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Intelligence Report

Office of Asian Pacific and Latin American Analysis

16 July 1997

Chinese Expectations for Jiang's Visit to the United States

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Chinese leaders have low expectations for major bilateral agreements in connection with Jiang Zemin's planned visit to the United States, primarily because they assess that Washington is not prepared to respond positively to Chinese initiatives. The Chinese are instead focused on the fact of the visit itself, which carries immense symbolic importance to them.

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- Chinese leaders view the exchange of state visits as Washington's acknowledgment of China's reemergence as a world power and as the end of the opprobrium surrounding the 1989 Tiananmen crackdown.
- Beijing thus is taking steps to promote a positive atmosphere in the runup to the summit, and Chinese leaders may seek a broad statement of principles that outlines the strategic basis for bilateral relations, according to various reports.

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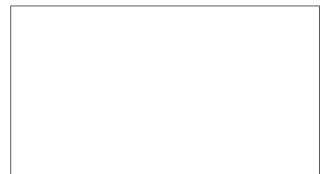
Chinese officials have not ruled out agreements on outstanding bilateral issues, *but they appear to be awaiting indications that Washington will meet their conditions before considering major concessions. Moreover, even if Beijing sees Washington moving forward, there are domestic constraints on what the Chinese might offer.*

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- As this is a political year in Beijing, Chinese leaders are reluctant to make hard foreign policy decisions or offer concessions to the United States that might have negative domestic implications. Jiang in particular must balance his personal desire to use the visit to burnish his statesman credentials against his need to defend Beijing's interests.

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- *We cannot rule out the possibility that Beijing would consider canceling the summit if it thinks those interests are being ignored. Possible spoilers include a highly publicized US transit by Taiwan President Li Teng-hui, Chinese mistrust of the US-Japanese defense guidelines review, or new US sanctions.*

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Low Expectations

[redacted] the Chinese have modest expectations for agreement on substantive bilateral issues during Jiang Zemin's planned visit to Washington this fall. Even on key issues where significant progress has been explored, Beijing appears to have lowered its sights:

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- [redacted] China's chief WTO negotiator is now arguing [redacted] that Jiang's visit offers only an opportunity to resolve some of the problems blocking China's WTO bid rather than to actually conclude an agreement on accession.

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- While Beijing continues to press publicly for permanent MFN status, Chinese diplomats [redacted] focus merely on renewal for another year [redacted]

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The primary reason that Chinese expectations for the summit are low is that Beijing, [redacted] has calculated that Washington currently has a limited ability to respond positively to any initiatives the Chinese might offer. Specifically, Chinese leaders argue that ongoing bilateral problems--such as the campaign financing scandal, a tougher than expected fight on MFN, and potential disputes over such issues as Hong Kong and human rights--are due largely to US domestic political factors, which have constrained the administration's options on policy toward China:

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- [redacted] Chinese

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leaders were concerned that Sino-US relations were being victimized by different US interest groups that would hamper President Clinton's ability to formulate and implement China policy.

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- [Redacted] Beijing views the campaign financing allegations as a partisan attack by "anti-China forces" that came just as "real progress" was being made in Sino-US relations.
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As a result, Chinese leaders appear to have decided that [Redacted] their requirement for reciprocity in the relationship is not likely to be met under present circumstances. Beijing appears to be awaiting indications that its own conditions would be met before considering major bilateral agreements in connection with the summit and thus upgrading its expectations. [Redacted]

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Beijing's Primary Goal is High Protocol

Even if no substantial agreements are forged on bilateral issues, Beijing is eager to have the summit because of the immense diplomatic value the Chinese assign to it. Indeed, [Redacted] Chinese leaders would rather waive major substantive accomplishments of the visit than allow bilateral disputes over those issues to overshadow the opportunity to have their president received in Washington. As a result, the Chinese have consistently focused more on the fact of the visit rather than any specific results of it:

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- Foreign Minister Qian Qichen's primary purpose during his late April visit to Washington was [Redacted] to secure a firm date for the summit,
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- Chinese officials emphasize the importance of the visit even when protesting US actions.

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The exchange of state visits is of profound symbolic importance to Beijing because Chinese leaders see it as a symbol of China's reemergence as a world power and the end of the opprobrium surrounding the Tiananmen crackdown. As the Chinese made clear in failed negotiations for a state visit in the fall of 1995, they believe Jiang must be received at the highest protocol level, requisite with his position and the treatment he has received in other world capitals. In an effort to mark the significance of the event and establish the rhetorical basis for a strategic relationship, Beijing reportedly may press for the issuance of a joint statement on bilateral relations similar to the documents Jiang signed with Yeltsin in April and Chirac in May, which were long on rhetoric and short on substance.

[Redacted]

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Trying To Foster a Positive Atmosphere

Given the importance Beijing assigns to the visit, Chinese leaders are trying to ensure a favorable climate in Sino-US relations in the runup to the summit. Beijing has made some specific gestures designed to improve the atmosphere:

- Chinese leaders and officials have been unusually nonconfrontational in recent meetings with US counterparts and have reacted relatively mildly to several sensitive developments that would normally bring harsh protests--including US criticism of China at the UNHRC and delivery of F-16 aircraft to Taiwan, [Redacted]
- Over the past several weeks Beijing has also been unusually forthcoming in bilateral discussions of individual human rights cases, [Redacted] Chinese authorities, moreover, recently overturned the conviction of two dissidents who were jailed in connection with the 1989 student demonstrations, and allowed the secretary of jailed dissident Wei Jingsheng to leave China for academic study in the United States.

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- In April, China released to US custody a suspected drug trafficker, highlighting the move as a demonstration of Beijing's interest in improving Sino-US relations.

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- Officials from China's official news agency notified US diplomats last month that controls over foreign economic information would be lifted and--in the interests of maintaining good relations--US vendors would face no deadline for compliance with the remaining registration requirement.

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Beijing has even reined in its propaganda organs to limit their "US bashing."

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government was encouraging the Chinese media to feature more favorable coverage of the United States and to avoid ultranationalistic stories or specific criticisms of the White House in advance of the Jiang visit. Accordingly, many articles that have appeared criticizing the United States have either been signed by individuals or published in the Chinese-backed Hong Kong press--which lends the regime a veneer of official deniability.

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Still Weighing Bilateral Deals

In addition to those steps, Beijing continues to send overtures that it has not ruled out possible substantive agreements on outstanding bilateral issues:

- For example, [Redacted] in an effort to make Jiang's trip more "constructive and fruitful," the leadership is considering "compromises" on human rights, trade, and proliferation.

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[redacted] we believe the Chinese may yet offer real concessions on key bilateral issues between now and the summit if they judge that such steps will be reciprocated. Below is an outline of China's bargaining position on the major agenda items. [redacted]

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Proliferation. Despite some pessimism about US reliability as a supplier of nuclear technology, [redacted] Beijing is likely to press for implementation of the 1985 Sino-US peaceful nuclear cooperation (PNC) agreement, arguing that China has met all or most of the conditions for it to proceed.² The Chinese side may announce that nuclear export control regulations--which the Chinese have been working on for three years--have been enacted, thereby meeting a key US requirement. [redacted] this probably would take the form of a State Council executive order near the time of the summit rather than formal legislation, which would need to be passed by the National People's Congress. There is precedent for such a procedure; in December 1995 the State Council issued detailed chemical export controls. Beijing probably is moving to meet some US requirements for implementation of the 1985 PNC agreement because of its desire to obtain US civilian nuclear technology and power reactors [redacted]

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The Chinese are likely to deflect any connection between the PNC agreement and chemical, missile, and conventional arms nonproliferation. Chinese officials have told US diplomats that Beijing shares Washington's nonproliferation goals, but they have rejected US appeals to halt what Beijing regards as legitimate exports:

- If pressed on chemical exports, Chinese officials are likely to stress that both China and the United States ratified the CWC in April. Beijing, however, has characterized as unwarranted the sanctions Washington imposed on Chinese entities last month, according to press reports.
- Chinese officials also reject US criticism on Chinese sales of missile technology and advanced conventional weapons, including cruise missiles to Iran, by pointing to what they describe as the "proliferation" problem of advanced weapons sales to Taiwan. [redacted]

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² The 1985 PNC agreement allows for the transfer of US civilian nuclear technology provided China meets certain conditions regarding the retransfer of nuclear technology to third countries and that China uses the US technology for peaceful purposes. [redacted]

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WTO.

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Chinese leaders have yet to create a detailed action plan for WTO accession, and [redacted] their concern about hurting domestic industries is still preventing forward movement:

- The current tariff reduction package under consideration, for example, does not lower rates for automobiles and chemicals because they are considered "pillar industries" that need protection from foreign competitors.
- While the central leadership is committed to state enterprise reform that will help make the economy more consistent with WTO, it wants to carefully control the pace of reform to head off potential instability resulting from increasing unemployment.
- Various reports say that Jiang personally favors WTO accession, but not at the risk of harming China's fundamental interests. [redacted]

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Trade and Big Ticket Contracts. Beijing frequently times the announcement of large purchases to coincide with state visits and will probably plan similar deals to coincide with the summit.

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However, while the Chinese continue to emphasize a

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willingness to purchase more US-manufactured goods, they claim that US export controls restrict many of the desired purchases. Moreover, China will probably import much less US grain this year because of ample stockpiles and the expectation of another good harvest. [redacted]

Human Rights. Beijing's overriding concerns about stability and maintenance of regime control will continue to limit Chinese leaders' willingness to make concessions on human rights issues. [redacted] they doubt the sincerity of US human rights concerns because they continue to believe that Washington's underlying goal is to subvert Communist rule. There also is tremendous reluctance in China's public security and military apparatus to making concessions on human rights. [redacted]

Nevertheless, a variety of reporting shows that Jiang and the Foreign Ministry occasionally support offering gestures--such as limited dialogue, release of dissidents, or the signing of international covenants--to foster positive bilateral relations to improve China's image. [redacted]

[redacted] China is willing to resume the bilateral human rights dialogue or sign new international covenants--but only if the United States first drops its "confrontational" approach to China at the annual session of the UNHRC:

- Beijing has underscored this linkage by opening human rights dialogues and legal exchanges with countries that opted not to cosponsor the "anti-China" resolution this year. [redacted]
- [redacted] if the United States is willing to take a "more positive" approach on the issue, Jiang could be prepared to offer major human rights concessions, such as the signing of the UN covenant on civil and political rights. [redacted]

Chinese Domestic Constraints

Even if Beijing altered its assessment by calculating that Washington was ready for substantial agreements, there are limits to what Chinese leaders would offer. Because they are currently preoccupied with domestic concerns--such as sustaining a smooth transition in Hong Kong and preparing for the upcoming 15th Party Congress--they probably are disinclined to confront hard foreign policy decisions. Moreover, even under the best of circumstances, it is difficult for them to reach a consensus on any proposed concessions to Washington:

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- The senior leadership's desire to avoid both internal crises and any serious confrontation with the US during what is essentially an "election year" in China has made consensus on major new initiatives in Sino-US relations highly problematic. For example, Beijing is reluctant to meet some of Washington's requirements for a bilateral WTO deal because it would involve economic policy measures that would hurt domestic Chinese industries.
- Moreover, each member of the leadership is determined to avoid the appearance of being "soft" on the United States during the political jockeying in the runup to the party congress. On the contrary, each feels the need to burnish his nationalist credentials and demonstrate that he can stand up to US "pressure." [redacted]

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Jiang is especially vulnerable because he must balance his personal desire to make the trip against his need to defend Beijing's interests and its agenda for the bilateral relationship:

- Jiang is clearly anxious for the summit so he can burnish his credentials as a statesman and solidify support behind his stewardship of Sino-US relations, which was bestowed on him by Deng Xiaoping.

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Wild Cards: Potential Summit Spoilers

These pressures on Jiang in large part reflect a consensus within the Chinese leadership that the conditions of the summit must not compromise national interests. As a result, we cannot rule out the possibility that Beijing would consider canceling the summit under certain circumstances.

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- *US support for Taiwan.* [Redacted] a possible transit of the United States by Taiwan President Li Teng-hui, who will be making a trip to Central America in September. While the Chinese have accepted transits of the United States by senior Taiwan authorities in practice, they fully expect that Li would use any transit or meeting with US officials at an international forum to advance Taiwan's international agenda. [Redacted]

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- *US-Japan Defense Guidelines Review.* [Redacted]

[Redacted]

[Redacted] Beijing believes the alliance is increasingly aimed at China and will give Japan a greater security role in the region that could include "interference" with China's claims over Taiwan and the South China Sea.

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- *New US sanctions on China.* Beijing has repeatedly condemned sanctions and threats of sanctions as "US pressure" and "interference in China's internal affairs."

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[Redacted] Accordingly, harsh sanctions on China--such as Category I MTCR sanctions or other packages being considered in the US Congress--would probably bring a renewal of such rhetoric and present an obstacle to Jiang's visit. [Redacted]

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