations to regional security and reassure Chinese leaders of U.S. support for China's emergence as a strong, prosperous power.

7. Continue Close Coordination and Consultation on the Korean Peninsula

Beijing and Washington have worked in parallel to achieve the shared objectives of: 1) easing tensions between North and South Korea; 2) encouraging North Korea to invest in economic development rather than in destabilizing weapons of mass destruction and their delivery systems; and 3) coaxing North Korea to emerge from its isolation and become a participating member of regional and international society. The recent thaw on the Korean peninsula provides hope for an eventual peaceful solution, but the potential for failure still exists. The U.S. and China need to closely coordinate to promote developments in a positive direction.

If the outcome of the current Bush administration policy review produces a change in the U.S. approach toward North Korea, the U.S. should consult with Beijing and attempt to win Chinese support for its revised policy. The Bush administration will no doubt continue to accord top priority to restricting North Korea's development and proliferation of WMD and conventional weapons technologies. Beijing should employ whatever influence it has with the North to ensure that Pyongyang does not abandon the moratorium on its nuclear program and long-range missile tests. Continued effective cooperation on the Korean peninsula will serve as a reminder of the value of Sino-U.S. relations to skeptics in both China and the United States.

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* Prepared for the conference entitled "Partnership for Peace: Building Long-term Security Cooperation in Northeast Asia," co-sponsored by the Nautilus Institute and Fudan University, March 3-4, 2001.

1. David Shambaugh, "Facing Reality in China Policy," Foreign Affairs, January/February 2001, pp. 50-64.
2. Secretary of State designee Colin Powell's statement before the Senate Foreign Relations Committee, January 17, 2001. http://usinfo.state.gov/products/washfile.htm.
3. See, for example, the comments by Secretary of Defense Donald Rumsfeld on "ABC

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4. Colin Powell, "This Week on ABC," February 4, 2001.
5. Ted Galen Carpenter, "Prospects for the TSEA Under Bush," Taipei Times, February 7, 2001.

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