



NATIONAL SECURITY REPORT

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FROM THE CHAIRMAN

Although the Clinton Administration has asserted that China and the United States are now "strategic partners," recent events seem to suggest that this characterization is at odds with reality. Earlier this year, the State Department avowed that the recent downturn in U.S.-China relations had ended and that friendly relations would soon be "back on track." However, Beijing recently threatened war over Taiwan and China joined with Russia and Iran in a call to resist "U.S. world domination."

These events call into question whether U.S. relations with China were better during the Cold War than they are today. In the 1970s, the United States fostered a strategic partnership with China that was grounded in common concern over Soviet

U.S.-China Relations: On a collision course?

expansionism. China helped the West wage the Cold War against the Soviet Union, supporting freedom fighters in Afghanistan, and tying down dozens of Soviet divisions on its frontier. China's actions were not altruistic — they coincided with Beijing's strategic interests — but they also served broader U.S. foreign policy and national security goals.

Since the breakup of the Soviet Union, a Chinese leadership emboldened by strong economic and military growth is creating serious security challenges for the United States. Instead of a strengthened U.S.-China strategic relationship, the United States faces a communist giant

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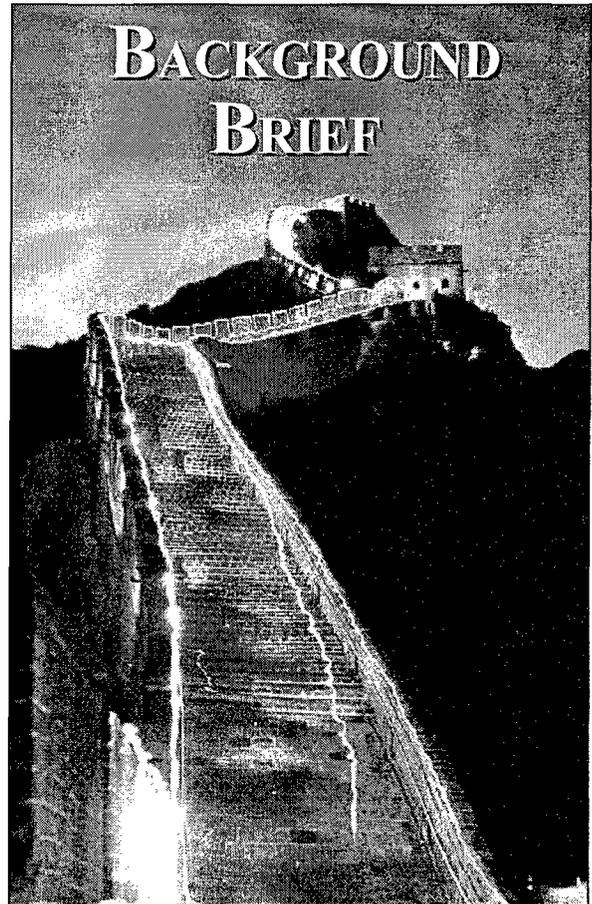
China in the Ascendancy:

A growing threat to U.S. security?

In recent years, the strategic relationship between the United States and the People's Republic of China has become increasingly strained. Relations reached a new low last year when a U.S. aircraft accidentally bombed the Chinese Embassy in Belgrade during NATO's Operation Allied Force campaign against Yugoslavia. Despite U.S. apologies, Chinese assertions that the bombing was deliberate led to government-sponsored demonstrations, violent protests against the U.S. Embassy in Beijing, and the severing of contacts between the United States and China.

U.S. relations with Beijing were further strained by revelations that China had acquired sensitive U.S. nuclear weapons secrets through espionage. The report of the House Select Committee on U.S. National Security and Military/Commercial Concerns with the People's Republic of China (the so-called "Cox committee") sparked an intense debate over the compromise of U.S. nuclear weapons secrets and led to landmark legislation to improve security at U.S. nuclear weapons laboratories.

Since last year, the Administration has sought to mend relations with the Chinese government. As part of this effort, the Administration agreed to compensate China for the accidental bombing of its Belgrade embassy, and has pushed vigorously for permanent normal trade status with China and to reestablish high-level contacts between the two sides. In February, Undersecretary of State Strobe



BACKGROUND BRIEF

Photo courtesy of Muzi.com

Talbot and Admiral Dennis Blair, commander in chief of the U.S. Pacific Command, met with their Chinese counterparts in Beijing to work on improving relations.

However, Beijing and Washington view each other differently. While the Administration views China as a "strategic partner," China's attitude is conditioned by a belief that the United States seeks to "contain" China and to prevent it from becoming the dominant power in Asia. Although Chinese public pronouncements suggest that China's regional goals are benign and defensive in

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nature, many official Chinese military writings reflect a harsher, more aggressive tone, characterizing the United States as “the enemy.” In a society as tightly controlled as China, these statements are often a reliable barometer of the state of U.S.-Chinese relations and the military leadership’s intentions.

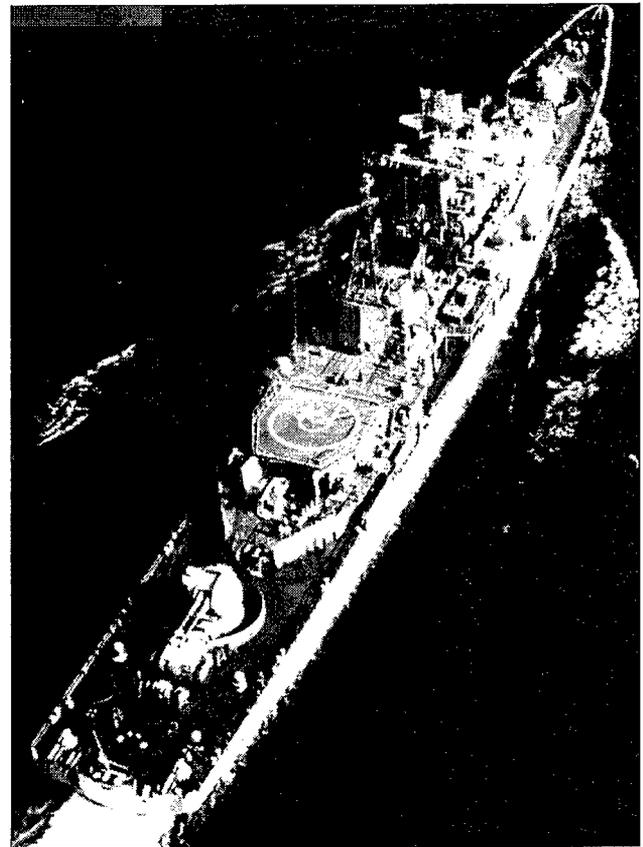
The Administration’s China policy, as reiterated by President Clinton in a recent speech, is based on the “Russia model” — the theory that growing trade and economic prosperity will gradually undermine the authoritarian order and eventually lead to democracy. Unfortunately, the “Russia model” has not worked according to theory in Russia, and its applicability to China, which remains a tightly controlled totalitarian state, is also questionable.

The Taiwan Crisis

China’s actions toward Taiwan in recent years have dramatically exacerbated tensions in the region. In 1996, Chinese leaders ordered military exercises around Taiwan that included the firing of several ballistic missiles on trajectories that bracketed the island and landed in nearby shipping lanes. The exercises coincided with Taiwan’s first democratic presidential election, and were seen by many analysts as an attempt to influence the results by undermining support for pro-independence candidates. In response to Chinese military threats and activities directed against Taiwan, the United States deployed two aircraft carrier battle groups to the region.

The most recent crisis centered around Taiwan’s March 18, 2000 presidential election, which was won by Chen Shui-bian, whose candidacy was strongly opposed by Beijing. In February 2000, as part of its effort to influence Taiwan’s presidential politics and policy on sovereignty, China again warned Taiwan against declaring independence or resisting eventual reunification with the mainland. On February 21, 2000, China released an official White Paper, *The One-China Principle and the Taiwan Issue*, which adopts a strident tone toward Taiwan and the United States and warns, “If the Taiwan authorities refuse...the peaceful settlement of cross-Strait reunification through negotiations, then the Chinese government will only be forced to adopt all drastic measures possible, including the use of force.” Adding credence to this threat, China has been deploying hundreds of M-9 and M-11 short-range ballistic missiles within range of Taiwan.

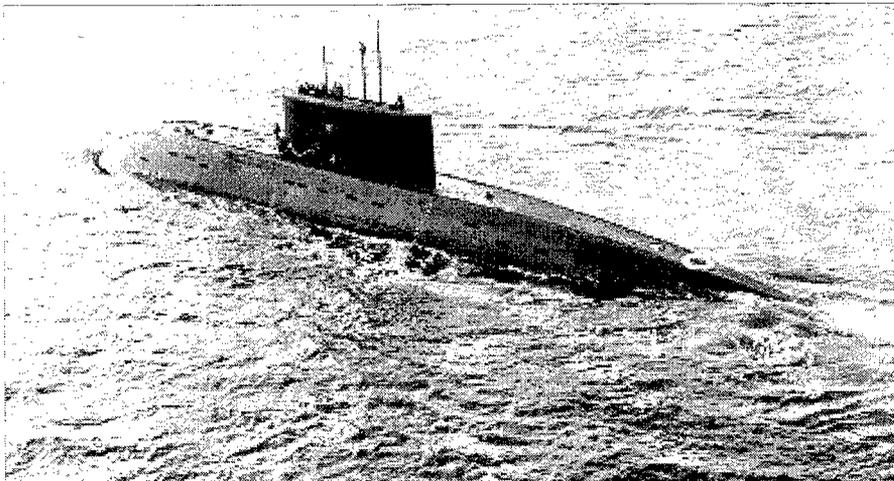
The White Paper accuses the United States as acting in bad faith: “Regrettably, the U.S. has repeatedly violated its solemn commitments to China... and continued its sale



China recently received the first of several *Sovremenny*-class destroyers, which will be armed with “Sunburn” anti-ship missiles designed for use against U.S. aircraft carrier groups.

of advanced arms and military equipment to Taiwan.” Furthermore, the document outlines a framework to guide the international community’s relations with Taiwan that would prohibit arms sales to the island and reduce Taiwan to a *de facto* province of China. In addition, senior military officials from the People’s Liberation Army attending the National People’s Congress in March 2000 reiterated China’s threat to take military action if Taiwan delays reunification talks indefinitely.

On March 6, 2000, China’s main army newspaper, *Liberation Army Daily*, said that U.S. intervention in any conflict between China and Taiwan would result in “serious damage” to U.S. security interests, with the U.S. military being “forced to [make] a complete withdrawal from the East Asian region.” The paper again raised the prospect of a nuclear confrontation with the United States, noting that China “is a country that has certain abilities of launching strategic counterattack and the capacity of launching a long-distance strike.... It is not a wise move to be at war with a country such as China, a point which the U.S. policymakers know fairly well also.”



China has acquired several Russian *Kilo*-class submarines, a stealthier platform with more firepower than Chinese submarines, which present a significant additional threat to U.S. naval forces.

Moreover, an internal document prepared by China's Central Military Commission and published in the Western press states that the United States will "pay a high price" if it intervenes in any China-Taiwan military conflict. This document notes the "increased possibility" of war with the United States over Taiwan and makes recommendations for "winning the war should it break out." It also raises the nuclear specter, declaring that "unlike Iraq or Yugoslavia, China is not only a big country, but also possesses a nuclear arsenal that... [plays] a real role in our national defense."

While some analysts downplay these statements as rhetorical propaganda, others believe they accurately reflect the views of China's military leadership and should not be discounted.

China's view of U.S. resolve over Taiwan has been conditioned by how it perceives U.S. behavior elsewhere in the world. Chinese political and military leaders, as reflected in statements and writings, are well aware of the Administration's decision to grant North Korea diplomatic, economic, and technological incentives in an effort to encourage that country to suspend its nuclear and missile programs. Chinese military writings have also noted that the leaders of countries that have challenged the Western alliance militarily – for example, Saddam Hussein in Iraq and Slobodan Milosevic in Yugoslavia – are still in power.

Congressional concern over China's threats toward Taiwan led the House of Representatives to adopt the Taiwan Security Enhancement Act by a vote of 341-70 on February 1, 2000. The legislation authorizes the President to sell U.S. arms to Taiwan, including theater missile defense systems, and requires the strengthening of military ties between the United States and Taiwan. The Senate has not yet acted on the bill, but the Administration has already threatened to veto it.

The Dragon's Teeth

China has embarked on an ambitious program to improve its conventional and nuclear forces. On March 6, 2000, Chinese Finance Minister Xiang Huaicheng announced that China's military budget for 2000 would increase by 12.7 percent over the 1999 level, at least the eighth straight annual double-digit increase. Most Western analysts believe that China's public military

budget significantly understates actual military spending because large expenses such as weapons procurement and research and development costs are hidden in other allocations. As such, analysts estimate that actual military spending is three to ten times higher than the published figures. One analyst recently pointed out to the *Hong Kong Standard* that the cost to China of recent weapons purchases from Russia likely exceeded China's total publicly projected military budget for 2000.

Weapons purchases from Russia have given China, for the first time, power projection capabilities that can be expected to pose new challenges to U.S. forces operating in the China Seas. Beijing is replacing its inventory of antiquated aircraft with modern air superiority fighters, like the Russian Su-27, and long-range attack aircraft, like Russia's Su-30MK and Su-37. China has also acquired air refueling tankers and airborne warning and control (AWACs) aircraft that will enable the Chinese military to sustain and manage major air operations well beyond coastal waters.

Beijing also recently received from Russia the first of two *Sovremenny*-class destroyers. These vessels, armed with SS-N-22 "Sunburn" anti-ship missiles, are an advanced technology platform designed specifically for use against U.S. aircraft carrier groups. Published reports indicate that China will receive a second *Sovremenny*-class destroyer in November 2000, and is negotiating the purchase of several more. China has also acquired several Russian *Kilo*-class submarines, a stealthier platform with more firepower than Chinese submarines, which present an additional threat to U.S. naval forces.

In addition to its conventional forces, China possesses a limited but capable nuclear-armed intercontinental ballistic missile (ICBM) force, and has targeted many of its long-range missiles at U.S. cities. Currently, China has more missiles under development than any nation in the world, including two new land-mobile

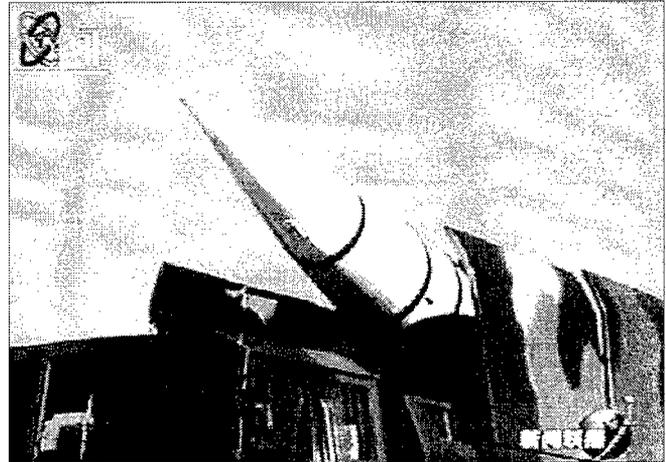


Photo courtesy of CDISS, Lancaster Univ., UK

In early 1996, China launched several M-9 short range ballistic missiles (shown above) on trajectories that bracketed Taiwan. China has deployed hundreds of M-11 and M-9 missiles within range of Taiwan.

ICBMs, the DF-31 and the DF-41. Both of these ICBMs may be armed with multiple-independently targetable warheads (MIRVs) based on technology provided by Russia and illicitly acquired from the United States. By arming its ICBMs with MIRVs, China will multiply the number of sites it is able to target with each missile. China also has under development a new submarine-launched ballistic missile, the JL-2, which will give Chinese missile submarines the ability to strike the United States from areas near China.

Unfortunately, the United States may have unintentionally aided the development of China's weapons programs in recent years. The transfer of sophisticated U.S. military-related technology – facilitated by a significant liberalization in U.S. export control policy – coupled with China's exploitation of lax security at U.S. nuclear weapons laboratories, has likely improved the capabilities of China's ballistic missile force. Furthermore, China's efforts to acquire significant and sensitive U.S. military technology have increased, according to an unclassified report to Congress prepared jointly by the Federal Bureau of Investigation and the Central Intelligence Agency.

Although Chinese officials openly declare their adherence to international nonproliferation agreements intended to prevent dangerous technology transfers – such as the nuclear Nonproliferation Treaty and the Missile Technology Control Regime – Beijing continues to sell missile technology and advanced conventional weapons to countries that remain hostile to the United States. A 1999 unclassified

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intelligence community report lists China as a "key supplier" of technology to countries seeking weapons of mass destruction and advanced conventional arms. According to the report, "Firms in China provided missile-related items, raw materials, and/or assistance to several countries of proliferation concern — such as Iran." The report further asserts that, despite its 1996 promise to the United States, China may be continuing to support Pakistan's nuclear and missile program.

China on the Global Stage

China's military modernization program has been accompanied by a more assertive foreign policy that is at odds with Western interests. For example, China has criticized U.S. policy in the Balkans and strongly opposed the U.S.-led NATO action against Yugoslavia. Beijing has also been critical of U.S. policy toward Iraq, opposing the U.S. military's enforcement of the "no-fly" zones

and supporting an easing of the international economic sanctions imposed on Baghdad after the 1991 Gulf War.

In addition, China has disregarded Western admonitions to show greater sensitivity to human rights. Indeed, concerns over China's poor human rights record have added to the level of congressional concern and called into question Congress' willingness to approve permanent normal trade relations status for China.

Chinese officials have also been vocal opponents of any movement by the United States away from the 1972 U.S.-Soviet Anti-Ballistic Missile (ABM) Treaty and toward a national missile defense. In November 1999, Chinese Foreign Ministry official Sha Zukang stated that amendments to the ABM Treaty to allow deployment of a national missile defense system, "will tip the global balance, trigger a new arms race, and jeopardize world and regional stability."

Conclusion

In recent years, the People's Republic of China has laid the foundations for expanding its influence over regional events through political and military means. China's military has undergone significant modernization — enhancing both conventional and strategic forces in ways that may pose additional threats to the United States, U.S. interests, and U.S. military forces in the region — with significant implications for future U.S. national security.

The resulting combination of China's military modernization campaign, its apparent unwillingness to stop the spread of weapons of mass destruction, its growing ties with Russia, its opposition to the U.S. national missile defense program, its criticism of NATO, and its threatening posture toward Taiwan have led many in Congress to wonder if China's path is one that will lead it to become an adversary, rather than a "strategic partner."

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that appears increasingly determined to assert its power and to challenge American interests.

In the past four years, during Taiwan's democratic presidential election campaigns in 1996 and 2000, China twice rattled its nuclear saber against the United States, something it did not do once during the détente of the Cold War. China is also engaged in an ambitious program to build additional and more capable intercontinental ballistic missiles, even as it retools its conventional forces in ways that will pose a more serious challenge to the United States in the Asia-Pacific region.

The People's Republic of China is also one of the most serious proliferators of weapons of mass destruction and related technologies to nations such as Iran and Pakistan, demonstrating that it will neither be guided by Western notions of strategic stability nor bound by international non-proliferation norms. Furthermore, recent congressional investigations exposed China's theft of some of the most sophisticated U.S. nuclear weapons technologies. Although the Administration has asserted that America's nuclear secrets are now secure, a joint FBI-CIA report recently concluded that the level of Chinese espionage

activities directed against the United States has increased over the last decade. Finally, China and Russia now appear to be moving toward an anti-U.S. condominium, raising new and potentially serious implications for U.S. national security.

This is clearly not a picture of a "strategic partnership." What went wrong?

Unfortunately, the Administration has allowed its desire to improve overall relations with Beijing to displace the critical need to assert vital U.S. national interests with clarity and purpose. Fundamental to any successful strategic partnership is the need for each party to understand the other's

larity, the Administration's unwillingness to sanction China for its proliferation practices or to discourage China from pursuing stronger security ties with Russia have encouraged Chinese military and political leaders to become increasingly confident that this Administration lacks the will to defend the United States' vital interests.

The Administration has also elevated trade and economic relations with China above the need to protect U.S. national-security interests. Although increased trade was intended to "Westernize" China, the trade relationships fostered by the Administration's policies appear to have had little appreciable effect on China's political evolution. Instead, U.S. policy has become hostage to the fear of losing a large emerging commercial market. In this way, a policy that was crafted to shape China's behavior has become a tool that China has used to shape ours instead.

In sum, current Administration policy appears to have set the United States and China on a collision course over Taiwan, proliferation, and the Asia-Pacific military balance. U.S. interests must be articulated clearly and unambiguously in order to avoid a major misunderstanding that may lead to a serious miscalculation.

FROM THE CHAIRMAN (CONTINUED)

vital interests. In this regard, the Administration has failed to communicate U.S. interests effectively to the Chinese leadership, a failure that has encouraged a more assertive Chinese foreign policy with potentially dangerous consequences.

One such failure is the message sent to Beijing by the Administration's reluctance to arm Taiwan with the defensive weapons it needs to deter aggression from China. Simi-