

Part II: The U.S.-China Agenda

With about 20 percent of the world's population, the second-largest economy, and a nuclear arsenal undergoing modernization, China is poised to acquire the strength of a global superpower some time in this century. For policymakers in the United States and elsewhere, relations with Beijing are a leading focus.

What remains to be seen is what kind of China will take shape from today's uncertainty and what repercussions that will have for U.S.-Chinese relations. A strong, confident China could act as a force for peace and stability in East Asia and serve as an expanding market for high-tech American exports. Or China could increasingly challenge the United States around the world, seeing U.S. interests in growing opposition to its own national interests. In contrast, a weak, unstable China presents another set of threats. An economic crisis in China could send shock waves throughout the global economy, especially in East Asia. Tens of millions of economic refugees could spill beyond China's borders, with millions of them heading for the United States. A collapse of political authority in China could create a disaster.

In the last twenty years, issues surrounding fair trade, human rights, nuclear weapons proliferation, and China's relationship with Hong Kong and Taiwan have been problems which have occasionally flared up, creating tensions in U.S.-China relations. After the terrorist attacks on September 11th, relations improved somewhat. The United States welcomed China's commitment to cooperation in the war on terror. Former President Jiang's immediate offer of condolence and assistance helped to smooth the waters between the two nations. Nevertheless, many issues remain.

In this part of the reading, you will examine the issues that figure most prominently on the U.S.-China agenda.

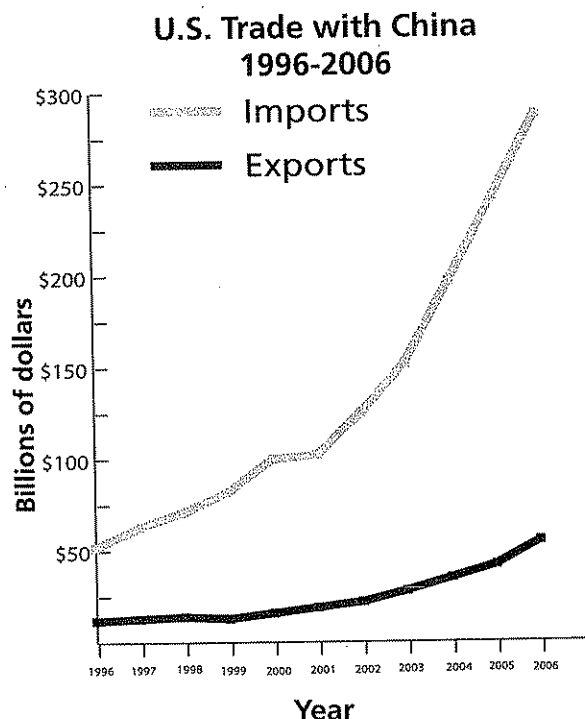
Trade Tensions and Human Rights

Trade issues currently dominate the U.S.-China agenda. Many of them are of very recent origin. During Mao's rule, trade between the two countries was meager. Throughout the 1980s, it grew steadily, with a fairly even balance between imports and exports.

What is China's trading relationship with the United States?

Recent years have witnessed a surge in Chinese exports. Americans in 2006 bought nearly \$288 billion in Chinese products—about one-third of China's exports worldwide. Without access to the U.S. market, China would have registered a trade deficit.

Most of the Chinese-made goods are low-priced manufactured items, such as clothing, toys, shoes, telephones, and consumer electronics. China's labor costs in manufacturing average less than 50 cents an hour, compared to more than \$18 an hour in the United States. The U.S. trade deficit with China widened to



\$233 billion in 2006—by far the largest trade imbalance of any U.S. trading partner.

U.S. exports to China have expanded rapidly as well, though not nearly enough to diminish the gap. Boeing, McDonnell Douglas, and other aviation companies have recorded billions of dollars in aircraft sales to the Chinese in recent years. Communications giant AT&T views China—not the United States—as its fastest-growing market.

How do U.S. and Chinese approaches to international trade differ?

Even as U.S.-China trade ties multiply, the attitudes of the two countries toward international commerce remain sharply divided. Since World War II, U.S. leaders have strongly defended the principle of free trade. The United States has maintained comparatively low import tariffs on most goods and has opened its markets to goods from around the world. In contrast, Chinese leaders have pursued a much more closed trade policy. Like the United States in the 1800s, China, until recently, imposed import tariffs averaging over 30 percent. These tariffs made imported goods more expensive and protected Chinese industries against foreign competition.

Since the late 1970s, Chinese leaders have taken steps to bring their country into the global economic mainstream. In 1986, China opened negotiations to join the World Trade Organization (WTO), the body that sets the ground rules for global trade and includes 151 member states. China was admitted to the WTO in late 2001.

The United States views China's membership in the WTO as beneficial to the United States not only because it advances U.S. business interests, but because it promotes the rule of law and integrates China into the international system. For China, participation in the WTO helps to strengthen the internal economic reform process and China's position as an international economic competitor.

What trade conflicts have strained U.S. relations with China?



U.S. pressure on China has brought the two countries to the brink of a trade war in recent years over violations of intellectual property rights. U.S. music and film industry executives charge that hundreds of millions of CDs and DVDs are copied illegally in China. In addition, U.S. computer software producers estimate that software used in China is often copied illegally—a process known as pirating.

Prompted by U.S. threats to raise tariffs on Chinese exports, Beijing has carried out several well-publicized raids on copyright pirates. The U.S. trade representative believes enforcement has not been comprehensive or stringent enough.

“Excessively high legal thresholds for launching criminal prosecutions offer a safe harbor for pirates and counterfeiters.”

—The U.S. trade representative, 2007

In addition to concerns about intellectual property rights violations, U.S. officials have

complained that Chinese clothing manufacturers frequently sell their goods below cost on the international market. The purpose of this practice—known as dumping—is to drive their international competitors out of business. The United States also accuses China of providing subsidies to some Chinese manufacturers that violate WTO regulations. These subsidies artificially lower the prices of Chinese-made goods, making them more attractive to buyers.

Finally, in 2007 a series of recalls of toys, pet food, and medicines manufactured in China frightened parents and pet owners in the United States. The recalls called into question both safety in Chinese manufacturing and oversight in the U.S. companies that contracted with the Chinese factories. The volume of exports from China is so high and the variety of products so great that the recalls did not have an effect on the value of Chinese exports, even in the toy and food categories. Clearly, despite safety concerns, Americans rely heavily on products made in China.

For its part, China has expressed frustration with some U.S. policies. Many in China and around the world have expressed concern about what they believe is the United States' inconsistent adherence to WTO regulations on tariffs and subsidies. China and several other countries won a dispute in the WTO in 2002 against the United States for its subsidies in steel production. China also filed a complaint against the United States in September 2007 because of a U.S. decision regarding Chinese paper exports.

How have human rights affected U.S.-China trade relations?

China's human rights record has been a central feature of the U.S.-China trade picture since 1989. After the government crackdown against protesters in Tiananmen Square, U.S. President Bush (1989-1993) stopped sales of military equipment and nuclear technology to China, as well as foreign aid.

Anger in Congress toward the Chinese leadership was much stronger than the president's. Until 2000, Congress annually

reviewed China's most-favored-nation status (which allows countries to export goods to the United States at the lowest tariff rates) as a means of pressuring China's leaders to change their policies at home.

In September 2000, the U.S. Congress approved permanent normal trading status for China, a policy which helped China to join the WTO. Human rights organizations, labor activists, and conservatives made the case that by enabling China to join the WTO the United States gave up an opportunity to steer China toward greater openness and freedom. Others contend that the WTO regulations and the new free market forces will drive the country towards democracy.

“The United States is committed to helping China become part of the new international trading system so that the Chinese people can enjoy the better life that comes from economic choice and freedom.”

—President George W. Bush, 2001

How has the relationship between Tibet and China affected U.S.-Chinese relations?

Of particular concern to many in the United States is China's policy toward the region of Tibet. The Tibetans are a people best known for their devotion to Buddhism and to their land, which lies to the north of the Himalayan Mountains in what is today southwestern China. The Tibetans enjoyed autonomy for centuries, but in 1950 Chinese troops overran their homeland. Communist officials ruthlessly attempted to erase Tibet's distinctive culture during China's Cultural Revolution. After a rebellion in 1959, hundreds of thousands of Tibetans were killed or imprisoned. Thousands of monasteries, temples, and other examples of Tibetan architecture also were destroyed. Since the 1980s, Beijing's policies have been aimed at promoting the migration of thousands of ethnic Chinese to Tibet. The Tibetans are now a minority in the region.

In 2001, former President Jiang launched the “Strike Hard” campaign in an effort to fight crime. Hundreds of Tibetans were arrested on

charges of engaging in “separatist” activities. When the Dalai Lama, whom many Tibetans recognize as their leader, visited with President Bush in the White House in 2007, China condemned that encounter. China believes the Dalai Lama seeks independence for Tibet from China; the Dalai Lama claims to seek only more autonomy from the central government.

What other issues top the human rights agenda?

In addition to the situation in Tibet, the United States opposes China’s treatment of political prisoners and religious and ethnic minorities, as well as its censorship of internet sites and radio and television stations. China’s use of prison labor, harassment of journalists, suppression of religious freedom, and the emigration restrictions that prevent leading Chinese political dissidents from leaving the country also find spots on the U.S. list of concerns.

Human rights groups contend that some poorly-equipped psychiatric hospitals are being used to hold and silence political and religious dissidents. Members of the Falun Gong spiritual movement, a banned religious organization, claim that thousands of their members have been committed to hospitals and that many have been subject to torture or have been administered unnecessary medication.

Many human rights organizations report that China is one of the world’s worst human rights offenders. In 2004, the Chinese responded to these claims by issuing their own critical report on the U.S. human rights situation, citing the treatment of civilians in the Afghanistan and Iraq wars as examples of human rights abuses. The Chinese have also pointed to some positive steps they have taken. In 2003, the Chinese government amended the Chinese constitution to include a provision on human rights. In 2007, the government worked with non-governmental organizations to locate and prosecute hundreds of people guilty of trafficking women and girls and of using forced labor.

“The Chinese Government gives top priority to the people’s life and

health and basic human rights.... [The Chinese government] has made great efforts to acquaint itself with the feelings of the people, to reflect such feelings, to reduce the people’s burdens and practice democracy. These efforts have markedly improved China’s human rights conditions and won universal acknowledgment from the international community.”

—Chinese Information Office, 2004

It is clear that while human rights has become a central theme in political conversations in both countries, China and the United States emphasize different aspects of human rights. In China, physical health and material well being are generally highlighted, while in the United States political participation receives the most attention. The State Department’s 2006 report on human rights in China characterized China’s human rights record as poor.

“China will not be considered a leader in the international system until it develops a more open, transparent, and free society, unleashing the innovation and creativity of its own people.”

—U.S. Deputy Secretary of State
John Negroponte, 2007

Security Priorities

Although trade and human rights issues have dominated the headlines of U.S.-China relations, U.S. policymakers also worry about China’s military. China’s defense budget has increased steadily in recent years, growing at about the same rate as the overall economy. In 2006, Beijing’s official military budget was 4.3 per cent of the entire budget. (The U.S. defense budget for 2006 was 4.06 per cent of the entire budget.)

Why is China a growing military concern for the United States?

Chinese military publications state that

China believes the United States is its greatest security threat, partly because of U.S. military power and partly because of U.S. support for Taiwan.

“The United States is...an arrogant country with strong ambitions for hegemonism [dominance].”

—Major General Wang Baocun, People’s Liberation Army, 2003

Chinese leaders are committed to a long-term program of military modernization for their own country. China is a major customer for high-tech Russian military equipment. Beijing has been especially eager to acquire Russian warplanes, submarines, and long-range missile technology. Chinese leaders have trimmed their active duty armed forces to about 2.3 million and enhanced their ability to strike quickly in a crisis. While U.S. capabilities, particularly in advanced nuclear weapons, remain far superior to China’s, China could soon challenge the balance of military power in East Asia.

In terms of explosive force, China has the third most powerful nuclear arsenal in the world. (China has 130 operational nuclear warheads, compared to 5,830 for Russia and 5,163 for the United States.) According to a U.S. Army report, younger members of the Chinese military are pushing for a reevaluation of China’s “no-first-strike” policy, which could mean China would, in the future, be willing to launch nuclear weapons preemptively.

The United States is also concerned about China’s role in the international arms market. Chinese weapons and military equipment exports are well-known worldwide. According to the Central Intelligence Agency (CIA), China is a significant source for developing countries seeking to build up arsenals and add to their capabilities with trucks or communication equipment. CIA evidence also indicates that China has played a key role in helping Pakistan produce missiles capable of delivering nuclear warheads that have a range of 185 miles.

What recent security tensions have arisen between China and the United States?

In April 2001, a U.S. surveillance plane flying over international waters collided with a Chinese fighter jet. The U.S. plane made an emergency landing in China, where the crew was held for several days. Chinese officials wanted the United States to apologize for the death of the Chinese pilot, while Americans thought the detention of their crew and plane was an excessive and belligerent act. While Chinese officials have frequently been angered at U.S. policy towards Taiwan and at what they view as unfair trade issues, American leaders have been frustrated by what they see as China’s reluctance to play by the rules. The spy plane incident increased this distrust for a time.

“It is no easy task for our two countries [China and the United States] to really understand each other.”

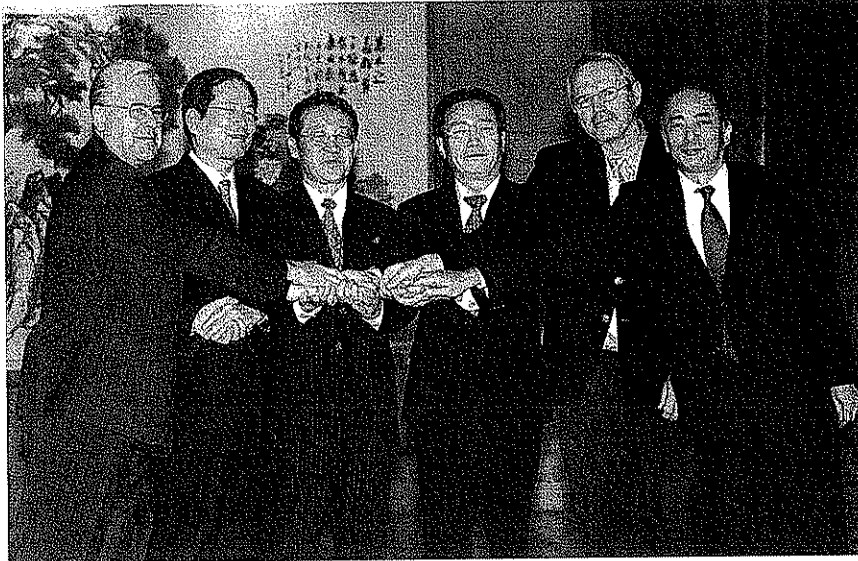
—Jiang Zemin, 1997

A more recent challenge between the two countries has been coordinating diplomatic action against North Korea. In the fall of 2002, North Korea admitted that it had been continuing work on a nuclear weapons program for years, violating a 1994 agreement not to develop the weapons.

In August 2003, North Korea claimed to be processing nuclear material to make bombs, and threatened to use them against the United States if attacked. In 2006, North Korea tested its first nuclear device. There was also concern that North Korea would sell its weapons to other states or to terrorists.

Chinese leaders expressed concern that the United States was not helping negotiations succeed because it did not provide sufficient incentives for North Korea to comply. U.S. leaders criticized China for not being tough enough. Establishing and maintaining diplomacy among the six nations involved in the talks on North Korea (China, Japan, Russia, North and South Korea, and the United States) proved very difficult. After the United States softened its approach to North Korea, among

Andy Wong/Pool/Getty Images. Used with permission.



Representatives of the six nations shake hands after announcing their agreement on North Korea's nuclear program on September 30, 2007.

other developments, the “six-party talks” finally reached a positive outcome: North Korea agreed to disable its facilities in 2007.

China's Role in its Region

Before the arrival of Western powers in China, the sphere of influence of the Chinese empire included Korea, Vietnam, Thailand, Myanmar (Burma), and Nepal. These states were considered “tributaries” of China, and honored the emperor by regularly sending officials bearing lavish gifts to the Chinese capital.

Under Mao Zedong, China presented itself as a model for poor, developing countries. Some preferred to think of China as a country with a tradition of past greatness that would eventually return to its former status. Chinese leaders in recent years have indeed begun to reassert their country's voice in international relations, primarily in East Asia.

How is China extending its regional influence?

China today is seeking to extend its influence over many of the areas that historically fell under its control. China has been especially assertive in staking its claims to two chains of tiny islands in the South China Sea.

The islands, known as the Spratlys and the Paracels, reportedly lie atop rich oil deposits. Five of China's neighbors—Vietnam, the Philippines, Taiwan, Malaysia, and Brunei—have made their own claims on the islands, but China has shown little willingness to negotiate a settlement. In 1988, China seized six of the islands in the Spratly chain.

More recently, Beijing has undertaken a build-up of its navy and increased its presence in the South China Sea. China's attention to its naval forces has U.S. officials worried.

Since World War II, the United States has been the leading naval power in East Asia. China is already challenging U.S. dominance in the region.

How does Hong Kong figure on the U.S.-China agenda?

In 1997, Great Britain returned Hong Kong to China after controlling the territory for 150 years. Reunification has been complicated. The former colony of 6.7 million people is an international financial and manufacturing center. Before reunification, it was the largest single foreign investor in China and the gateway for much of China's international trade. Politically, Hong Kong's residents have shown their determination to defend the democratic freedoms they won in the last years of British rule.

China's leaders are eager to take advantage of Hong Kong's economic power and yet are worried about the former colony's dynamism. Beijing officials have promised to preserve Hong Kong's uniqueness through a policy of “one country, two systems.” At the same time, they have crafted election laws to ensure that Hong Kong's legislature will support Beijing.



A perspective from Hong Kong on the threat of Chinese press censorship.

U.S. officials have voiced concern that China may snuff out Hong Kong's open society. From Beijing's perspective, the fear seems to be that Hong Kong's vibrant brand of capitalism and democracy may fuel momentum for political change in China. Indeed, most of the Chinese troops stationed in the former colony have been positioned to block mainland Chinese from flooding into Hong Kong.

Why is Taiwan a special problem?

The status of Taiwan represents a more long-term problem in East Asian affairs. Since losing its seat in the United Nations to China in 1971, Taiwan has existed in a state of international limbo of sorts. Economically, it is a powerhouse. The country is one of the top ten exporters in the world and its 22.8 million people enjoy a per capita income about five times higher than that of the citizens of China.

Taiwan has responded to the shift in international policy by seeking to strengthen its economic and cultural ties worldwide. Taiwan's economy has continued to boom, even though it has been forced out of the International Monetary Fund, the World Bank, and other international organizations.

Questions about the political status and

future of Taiwan have burdened its relations with China. The two countries possess distinct governments, but are officially one state. This arrangement has been a source of tension between China and Taiwan and has raised questions about the outcome of this arrangement. Will Taiwan someday be an independent state or will China and Taiwan be reunified?

China firmly holds to its position that there is "one China" and sees reunification as the eventual goal, while Taiwan's position has evolved over

the years. In the mid-1990s, former Taiwanese President Lee Teng-hui argued that Taiwan and China were two separate states and that Taiwan should be recognized as an independent country "just like Britain or France."

His successor, Chen Shui-bian, took office in 2000 and has continued the cause for greater Taiwanese autonomy. Chen made the issue of Taiwanese independence central to his 2004 reelection campaign—an election which he narrowly won. The Taiwanese public appears ambivalent in its position towards China: many agree with the goal of independence but some fear that an overly provocative stance may prompt a response from China that could threaten their way of life.

"We believe that only through China's democratic awakening can there be lasting peace in the world."

—Taiwanese President Chen Shui-bian,
2007

Many in China see Taiwanese efforts for independence as a challenge to China's sovereignty and a threat to the state as a whole. For many, these concerns are based on a fear of China weakening: independence efforts in

Taiwan and Tibet call to mind the dangers of disintegration China faced in the nineteenth and twentieth centuries as a result of relations with the West. Likewise, many in China are apprehensive of outside involvement, particularly by the United States, in these domestic concerns.

How does the United States figure into the Taiwan issue?

Taiwan has long been a point of tension between China and the United States. After the Korean War, the United States was Taiwan's key ally, providing billions of dollars in military aid to Chiang Kai-shek's government in Taipei, Taiwan's capital. President Nixon's visit to China in 1972 changed U.S. policy toward Taiwan. In 1978, the United States broke relations with Taiwan and recognized China a few months later. Most other countries have adopted the same position. Concerns about the security of Taiwan led Congress to pass the Taiwan Relations Act which guaranteed continued trade and cultural relations with the island and provided American assurances for its security.

Taiwanese democracy remains an important issue for the United States. President Bush recently said that he will do "whatever it takes" to defend Taiwan and its democracy. At the same time, the United States is committed officially to the eventual reunification of China and Taiwan.

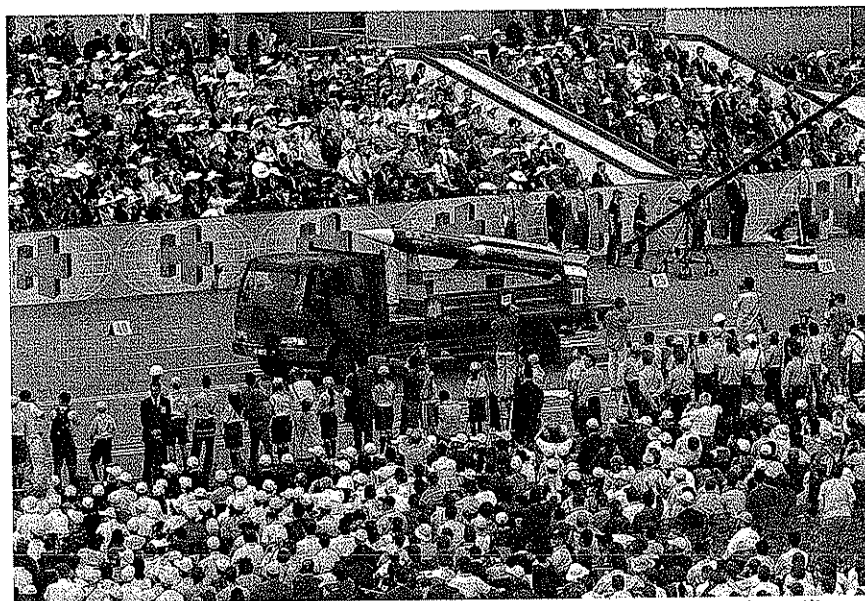
Chinese leaders have warned that they will use force to block Taiwan's drive for full independence from the mainland. China's naval expansion and military maneuvers near Taiwan are viewed as part of a larger strategy to intimidate the Taiwanese government. For its part, Taiwan has a defense force of approximately three

hundred thousand active troops (and nearly two million more on reserve) equipped with sophisticated weapons, many of them from the United States. U.S. arms sales to Taiwan, which have totalled some \$20 billion over the past decade, have been a constant irritant in U.S.-China relations. Recent years have seen some of the largest shipments of arms to Taiwan and a radical departure from the past in the types of arms being shipped—offensive weapons in addition to customary defensive weapons. China's threats toward Taiwan combined with the U.S. vows to defend Taiwan could potentially escalate to a very dangerous situation. Some experts consider the U.S. relationship with China and Taiwan to be the most serious security problem for the United States.

China's Role in the World

China remains a wild card in the international arena. Chinese exports of missile technology and violations of global trade standards have cast it as a reckless outsider in the international community. At the same time, China has played a cooperative role in addressing crises in hot spots around the world.

China's seat on the UN Security Council gives Beijing veto power over critical decisions



During a parade for Taiwan's National Day on October 10, 2007, the military showed off some of its Taiwan-made equipment. This missile display was intended to remind China that Taiwan can defend itself.

TONY HUANG/AFP/Getty Images. Used with permission.

of the UN. The UN's expanded involvement in international peacekeeping since the 1990s makes China's position on the Security Council all the more important.

On the whole, China is a steadfast supporter of the concept of sovereignty, which is the right of a country to govern its own affairs. It is particularly wary of interfering in what it views as internal affairs of other countries, partly because it does not want outsiders like the United States interfering with its own internal issues. Additionally, Chinese reliance on oil and food imports also affects its policies, just as such needs affect the policies of other countries. At the same time, China is increasingly interested in being seen not just as an economic powerhouse but also as a country with diplomatic strength. Many of China's decisions to get involved or remain neutral in world conflicts can be explained at least in part by these three concerns: sovereignty, energy needs, and diplomatic interests.

What role has China played in addressing international conflicts?

The Chinese government strongly opposed NATO's bombing of Yugoslavia in the spring of 1999. The Chinese regarded the bombing campaign, designed to force the Yugoslav government to respect the rights of ethnic Albanians in the province of Kosovo, as a violation of sovereignty. Chinese leaders, under constant international scrutiny for their own human rights' record, may have worried that this precedent of international interference could threaten Chinese rule in Tibet.

The Chinese allowed the United States to form an international coalition against Iraq's Saddam Hussein before the 1991 Persian Gulf War, the UN's most significant military operation since the Korean War. China did not authorize the use of force against Iraq in 2003. The Chinese government later described that U.S.-led invasion as a violation of international law.

China did not contribute troops to any UN peacekeeping missions until 2004 when it deployed 125 troops to Haiti. However, the Beijing government has generally gone along with the other members of the Security Council. Significant recent exceptions to this trend involve the conflicts in Myanmar and Darfur.

The conflict in Darfur, which the United States has labeled a genocide, is taking place within the country of Sudan. Sudan has oil wealth, and China has been importing oil from Sudan in part to reduce its dependence on oil from the volatile Middle East. China also has a long history of selling arms to Sudan. Although the Security Council has condemned the events in Sudan, until recently China refused to allow sanctions against Sudan or otherwise pressure the government because of sovereignty issues and because it does not wish to cause a disruption and thus threaten an important trading partner. In the wake of increasing international pressure, particularly as some activists called for a boycott of the 2008 Beijing Olympics, China began to take more direct action against Sudan in summer 2007. China's firmer approach may help reduce violence in Darfur.

The government of Myanmar (also called Burma), one of China's neighbors, began a violent crackdown against democracy demonstrators in fall 2007. China and Myanmar have an extensive trade partnership, and China believes its friendly relationship with Myanmar offers it many strategic benefits. Publicly, China has been reluctant to support strong international measures against Myanmar because it sees Myanmar's problems as internal ones. Privately, and possibly as a result of the earlier public outcry against China's relationship with Sudan, China has supported some exiled Burmese opposition groups.