SINO-U.S. RELATIONS

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When I became responsible for Asian affairs at the National Security Council in early July 1982, the first order of business was to complete work on the Joint Communique with the People's Republic of China on arms sales to Taiwan. There was considerable opposition from friends of Taiwan who feared that an agreement of the kind contemplated between the U.S. and the PRC would have a serious deleterious effect on the good relations existing between the United States and Taiwan and would signal the end of the sale of defensive weapons to Taiwan by the United States. Taiwanese themselves were concerned that the United States would agree to terms that would, in effect, serve to weaken the resolve of the American people to continue their special relationship with the people of Taiwan. This was not done. After studying the fruits of the negotiations up to early July, I was convinced that the United States and China would be able to agree to wording and terms which would satisfy the instructions of the President. President Reagan was determined to place U.S.-China relations on a sure and secure footing, which would allow for mature and growing ties free from the suspicions and uncertainties of the past. At the same time, he was determined to live up to the Taiwan Relations Act, which was the law of the land, passed overwhelmingly by the Congress and signed by President Jimmy Carter. Until August 17, 1982, when the Joint Communique was issued, I worked long and hard with my colleagues

throughout the government and particularly in the White House and the Department of State to ensure that the final product conformed to the President's instructions. In my view we succeeded in doing this. The proof of the pudding is in the eating, after all, and the Taiwan issue, while an irritant, has not been a major impediment in the development of relations between the U.S. and China. At the same time, the U.S. has strong unofficial ties with Taiwan.

U.S.-China relations in the past several years have matured beyond a narrow strategic focus toward a more broadly based and more complex web of interactions. The U.S. is now China's third largest trading partner after Japan and Hong Kong. Bilateral trade rose from $1 billion in 1979 to approximately $14 billion in 1988. Cumulative U.S. investment commitments in China now total about $4 billion. Over 30,000 Chinese students are currently enrolled in U.S. universities, roughly 7,000 Americans are teaching and studying in China and about 300,000 U.S. tourists visit China annually. The U.S.-PRC science and technology cooperation program is the largest bilateral program of its kind for either side: the U.S. and China have engaged in 400 cooperative activities under 29 bilateral protocols. The U.S. and China have been in the process of negotiating an agreement which would lead, if concluded, to the dispatch of a small Peace Corps contingent to Sichuan province, the first Peace Corps presence in a communist country.

U.S.-China military cooperation has been carefully designed

to assist the PRC to improve its defensive capabilities without posing a threat to our friends and allies in the region. Though relatively modest in scale, the U.S. program has sought to build a military relationship with the PRC emphasizing steady progress in high-level exchanges, technology cooperation and functional exchanges. There are already underway four Foreign Military Sales (FMS), government to government sales programs with a value of around $650-$750 million. Commercial military U.S. sales to the PRC in 1988 totaled over $80 million. This military cooperation program was put into abeyance by President Bush in June of this year as a result of the bloody Chinese government suppression of the student pro-democracy advocates.

Development of friendly, stable, and enduring relations with the PRC has been a major foreign policy objective of the last five U.S. administrations. As a result of the improvements in Sino-U.S. relations in recent years, the U.S. has regarded China as a friendly, non-allied country with which the U.S. shares many parallel interests. The U.S. approach has been predicated on the belief that a secure and prospering China, engaged in economic reform and openness to the West, can be a force for stability in Asia.

The U.S. has sought and continues to seek an international environment in which China will: continue to be a force for peace and stability in Asia; expand trade and investment ties with the U.S.; and see benefits in the further opening of its society to the outside world and continued expansion of its ties

with the industrial democracies.

Our success in maintaining a constructive dialogue with China has enabled us to find common ground on key areas of strategic interest such as Afghanistan, Cambodia, Korea, and certain arms control issues. After almost a quarter century of hostility, since the early 1970s, neither the U.S. nor China has viewed the other as a direct threat to its security, nor to its security interests in Asia and the Pacific.

As U.S.-China relations have matured, differences have naturally occurred.

Ballistic Missile Proliferation: U.S. concerns over the global dangers posed by ballistic missile proliferation were heightened by China's sale of intermediate range ballistic missiles to Saudi Arabia. Former Secretary of Defense Carlucci discussed this issue with Chinese leaders during his visit to China in September 1988, following which he publicly expressed confidence that the PRC's role in this issue would be a responsible one. President Bush was given reason to have similar confidence following his meetings with the Chinese leadership in Beijing in February 1989.

I have previously referred to the U.S.-China communique signed in August 1982, which provides a general framework for addressing the question of U.S. arms sales to Taiwan. Nevertheless, China has taken exception to various U.S. actions and proposals relating to Taiwan, including continuing U.S. arms sales. Beijing has urged the U.S. to facilitate contacts between

itself and Taiwan. I believe this would be a mistake and would be counterproductive. The U.S. has, however, welcomed developments, including indirect trade and travel, that have contributed to a relaxation of tensions in the Taiwan Strait and supports a continuing evolutionary process toward a peaceful solution of the differences between the PRC and Taiwan by the Chinese themselves, free of outside pressure.

U.S.-China economic relations have expanded significantly in recent years to the benefit of both countries. The U.S., however, remains concerned about PRC tariff and non-tariff barriers which restrict access to the Chinese market. The U.S. has continued to press for greater commercial operating freedom for U.S. firms, binding international arbitration of disputes, better legal protection for U.S. investors, transparency in trade regulations and intellectual property rights protection. U.S. businessmen also believe they are disadvantaged because our trading partners are able to offer significant concessional financing for commercial projects.

China's main concerns include U.S. trade legislation (anti-dumping and countervailing duty laws), U.S. high technology export controls, U.S. legislation requiring annual review of China's most-favored-nation (MFN) status, and current PRC ineligibility for U.S. Generalized System of Preferences (GSP) trade benefits. China also seeks U.S. help in obtaining GATT membership.

China has pressed hard over the past several years for U.S.

liberalization of controls on high-technology exports. It argues that U.S. trade difficulties would be less if the U.S. were more willing to export high-tech goods in which it is strongly competitive. The U.S. and its COCOM partners have, in fact, significantly liberalized the regulations governing high-technology exports to China in recent years.

The U.S. policy in support of human rights has been criticized by some in China as "interference in the internal affairs of China." However, U.S. policy on human rights is a global one and reflects the fundamental beliefs of the American people. When President Reagan visited China in the spring of 1984, he spoke publicly about freedom and the contribution that freedom, political and economic, has made to the success of the American experiment. He gave a major speech on this subject at Fudan University--a speech which was shown on Shanghai television and printed in Chinese newspapers. The United States is confident that the more people have to say about their present and their future, the more stable a society and country will be: security and freedom go hand in hand.

Sino-Soviet relations are improving and the United States welcomes this. Normal ties between Beijing and Moscow contribute to peace and stability in the Asia-Pacific region and globally. Chinese leaders have stated often to U.S. officials that better relations between the Soviet Union and China in no way threatens the continuing growth of ties between Washington and Beijing. It seems to me that the United States and China should both

welcome any actions undertaken by the Soviet Union to base its international policies less on military force and the threat to use such force and more on its stated objectives to become a part of a peaceful, international community.

In my view, nowhere is the theory of the importance of individuals in shaping history more clearly shown than in China since the end of World War II. Under Mao Zedong a harsh and unyielding domestic policy led to the horrors of the Cultural Revolution. At the same time, internationally, Mao shifted China from a close allied relationship with the Soviet Union to a country seeking better ties with the noncommunist world, in particular with the United States and Japan. Mao was a dedicated follower of Marx and Lenin, but he was also Chinese. He saw the necessity for China to open itself to other countries if it was to be a force in international politics and be able to spread its version of communism abroad. Without Mao's strong assertion of personal power neither of these policies would likely have taken place.

Under the leadership of Deng Xiaoping, China, as I have earlier pointed out, has embraced a policy of openness to the outside world which he described as essential if China was to further her modernization goals and objectives and reach a normal relationship with the Soviet Union. I first met Chairman Deng in 1980 in Beijing when I was serving as a member of then-presidential candidate Reagan's foreign policy advisory board. Since then I have been in meetings with him on numerous occasions

with President Bush, President Reagan, former Secretary of State Shultz, and former Secretary of Defense Weinberger. He has always been most impressive in explaining Chinese policies and the world scene, as he understands it.

I recall well my first meeting with Deng in 1980. The major point that he made, as I remember it, had to do with China's view of the Soviet threat. He said that he did not fear the Soviet Union and was certain that the Soviet Union would not attack China. The reason for this was simple: the Chinese would use every necessary weapon to retaliate against the Soviet Union if they moved against China's borders with whatever means. Deng came across during this meeting and in every subsequent one in which I participated as a very confident leader, well briefed on both international and domestic affairs and clearly the man in charge.

Deng is an extraordinary leader who through the use of power, intellect, and will, has been able to push forward and implement his vision of the way things should be. Without Deng and the reforms that he instituted, the movement of April, May, and June 1989 demanding greater democracy and an end to corruption could never have taken place. The eyes of the whole world have been riveted on China, Beijing, and Tiananmen Square since April of this year. The growing demands by students, intellectuals, some officials, and just plain people for an end to corruption and a more rapid pace of reforms, particularly those leading to more political openness were viewed with great

sympathy by informed opinion around the globe. Occupation of Tiananmen Square by students with placards denouncing Deng Xiaoping, Li Peng, and others in the Chinese leadership threatened to disrupt the Deng-Gorbachev summit. However, that summit was carried off successfully with only slight changes in scheduling.

Throughout the month of May, as demonstrations mounted in Beijing and spread to other cities in China, the central government, while issuing threats against the demonstrators and declaring a form of martial law, continued to act with a certain restraint. There were hopes that perhaps some tacit agreement of how to proceed with reforms and the pace of reforms could be worked out between the government and the demonstrators. These hopes were dashed over the first weekend in June when the Peoples Liberation Army used brutal force to crush the demonstrators. It is reliably estimated that thousands were killed and countless other thousands injured.

The United States immediately condemned this violent action. President Bush suspended all sales of military equipment and weapons to China and high level military contacts. However, he said that the United States would be continuing other relations with China, including economic. The country, as a whole, supported the President's moves, though some in Congress demanded greater sanctions and these may come if the Chinese violent crackdown on the reformist elements continues.

It seems to me that the policy of the United States toward

China should be clear: the United States wants to have good, solid working relations with Beijing--this is needed for stability and peace in the Asian and Pacific region and elsewhere; the United States believes it is in China's best interests to pursue a policy of modernization, based upon the opening to the West and economic and political reforms; the United States should continue to speak in the strongest possible terms against the wrong-headed policy of brutal suppression by the government of those in China urging an end to corruption and more rapid and more substantive political changes. And the United States must make it unmistakably clear that relations between China and the U.S. will inevitably be affected by the killing and harassment of innocent and unarmed civilians. The Chinese authorities must have no misunderstandings on this score.