

Sino-American Relations and the New Administration

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The changes expected in the international system with the inauguration of the new US administration may include a shift in the nature of the strategic relations between the US and China. While early on the Bush administration decided on a policy of engagement in economics and diplomacy, strategic relations continued to be characterized by tension and suspicion. After American anxiety over the rise of China's military budget peaked in 2005, signs of change on the part of the US began to appear, especially since mid-2007: unprecedented military visits took place, the US rescinded the freeze on outer space talks between the two countries, nuclear cooperation was renewed, Chinese space industry companies were removed from the American sanctions list, and American companies received permits to export security-related equipment for the Olympic Games.¹ At the same time, these do not denote a stated US policy change towards China, and along with calls to bolster cooperation with Beijing, opponents of China in the administration continue to warn against China's accelerated armament and increased diplomatic influence.² Yet while disagreements within the American administration with respect to China have existed since the dawn of relations, it appears that the atmosphere is now altered. One indication of this is the recent election campaign in the US. In contrast to all previous campaigns in the post-Cold War era, there was little reference to the Chinese strategic threat.³

As the new American administration assumes office, a number of conditions exist that are likely to moderate the tension in Sino-American strategic relations. To what degree these conditions will effect a change in

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American policy is difficult to predict, due to the prevailing uncertainty about the president-elect's plans regarding China, the developing global economic crisis, and US-Russian relations.⁴ Nevertheless, evaluating the principal factors underlying Washington's considerations vis-à-vis China – the limits of American power in international relations, the increasing tension with Russia, the need for strategic information about China, and the outbreak of the global financial crisis – can help analyze developments in Sino-American relations and consequently outline possible frameworks of action for Israel as it works with these two powers.

Limits of American Power

Since American soldiers entered Iraq, and perhaps even since the September 11 terrorist attack, the US has repeatedly experienced the limits of its power. While it succeeded in overthrowing the Taliban regime in Afghanistan and Saddam Hussein's regime in Iraq, it failed to achieve its declared objectives of instituting a democratic regime in Iraq, capturing Osama bin Laden, halting the nuclear projects of Iran and North Korea, achieving a peace treaty between Israel and the Palestinians, and expanding NATO's borders to include Ukraine and Georgia. Accordingly, it is likely that opening another front against

China is perceived as a potentially very costly step.

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However, difficulty alone is not a sufficient reason to refrain from confrontation, and it is imperative to verify that a country's intentions are not dangerous before it is removed from the list of threats. From Washington's viewpoint, China's increasing military power over the past decade has been accompanied by a relatively large degree of responsibility and cooperation. While China's substantial investments in its armed forces and the threat that it poses to Taiwan, Washington's ally, cannot be ignored, Beijing repeatedly points

to other motives for increasing its military budget: the need to refurbish its outdated forces, the need to counter the increased military power of its neighbors, the urge to adapt its military development to its economic and diplomatic status, and the increased cost of its military services.⁵

In addition, while Taiwan is one of the main bones of contention in Sino-American relation, a thaw in relations between Beijing and Taipei has been evident since the Guomindang (Nationalist Party) won the May 2008 elections in Taiwan and abandoned the separatist policy of its predecessor. As of now, an unprecedented rapprochement is taking place between the two; their relations are the best they have been since the mid-1990s. This trend will probably continue as long as Taiwanese president Ma Ying-jeou holds office, and in that case, one of the significant reasons for tension between the US and China will lose its urgency.

Furthermore, if Chinese conduct is examined through the prism of its diplomatic actions, the general balance appears to be positive. Despite American criticism of China's relations with repressive regimes around the world (such as Sudan, Iran, and Burma) and China's efforts to isolate Taiwan over the past two decades, China has adjusted its policy to the American line in most international crises, and in some cases has even acted to help the US. For example, China canceled its nuclear agreements with Iran in 1997, immediately embraced the US declaration of war on global terrorism in 2001, refrained from vetoing most UN Security Council sanction resolutions sought by the US, and has played an active and important role in the North Korean crisis.⁶ The result is that despite ideological and diplomatic disagreements, the growing power of China and its overall behavior makes it an important potential partner in the conduct of international relations from the American viewpoint, albeit one with its own independent political agenda.

Emerging Tensions with Russia

Recognition of China's importance in the international relations theater invites consideration of a second factor: the emergence of tension with Russia. Tension between Russia and the US emerged even before the outbreak of war in Georgia against a backdrop of Moscow's opposition to NATO's eastern expansion and the intention to station strategic weapons on Czech and Polish soil. As long as Moscow took no concrete steps, the balance of strategic forces between the US and Russia ostensibly remained what it had been since the collapse of the Soviet Union. The war in Georgia changed this by highlighting both Russia's

refusal to accept the crossing of its red lines and, no less seriously, the limits of American power, which failed to protect its protégé.⁷

What does this have to do with China? A triangle of strategic relationships exists between China, the US, and Russia. Underlying this system are China's asymmetrical relations with the other two powers and the tension level between the three at any given moment. Of the three relationships in the triangle, Sino-Russian relations (and previously Sino-Soviet relations) are the closest. However, even though at times less perceptible, there is inherent tension between these two countries, and friendly relations prevail only when one of them is weak and therefore does not threaten the other. The two countries help each other at such times, in part by posing a counterweight to the US. A similar situation exists in Sino-American relations, and it can be seen that the source of the rapprochement between Washington and Beijing consistently lies in mutual concern over Moscow's strengthening.

For example in the early 1970s, after armed clashes broke out on the Sino-Soviet border and the US was entangled in Vietnam, mutual distress propelled Beijing and Washington to overcome their ideological differences and start high level discussions for the first time. In contrast, in the early 1980s, the Soviet Union's weakness made possible increased American pressure on Beijing. The thaw between Beijing and Moscow in the mid-1980s, however, again led to a reversal of American policy, including unprecedented exports of military technology to China.⁸ The next turnaround, which is the most relevant to the present, took place in the late 1980s, when the collapse of the Soviet Union again weakened China's strategic importance from the standpoint of the US, and brought ideology back to the forefront of Washington's considerations. Yet despite the fluctuations in American policy, China's considerations have remained pragmatic and it continues to aspire to cooperation with Washington to the extent that this serves its economic interests. At the same time, Russia's weakness enabled China to rehabilitate its relations with that country.

In this context, the war in Georgia marked a milestone for Beijing. First, the war symbolized the end of Russia's decline and its return to the international arena as a major power. Second, the war demonstrated limits of American power. Third, the war exposed Russia's readiness to intervene with force in the affairs of sovereign countries. Fourth,

the war epitomized the motif of force in relations between blocs and the danger threatening the liberal world order, which constitutes the bedrock of China's economic growth.⁹

Given China's problem with separatist trends in its region (Taiwan, Tibet, Xinjiang), its dependence on a stable international environment, and its historical memory, a Russian army intervening in the internal affairs of a foreign country on behalf of a separatist region was likely not a welcome sight to Beijing. At the same time, China's friendship with Russia made it difficult to voice explicit criticism, and its responses to the war highlighted its difficulty in expressing a clear position on such a significant event. First, during the war and in the weeks that followed, its official positions emerged in undertones and reflected a neutral if not unclear position: China "sincerely expect[s] the regional parties concerned to settle the dispute through dialogue and safeguard the regional peace and stability."¹⁰ Elsewhere, "China expresses grave concern over the escalation of tension and armed confrontation in South Ossetia. China calls upon relevant parties to keep restraint and cease fire immediately."¹¹ China did not delve deeply into the essence of the conflict and did not take sides; it focused on stability. This reflects China's general outlook, which regards political stability as a necessary condition for continued growth. China's official responses can therefore even be regarded as criticism of Russia's conduct, which is obviously not the position that Russia might have expected from its ostensible partner in the struggle against American hegemony. Other media sources in China and Hong Kong that are not disassociated from the establishment reflected a similar mood. Their attitude towards NATO expansion and the oil pipeline across Georgia linked the confrontation to the global struggle between the US and Russia, and even between the West and Russia.¹² Their comments described the war as a new page in relations between the powers, noted the return of Russia to the theater of powers, and predicted a worsening in relations between Russia and the US. Beyond that, the very fact of describing Georgia as a victim of a conflict between powers puts the blame equally on Russia and the US.

Furthermore, China's cautious position reflected not only concern over the upsetting of stability but also concern at a situation in which it would be obliged to side with one of the parties, thereby damaging its relations with the other. In a conversation with President Bush, Chinese

president Hu Jintao stated, "Both Russia and Georgia are countries with which China maintains diplomatic relations and friendly relations. It must therefore adopt a very careful policy in order not to damage these relations...If the issue is brought up for discussion in the UN...China will formulate its position carefully in order to avoid exacerbating its relations with Russian or Georgia."¹³ Georgia's name as used in this context is clearly a code word for the US.

For the US, the war in Georgia is likely to also have an effect on the strategic triangle. The breakup of the Soviet Union and the rise of China over the last two decades diverted its attention from Russia to Beijing, and a common assumption was that in the US, China had replaced Russia as the "bad guy" in the international system. If Russia does intend to resume its position as the US's strategic rival, it is therefore likely to assume that for both strategic considerations and cultural and political reasons, the hostility towards China in the US administration and defense establishment will wane, and Washington and Beijing will again derive mutual benefit from a strategic rapprochement.

Information on China's Defense Establishment

Global interests notwithstanding, it is clear to both China and the US that even if a rapprochement takes place it will not detract from the long term strategic competition between the two countries. This competition has occupied the US for the past decade, and it appears that its efforts to block China's progress in military technology have been unsuccessful. China is acquiring up-to-date military capabilities, progressing in its military power buildup, and sending its military forces to new theaters and geographic regions. The US is hard pressed to ascertain what capabilities China has acquired and what its intentions are.

One of the ways the US can do this is to tighten its relations with the Chinese defense establishment to enable a closer examination. This can be done in part through a thaw in defense relations and establishment of strategic and technological cooperation. Indeed, signs are visible that this goal constitutes an additional factor – although essentially tactical in essence and perhaps dependent on other factors – in Washington's change of approach. Following his visit to Beijing in August 2007, Admiral Mike Mullen said that a deeper understanding of China's continuing military development was a long term goal, and visits of

this type provided important insights.¹⁴ A similar opinion was voiced concerning a renewal of cooperation on space issues. An initial meeting between the two countries on the question occurred in September 2006, but China tested an anti-satellite weapon three months later without notifying the US in advance. Astonished, the US suspended further space talks in response. At the same time, however, together with Washington's concern and wish to punish Beijing, the test also aroused questions about China's outer space capabilities. In a document prepared for Congress, the need to answer these questions was noted as one of the main reasons for the renewal of the space talks, and less than a month after the document was issued, an American delegation left for China to renew the talks.¹⁵

The Global Financial Crisis

Even more than the Georgia crisis and surely more than the need for military information on China, the global financial crisis has demonstrated to Washington that cooperation with China is necessary. While the immediate cause of the crisis was the collapse of the American mortgage market followed by the collapse of the entire financial sector, underlying the crisis is the American balance of payments deficit, government budget deficit, and the increased US national debt. Given the rising weight of the Chinese economy in the world (8 percent of global exports and 4.5 percent of the global product), China's enormous foreign currency reserves (nearly \$2 trillion, of which over \$500 billion are in American bonds), and its huge trade surplus with the US (over \$250 billion in 2007),¹⁶ Washington considers cooperation with Beijing as one of the essential measures for healing both the US and global economies. Comments to this effect were voiced in the months preceding the outbreak of the financial crisis in September 2008, and to an even greater extent afterwards.¹⁷

At the same time, there is no certainty that China's behavior will conform to Washington's hopes. Until now, China's response to calls from the US to play a role in solving the situation has combined various and partially contradictory motifs: China's anxiety about taking action due to the uncertainty about the situation yet cognizant of the responsibility conferred by its global economic status; and gloating about the US plight while showing understanding for the threat posed

by the crisis. For example, a senior figure in the government investment system wrote in one of China's official journals, "The Chinese economy is integrating itself into the world economic system. Therefore, we should take a global view of China's economic and financial system adjustments." Furthermore, "the ballooning [external] debt and huge trade deficit of the United States are, to some extent, related to China's enormous foreign reserves and trade surpluses. As a result, China should voluntarily readjust the current growth mode to prevent such global financial chaos from taking place again."¹⁸ However, rather than reflecting responsibility and the hope of intensified cooperation, these remarks likely reflect disagreements within China's economic leadership about the proper response to the crisis. Evidence of this is China's announcement, following many weeks of speculation and hints that it decided for the moment not to inject large amounts of money into financial entities in the US in view of the lack of knowledge about what will occur in the future.¹⁹

Washington certainly does not consider this announcement in a positive light. If China focuses its response to the crisis on the internal sphere, this is liable to increase tension with the US. Barack Obama indicated that he intends to take action to reduce the trade deficit with China.²⁰ Such measures are liable to heighten tension between the two countries, particularly when the connecting link between the highest level of the former American administration and the Chinese leadership, then-Secretary of the Treasury Henry Paulson, left his position with no replacement in sight capable of playing this role.²¹ On the other hand, even if China's measures in response to the crisis do not fulfill American expectations, it is likely that China's economic and political situation will make it easier for it to handle the crisis, and it will therefore play an important role in the recovery of the global economic system. Moreover, at no stage in the crisis did China deny its important role in the global economic system, and thus the two powers are likely to cooperate, even if not in the manner explicitly desired by Washington.

Implications for Israel

Are the strategic relations between China and the US about to change significantly? Certainly not in the near future. Because of the ideological opposition in the US to the Chinese Communist regime, the longstanding

American commitment to Taiwan, and the many years in which experts in the US administration were accustomed to regard China as the next enemy, a change in the attitude of the relevant parties will not come easily. Indeed, concomitant with the Treasury Department's efforts to advance leniency towards China, other elements in the administration are publishing and leaking contrary assessments that feature the threat posed by China.²² In addition, China's conduct, in response to the war in Georgia and in response to the financial crisis, portrays it as being somewhat opportunistic. This suggests to the US that it may be premature to treat China as a global power and partner in international measures that is willing to take a stand and bear the burden of preserving the global system. This feeling is liable to become even stronger if there is a sense that certain elements in China are interested in aggravating the confrontation between the US and Russia.

On the other hand, there are signs pointing in the opposite direction. Even though a worsening of the confrontation between the US and Russia would divert US hostility from Beijing to Moscow, it is clear to China that its economic momentum is to a large degree the result of the liberal economic world order and security stability instituted by the US in international relations. Until now, China has benefited from this without having to pay any significant price. If however, a time comes when China has to share the burden with the US, it can be assumed that while it will not obey Washington's dictates – which can be expected to arouse American anger – it will not ignore the role dictated by its size and economic power and will act to stabilize the system. Such action will be motivated and shaped by its interests, relations with the developing countries, and efforts to appear as an independent power. To what degree these measures will achieve positive results for the system depends in part on American willingness to accept that China acts independently. If this happens, it can be assumed that strategic cooperation between China and the US will gain momentum, and China will enjoy more freedom of action, particularly in its spheres of influence and activity in the Far East, Southeast Asia, and Central Asia, but not only there.

These possibilities suggest Israel's potential areas of action and focus with respect to China. The current period contains potential for change in Sino-American relations, when strategic cooperation between

the two countries is likely to deepen, security export restrictions may soften, and China's international involvement will increase. Does this mean that a change in defense relations between Israel and China is imminent? Definitely not. The American defense establishment is still highly suspicious of China. Even with a new president in office, it is likely that the US defense establishment will be in no hurry to promote a change. At the same time, it is worthwhile to follow developments in strategic relations between the US and China, analyze any changes, and identify areas in which changes in the American attitude provide a legitimate precedent for deeper Israeli cooperation with China.

Second, Israel must analyze and evaluate situations in which more intense strategic cooperation between Washington and Beijing will increase China's freedom of action and influence in various regions, primarily in East Asia, Southeast Asia, and Central Asia. This change can affect relationships and perceptions of interests in these regions. It is important to weigh various scenarios that can develop as a result, particularly their effect on Israel's diplomatic and defense relations with countries in those regions and what might develop in these countries' relations with the Middle East.

Third, due to the growing dependence of the Chinese economy on imported energy sources, China is expected to reinforce its presence in the Middle East as its economic growth continues. This presence will focus on the economic sphere, and as shown by China's behavior during the war in Georgia, Beijing will endeavor to refrain from involvement in regional disputes. This holds especially with regard to the Iranian nuclear crisis. Although China opposes possession of nuclear weapons by Iran, it is interested in continued economic relations with it and does not wish to be perceived as doing Washington's bidding. On the other hand, China also does not intend to allow Iran to jeopardize its relations with the US. It is therefore expected that it will continue to maneuver to avoid taking a strong stand or playing a significant role in the matter.

Nevertheless, as Chinese economic ties in the region become more developed (including involvement in infrastructure construction projects, investments in the oil industry in the region, and increasing its share of trade with countries in the region)²³ while its diplomatic freedom of action vis-à-vis the US grows, preparations should be made in case China's developing relations with countries in the region include

diplomatic and military elements incompatible with Israel's interests. To what degree Israel will be able to obtain assistance from the US in this matter depends in part on the evolution of relations between Washington and Beijing.

Notes

- 1 For these developments, see Bonnie Glaser, "US-China Relations: Chock-full of Dialogue: SED, Human Rights, and Security," *Comparative Connections* 10, no. 2, July 2008, in www.csis.org/media/isis/pubs/0802qus_china.pdf; Craig Covault, "Reopening China," *Aviation Week & Space Technology*, September 8, 2008, p. 28; "Treasury Lifts Sanctions on Chinese Firms," US Department of the Treasury, June 19, 2008 in www.treas.gov/press/releases/hp1042.htm; Keith Bradsher, "China Finds American Allies for Security," *New York Times*, December 28, 2007.
- 2 For example, "US Urged to Bolster Missile, Space Defense against China: Paper," *Space War*, October 1, 2008, in www.spacewar.com/reports/US_urged_to_bolster_missile_space_defenses_against_China_paper_999.html.
- 3 Dingli Shen, "Beijing Perspective: Sino-US Relations and the 2008 Presidential Election," *China Brief* 8, no. 18, September 23, 2008.
- 4 Obama's comments on China policy have thus far focused on the economic sphere, while the strategic sphere has remained opaque. However, the common assessment is that he will be more moderate in his attitude than Bush. For example, see Mark Landler, "Treasury's Lead Role in China in Flux," *New York Times*, December 1, 2008; *IPRIS, Digest* 1, no. 52, November 6, 2008, p. 3.
- 5 For China's position, see Chen Xulong, "Truth about Military Spending," *Beijing Review*, July 7, 2005. For an independent assessment, see Dennis Blasko, *The Chinese Army Today: Tradition and Transformation for the 21st Century* (London: Routledge, 2006), p. 9.
- 6 See Robert McMahon, "Negroponte Says China Mostly 'In Sync' with US on Iran," *Council on Foreign Relations*, February 4, 2008, in http://www.cfr.org/publication/15409/negroponte_says_china_mostly_in_sync_with_us_on_iran.html; Richard Holbrooke, "China Lends a Hand," *Washington Post*, June 28, 2007; Yitzhak Shichor, "China's Voting Behavior in the UN Security Council," *China Brief* 6, no. 18, May 9, 2007.
- 7 For an analysis of the international consequences of the war, see Charles King, "The Five-Day War: Managing Moscow after the Georgia Crisis," *Foreign Affairs* 87, no. 6 (2008): 2-11.
- 8 One of the peaks in strategic relations in that period was the project for upgrading of Chinese F-8 warplanes by American companies. This project was canceled after the events in Tiananmen Square in 1989. See John Kemmer, "An Uncertain Future: The Politics of US-China Military Relations – from Nixon, to George W. Bush, and Beyond," *Issues and Studies* 41, no. 2

- (2005): 178-84.
- 9 Jing Huang, "Beijing's Perspective on the Russo-Georgian Conflict: Dilemma and Choices," *China Brief* 8, no. 17, September 3, 2008.
 - 10 "PRC FM Spokesman: China Calls for Ceasefire 'Immediately' in South Ossetia," *Xinhua*, August 9, 2008, in DIALOG: 200808091477.1_6f6c001f-0596b12e.
 - 11 "Foreign Ministry Spokesperson Qin Gang's Remarks on the Conflicts in South Ossetia," Ministry of Foreign Affairs of the People's Republic of China, August 10, 2008, in www.fmprc.gov.cn/eng/xwfw/s2510/t464588.htm.
 - 12 "ZQB Views Russia's Test of Strength with US, Europe in Georgia," *Zhongguo Qingnian Bao Online*, August 15, 2008, in DIALOG: 200808151477.1_a4a3039b662fd7f7; Shih Chun-yu, "Russia Gains a Decision Opportunity in Trial of Strength with the United States over the Georgia Issue," *Ta Kung Pao Online*, August 15, 2008, in: DIALOG: 200808151477.1_735702f20d9779f1.
 - 13 "China Leader Calls for Ceasefire in South Ossetia," *Interfax*, August 11, 2008, in DIALOG: 200808111477.4_63580026d5533ec0.
 - 14 "US Navy Chief Says Reassured during China Visit," Reuters, August 21, 2007, in www.alertnet.org/thenews/newsdesk/PEK131727.htm.
 - 15 "CRS Report for Congress: China's Space Program: Options for US-China Cooperation," Washington DC: Congressional Research Center, May 21, 2008, p. 6.
 - 16 "Trade in Goods (Imports, Exports, and Trade Balance) with China," US Census Bureau, in www.census.gov/foreign-trade/balance/c5700.html#2007; Liu Yunyun, "US Treasury Bonds: A Hot Potato?" *Beijing Review*, October 30, 2008, p. 35.
 - 17 For example, see the remarks by former US secretary of the treasury Henry M. Paulson, "A Strategic Economic Engagement: Strengthening US-Chinese Ties," *Foreign Affairs* 87, no. 5 (2008): 59-77.
 - 18 Ba Shusong, "China's Economic Readjustment," *Beijing Review*, October 23, 2008, p. 32.
 - 19 Keith Bradsher, "China Shuns Investment in West's Finance Sector," *New York Times*, December 4, 2008.
 - 20 Shen, "Beijing's Perspective."
 - 21 Landler "Treasury's Lead Role."
 - 22 See note. 2.
 - 23 This question is addressed in many studies. For example, see Julian Madsen, "China's Policy in the Gulf Region: From Neglect to Necessity," *Power and Interest News Report*, October 27, 2006.