

U.S.-China Relations:

The Best since 1972 or the Best Ever?

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Continued cooperation on security matters, especially the challenge posed by North Korea's nuclear weapons programs, bolstered U.S.-China relations this quarter. Washington lauded China's vigorous diplomatic efforts that culminated in the holding of six-party talks in Beijing at the end of August. China formally joined the Container Security Initiative (CSI), agreeing to permit U.S. Customs and Border Protection officials to work side-by-side with their Chinese counterparts to target and pre-screen cargo containers shipped from Shanghai and Shenzhen destined for the United States. U.S. officials publicly rebuked Beijing for not living up to its promises made last December to make progress on specific human rights issues. Treasury Secretary John Snow visited Beijing and tried, but failed, to persuade Chinese officials to appreciate the renminbi (RMB). The Department of Defense released its annual report on July 30 on Chinese military power.

Cooperation on North Korea Boosts Bilateral Ties

U.S.-China relations are on a steady upward trend. This quarter, U.S. and Chinese officials were effusive in their praise of the bilateral relationship. In a foreign policy speech delivered at George Washington University in early September, Secretary of State Colin Powell observed that "U.S. relations with China are the best they have been since President Nixon's first visit." In a question-and-answer session the previous month at the Asia Society Forum in Sydney, Australia, Deputy Secretary of State Richard Armitage declared that the Bush administration is "absolutely delighted with the state of our relations with the People's Republic of China and the direction we're going." He also revealed that Chinese President Hu Jintao has privately characterized bilateral ties as the best they have ever been.

The shared upbeat evaluation of U.S.-Chinese relations is in large part a result of close cooperation between Beijing and Washington to cope with the challenge posed by North Korea's nuclear weapons programs and continued collaboration in the war on terror. The Bush administration welcomed China's decision to assume a more active role on the North Korean issue and credited Beijing with persuading Pyongyang to participate in the six-party talks, which China hosted at the end of August. Speaking about the accomplishment of forging a multilateral framework for resolving North Korea's nuclear

weapons programs, Powell emphasized Beijing's contribution to the diplomatic effort in his George Washington University speech. "We very much appreciate the leadership role that the Chinese have played in trying to find a solution to this problem," he asserted. Another U.S. official commented privately that "U.S.-China relations are pretty darn good these days because we are working together on issues like North Korea."

North Korea was a major focus of U.S.-Chinese interaction this quarter. Chinese Vice Minister Wang Yi visited Washington D.C. in early July for discussions with his U.S. counterparts that covered many areas in the bilateral relationship, but concentrated on the North Korea nuclear weapons problem. Later that month, Chinese Vice Minister Dai Bingguo flew to the U.S. on short notice to brief U.S. officials on his four-day visit to Pyongyang, where he met with North Korean leader Kim Jong-il. Dai was welcomed at the White House by Vice President Richard Cheney and NSC adviser Condoleezza Rice, held a lengthy meeting with Secretary of State Powell, and also met with Secretary of Defense Donald Rumsfeld at the Pentagon. Dai presented a letter from Chinese President Hu addressed to President Bush. The State Department spokesman noted that Powell had expressed appreciation to Dai "for the tremendous effort China has put into this matter." Subsequently, Under Secretary of State John Bolton visited Beijing for the second round of China-U.S. security talks that included discussions of arms control, non-proliferation, and North Korea's nuclear weapons. In a press conference held during his visit, Bolton acknowledged China's endeavors to get multilateral negotiations underway and noted that the U.S. deemed those efforts "very important."

Frequent phone conversations also took place between U.S. and Chinese presidents and between Secretary Powell and Chinese Foreign Minister Li Zhaoxing to exchange views on bilateral matters and especially to coordinate and keep each other informed of developments in handling the North Korean nuclear weapons issue. In one phone call, President George W. Bush emphasized the importance of including Japan, South Korea, and Russia in the talks and urged Hu "to stay involved in the process of discussion" with DPRK leader Kim Jong-il.

Both the U.S. and China termed the first round of six-party talks a good beginning, despite statements by North Korean officials immediately following their conclusion that Pyongyang was "no longer interested" in six-way talks and was, instead, accelerating its nuclear weapons program. Reports that Chinese Vice Foreign Minister and representative to the six-party talks Wang considered the U.S. the "main obstacle" to settling the nuclear issue peacefully, were taken in stride by U.S. officials. One U.S. official privately portrayed Wang's comments as "understandable" in the context of China's role to prevent North Korea from feeling too isolated and persuade Pyongyang to remain in the dialogue process. It was apparent, however, that in addition to being irritated with the North Koreans for issuing threats and insults during the three days of talks in Beijing, the Chinese were also disappointed that the U.S. had not shown greater flexibility. China welcomed Assistant Secretary of State James Kelly's assurances that "the U.S. had no intention to threaten North Korea, no intention to invade and attack North Korea, and no

intention to work for regime change in North Korea,” but bemoaned Washington’s unwillingness to offer Pyongyang written security assurances and incentives to give up its nuclear weapons programs.

Chinese officials continue to urge the Bush administration to offer a concrete road map to induce North Korea back to the negotiating table and promote a peaceful settlement. This was one of the messages conveyed by Chinese Foreign Minister Li when he met with President Bush, Vice President Cheney, NSC Adviser Rice, Secretary of State Powell and Secretary of Defense Rumsfeld in the third week of September. China’s official news agency quoted President Bush as telling Li that “U.S.-China relations are full of vitality, and this is important for both sides.” In addition, Bush praised Beijing’s constructive role on major international affairs, including the North Korea nuclear and Iraq issues. Other topics discussed during Li’s visit included Taiwan, U.S.-China trade and economic ties, human rights, nonproliferation, and bilateral military relations.

Progress was also made in U.S.-Chinese cooperation in the war against terrorism this quarter. China formally joined the Container Security Initiative, fulfilling a pledge that former Chinese President Jiang Zemin had made to President Bush during his visit to Crawford, Texas in October 2002. U.S. and Chinese Customs officials signed a declaration of principles initiating joint efforts to target and pre-screen cargo containers shipped from the ports of Shanghai and Shenzhen destined for U.S. ports. Under the agreement, the U.S. Customs and Border Protection will station small teams of officers at those ports to work with Chinese customs officials to inspect any containers identified as posing a potential terrorist risk. U.S. Customs and Border Protection Commissioner Robert Bonner declared at the signing ceremony in Beijing that “The CSI security blanket is now expanding and strengthening as it encompasses the ports of Shanghai and Shenzhen” and expressed appreciation for President Hu’s continued support of the CSI.

U.S. Charges China not Meeting Human Rights Commitments

Even as the U.S. and China forge closer cooperation on security matters, they are not papering over their differences on other issues. In a signal of Washington’s growing displeasure about China’s human rights policy, Deputy Assistant Secretary of State for East Asia and the Pacific Randall Schriver publicly disclosed in mid-July that Beijing had pledged progress on four specific human right issues in pressing the Bush administration not to introduce a resolution condemning China at the Geneva Human Rights Commission, but had not lived up to its side of the bargain. In an interview with Radio Free Asia, Schriver indicated that China had promised to respond positively to U.S. government requests that the Chinese government declare that minors are entitled to religious instruction, allow the International Committee of the Red Cross to open a permanent office in China, permit regular visits by UN rapporteurs, and conduct parole reviews for some political prisoners.

The Chinese apparently made these commitments in a session of the bilateral U.S.-China human rights dialogue last December and reiterated them privately to U.S. officials in March. By divulging that the U.S. had based its decision to not criticize China’s human

rights performance at the Geneva forum on the expectation that Beijing would follow through on its promises, Schriver was unquestionably warning the Chinese that in the absence of progress, the U.S. would seriously consider sponsoring a resolution criticizing China next year. He urged the Chinese government to “do more right away” to follow through on its promises. In August, the State Department’s top human rights official, Assistant Secretary of State Lorne Craner, expressed U.S. disgruntlement to the *Washington Post*. “As far as we’re concerned, the Chinese have not done well, and it’s disappointing,” he stated. The drumbeat of criticism continued in September when Ambassador to China Clark T. Randt made China’s unsatisfactory human rights performance this year the centerpiece of a speech delivered at the Nitze School of International Studies in Washington, D.C. There have been “no results to speak of, quite frankly,” he observed. Later that month, Secretary Powell also berated China for not doing enough to improve its human rights record during Li Zhaoxing’s visit.

A U.S. State Department spokesman also denounced China’s backsliding on human rights, citing a number of “troubling incidents” since the beginning of the year, including the execution of a Tibetan without due process; the arrests of a number of democracy activists, harsh sentences handed down to internet essayists and labor protesters; the forced repatriation of 18 Tibetans from Nepal in contravention of UN practices; the muzzling of media outlets reporting on politically sensitive issues; the failure of PRC authorities to respect due process rights of those accused of political crimes; and the lack of access for U.S. diplomats and family members to trials of those detained for political activities. China also promised to allow a U.S. Commission on International Religious Freedom to visit but the trip was postponed after Beijing insisted the group not visit Hong Kong.

The Chinese government did not deny that it had failed to fulfill promises made to U.S. officials, but did not explain the reasons why progress has not been made. U.S. officials privately suggested Chinese leaders had wrongly concluded that they do not have to address U.S. human rights concerns because the Bush administration needs Chinese cooperation in other areas, especially in dealing with North Korea in the counter-terrorism campaign.

More Sanctions for Alleged Transfers of Missile Technology

The U.S. continued to quietly ratchet up pressure against Chinese companies for alleged sales of weapons of mass destruction (WMD) and missile technologies this quarter. In early July, the Bush administration slapped sanctions on five Chinese companies under the 2000 Iran Nonproliferation Act for assisting Tehran’s weapons programs. Most of the companies cited by the State Department do little business with the U.S. because of existing penalties against them and thus the practical effects of those sanctions will be minimal. One exception is the China North Industries Corporation (Norinco), a major supplier to the Chinese military that does billions of dollars of business in China and overseas. Norinco was punished in May for selling missile technology to Iran’s state-owned defense contractor that builds the country’s short- and medium-range missiles. At

the end of July, the U.S. imposed sanctions on another Chinese firm, the China Precision Machinery Import-Export Corporation, for alleged missile technology proliferation.

Additional sanctions were imposed on Norinco in September under a provision of the Arms Export Control Act and will ban all the company's products from entering the U.S. Some of these sanctions also apply to the Chinese government, including a prohibition on launches of U.S. satellites on Chinese rocket boosters. According to the notice published in the Federal Register, "The measures include a two-year ban on all export licenses and new U.S. government contracts for "all activities of the Chinese government relating to the development or production of missile equipment or technology and all activities of the Chinese government affecting the development or production of electronics, space systems or equipment, and military aircraft." A U.S. official anonymously quoted in *The Washington Times* warned that even more severe sanctions that cover other major Chinese companies were waived for one year and could be triggered if China continues to permit its companies to sell missiles to states with illicit WMD programs.

In an unusually detailed public appraisal of China's nonproliferation efforts, Paula DeSutter, assistant secretary of state for verification and compliance under John Bolton, told the U.S.-China Economic and Security Review Commission that Washington was employing sanctions to change the "cost-benefit analysis" for companies. "Companies round the world have a choice: trade in [weapons of mass destruction] materials or trade with the United States, but not both," DeSutter told the commission. U.S. efforts to alter Chinese behavior include high-level dialogue aimed at persuading the PRC to adopt national policies to enforce its commitments as well as measures to enhance deterrence of Chinese proliferation and make eschewing illicit behavior by Chinese companies more attractive, according to DeSutter. She voiced doubts about the Chinese government's stated commitment to controlling missile nonproliferation, claiming that Beijing's lack of enforcement suggests that it views nonproliferation "not as a goal in and of itself but as an issue that needs merely to be managed as part of its overall bilateral relationship with the United States." DeSutter called on China to enforce controls at its borders and establish a system of end-use verification checks to ensure that items approved for transfer are not diverted. Quoting Secretary Powell, DeSutter said that "China's fulfillment of its nonproliferation commitments would be crucial to determining the quality of the U.S.-China relationship."

Beijing strongly protested the U.S. imposition of sanctions on Chinese firms, insisting that it strictly controls weapons trade and firmly supports international antiproliferation efforts. A Chinese Foreign Ministry spokesman contended that the U.S. unreasonably forces its national policy and laws on others. Privately, Chinese officials expressed irritation that the U.S. had opted to levy sanctions without first informing the Chinese government of the alleged violations and allowing time to investigate. One MFA official warned that the repeated use of sanctions "can only slow down cooperation and harm trust between the two countries."

Pressure to Revalue the RMB and Other Sources of Trade Friction

Treasury Secretary John Snow visited Beijing in early September amid a surge of domestic complaints that China is keeping its currency deliberately undervalued to promote exports to the U.S. and is thus causing the loss of U.S. jobs. Snow failed, however, to persuade Chinese leaders that China's \$103 billion trade surplus with the U.S. and an undervalued RMB are giving Chinese exports an unfair competitive advantage and exerting a negative impact on the U.S. economy and the U.S. job market. Chinese officials refused to take any near-term steps to revalue the RMB and argued that a sudden move to float China's currency might cause financial instability in China and abroad. Beijing nevertheless sought to assuage U.S. concerns by affirming a long-term intention to allow the value of the *yuan* to be determined by market forces and promising to take interim steps to loosen restrictions on the financial system.

In his meeting with Snow, China's central bank governor, Zhou Xiaochuan, outlined a series of measures that he said would "allow the market to play a bigger role" in China's financial system. If implemented fully, these measures would amount to a concerted effort to respond to record inflows of foreign currency to China without a revaluation or appreciation of the currency. Among them are new regulations to permit foreigners to invest in *yuan*-denominated securities, and rules that allow some domestic investors to purchase securities abroad. In addition, Zhou told Snow that China planned to encourage Chinese companies to invest more overseas. This moderately conciliatory posture underscored Beijing's desire to be seen as addressing U.S. concerns and thus avoid the escalation of this issue as the U.S. presidential elections grow nearer.

At a press roundtable in Beijing following his talks, Snow expressed the Bush administration's abiding commitment to "a growing healthy and mutually beneficial trade relationship with China." He also noted persisting U.S. concerns about the Chinese economy, mentioning specifically the need for further progress with regard to the Chinese government's relaxation of ownership rules for financial services. The enforcement of China's intellectual property laws and the protection of the free flow of capital were also cited as among U.S. worries. Snow announced that the U.S. would appoint a Treasury attaché at the U.S. Embassy in Beijing to further promote the U.S.-China economic relationship. He also indicated that he had extended an "open invitation" to Chinese Vice Premier Huang Ju and other Chinese officials to come to Washington to continue joint efforts to address economic, financial, and trade issues.

The U.S. domestic debate about whether China should expand the band within which the RMB trades continued to heat up in the wake of Snow's visit. While proponents of a revaluation of the Chinese currency insisted that an appreciation of the RMB would help curb the mushrooming U.S. trade deficit with China, critics charged that Beijing was simply a convenient scapegoat for the loss of 2.7 million U.S. manufacturing jobs during the Bush administration. Even some economists who agreed in principle with Snow's contention that "market-determined floating currencies are really the key to a well-functioning international financial system," voiced worries that an abrupt shift from a Chinese *yuan* pegged in a narrow band of 8.2760 to 8.2800 to the dollar to a freely

floating currency could create more problems than it might solve. Some experts contended, for example, that it would hurt many large U.S. companies, whose Chinese subsidiaries are the source of most of the recent increase in Chinese exports, raise prices for U.S. consumers, and possibly destabilize the debt-laden Chinese banking system, which would cause reverberations throughout the global economy.

Beijing views the Bush administration's jawboning as largely a result of U.S. election maneuvering. Yuan Zhen, a Chinese analyst from the Institute of American Studies under the Chinese Academy of Social Sciences, was quoted in a Hong Kong newspaper as saying: "The 2004 U.S. presidential election will soon be held. The visit of the Republican old-hand Snow to China is nothing but a gesture intended for the small- and medium-size U.S. manufacturers and working class that have no investment in China that the Bush administration does care for their interests."

Nevertheless, the Chinese remain worried about the possibility that the U.S. may impose trade sanctions on China and their concerns are not completely unfounded. Following Snow's lack of success in convincing Beijing to let the RMB exchange rate float freely, President Bush said in an interview with CNBC that "we don't think we're being treated fairly when a currency is controlled by the government" and promised to "deal with it accordingly." The following week, a bipartisan group of U.S. senators submitted a bill to Congress urging it to impose an additional tariff of 27.5 percent on all products imported from China. The Chinese in turn warned that if China becomes subject to discriminatory and unfair treatment, it would be justified in retaliating and implored the U.S. to avert a trade war.

The U.S. further turned up the heat on China in a speech delivered by Commerce Secretary Don Evans to the Detroit Economic Club, which aligned the administration with U.S. manufacturers complaints about China's rampant piracy of intellectual property; forced transfer of technology from firms launching joint ventures in China; trade barriers; and capital markets that are largely insulated from free-market pressures. Promising that the Bush administration would "aggressively target unfair trade practices wherever they occur," Evans declared that "American manufacturers can compete against any country's white collars and blue collars but we will not submit to competing against another country's choke collars." In the growing crescendo of criticism of China's trade practices, other voices cast doubt on China's compliance with its World Trade Organization (WTO) obligations. A U.S. Chamber of Commerce report released on Sept. 16 stated that China's compliance record was "uneven and incomplete." And in comments prepared for delivery to the U.S. Trade Representative's office, U.S.-China Business Council President Robert Kapp warned Beijing about its "apparent loss of clear momentum" in implementing its commitments to the WTO.

Taiwan Remains on the Front Burner

Taiwan remained a central focus of U.S.-Chinese relations during this quarter in several ways. Taiwan President Chen Shui-bian's call in May to hold a national referendum on Taiwan's membership in the World Health Organization and continued efforts by Taiwan

legislators to push through enabling legislation that would allow referendums unnerved Beijing. China attacked the referendum proposal as “creeping independence” because it could set a precedent for a future referendum on Taiwan’s sovereignty. To underscore the seriousness of the matter to Beijing, China quietly dispatched the director of the State Council Taiwan Affairs Office Chen Yunlin along with his deputy Zhou Mingwei to Washington in late July to convey Chinese redlines to U.S. officials.

China Daily reported that Chen and Zhou told Deputy Secretary of State Armitage “that any referendum on the island is an unacceptable move that will lead to an eventual vote on independence.” In their private meetings, however, the Chinese officials emphasized that Beijing staunchly opposed any referendum held by Taipei that challenges the “One China” principle, but suggested that China would tolerate referenda on local public policy issues unrelated to national sovereignty. Thus, a referendum on whether to complete construction of the fourth nuclear power plant or downsize Taiwan’s legislature, also under consideration in Taiwan, if put to a vote, would not necessarily draw Chinese ire and a carefully worded referendum on Taiwan’s participation in WHO might also be finessed. U.S. officials reaffirmed that Washington would not support Taiwan independence and discouraged both Beijing and Taipei from taking any provocative actions. Yu Keli, director of the Institute of Taiwan Studies under the Chinese Academy of Social Sciences, told *China Daily* following the visit by the Taiwan Affairs Office officials that Beijing had “gained growing support from Washington on its clear-cut stand on the referendum issues.” Having obtained reassurances from the U.S. that Taiwan would not go beyond public policy issues to change Taiwan’s political status, Beijing seemed relieved. In its public stance, China has since remained firm, but not hysterical. After all, the Chinese learned from the 2000 Taiwan election that saber-rattling may backfire and bolster support for Chen Shui-bian.

The Department of Defense released its July 30 annual report on Chinese military power, which devotes a lengthy chapter to the security situation in the Taiwan Strait and highlights China’s accelerated production of short-range ballistic missiles being deployed opposite Taiwan. A potential conflict in the Taiwan Strait is cited as “the primary driver for China’s military modernization.” According to the report, which was delivered to Congress as required by law, the missiles are intended not only to coerce Taiwan, but also “to complicate United States intervention in a Taiwan Strait conflict.” China has deployed about 450 SRBMs with conventional warheads capable of striking Taiwan and is expected to expand that force by 75 missiles per year for the next few years, the report states. Assistant Secretary of State for East Asia James Kelly told the Senate Foreign Relations Committee on Sept. 11 that the Bush administration regularly tells China “clearly that its missile deployments across the Strait from Taiwan and refusal to renounce the use of force are fundamentally incompatible with a peaceful approach.”

In response to the release of the DOD report on Chinese military power, Beijing reiterated that Taiwan is an inalienable part of Chinese territory and emphasized that the Chinese government is doing its utmost to realize peaceful reunification. China’s foreign ministry spokesman accused some people in the U.S. of attempting to create a pretext for selling weapons to Taiwan by exaggerating Chinese military capabilities and

expenditures. The spokesman also claimed that the growth of pro-independence forces on the island constituted “the greatest threat to the stability of the Taiwan Strait.” In addition to voicing its objections to the DOD report, Beijing protested other actions taken by the U.S. government toward Taiwan during the quarter that it deemed to be a violation of the three joint communiqués between China and the U.S.. For example, the invitation of senior Taiwan officials to attend the celebration of U.S. Independence Day at the American Institute in Taiwan roused Beijing’s ire. In response, China made formal representations to the U.S. government and China’s Foreign Ministry spokesman urged the U.S. to recognize the importance and sensitivity of the Taiwan issue, abide by its promise, and stop upgrading its relations with Taiwan to avoid harming China-U.S. relations.

Establishing a Habit of Cooperation Augurs Well for the Future

China and the U.S. may quibble over whether their relationship is the best it has been since 1972 or the best ever, but they certainly agree that it is the best it has been in a very long time. Assistant Secretary James Kelly perhaps summed up best the reason for the recent sustained improvement in China-U.S. relations in his testimony to the Senate Foreign Relations Committee. “... Neither we nor the Chinese leadership believe that there is anything inevitable about our relationship – either inevitably bad or inevitably good,” Kelly asserted. “We believe that it is up to us, together to take responsibility for our common future.” Indeed, Beijing and Washington are both making concerted efforts to work together constructively, most notably on security issues. By doing so, they are establishing a habit of cooperation that may better equip both sides to manage prevailing as well as newly emerging problems. In addition, the two countries are creating a reservoir of positive achievements that may provide a cushion if – some would say when – unanticipated trials and tribulations arise to threaten what is at bottom still a fragile relationship.

Chronology of U.S.-China Relations July-September 2003

July 1, 2003: Chinese Vice Foreign Minister Wang Yi arrives in Washington D.C. for discussions with U.S. counterparts that focus largely on the North Korea nuclear weapons issue.

July 2, 2003: China and Russia block a U.S.-proposed statement condemning North Korea for reviving its nuclear weapons program in a meeting of the UN Security Council’s five permanent members.

July 3, 2003: The Bush administration imposes economic sanctions on five Chinese firms and a North Korean company that it said had made shipments to Iran that had “the potential to make a material contribution to weapons of mass destruction or missiles.” One of the companies charged is the China North Industries Corporation, Norinco, a major supplier to the Chinese military that does billions of dollars of business.

July 4, 2003: China strongly protests the U.S. imposition of sanctions on five Chinese firms for arms sales to Iran.

July 15, 2003: Deputy Assistant Secretary of State for East Asia and the Pacific Randall Schriver tells Radio Free Asia that Beijing has failed to fulfill its promises on four specific human rights issues that it made to the U.S., which formed the basis of the U.S. decision to not introduce a resolution condemning China at the UN Human Rights Commission this year.

July 15, 2003: House of Representatives unanimously approves a sweeping measure that calls on China to dismantle its missiles aimed at Taiwan, urges U.S. President George W. Bush to approve the sale of the *Aegis* battle management system to Taipei, and directs Bush to seek from China an immediate renunciation of the use of force against Taiwan. The bill is approved as an amendment to the State Department Authorization bill that funds State Department programs for fiscal 2004.

July 16, 2003: Chinese Foreign Minister Li Zhaoxing and Secretary of State Colin Powell discuss North Korea via phone.

July 17, 2003: Chinese Vice Minister Dai Bingguo arrives in Washington D.C. to brief U.S. officials on his four-day visit to Pyongyang, where he met with North Korean leader Kim Jong-il.

July 21, 2003: State Council Taiwan Affairs Office Director Chen Yunlin and his deputy Zhou Mingwei visit Washington, D.C.

July 23, 2003: The U.S. launches antidumping investigation against four Chinese companies following a determination by the U.S. International Trade Commission in June that the U.S. television industry had been materially harmed by low priced imports of certain color televisions from China and Malaysia.

July 24, 2003: Paula DeSutter, assistant secretary of state for verification and compliance, testifies to the U.S.-China Economic and Security Review that China has failed to fulfill its nonproliferation promises and continues to export banned weapons. She calls for China to tighten its controls over missile proliferation.

July 28, 2003: John Bolton, under secretary of state for arms control and International Security, visits Beijing for the second round of China-U.S. security talks that focus on nonproliferation, arms control, and the DPRK nuclear issue. He meets with Vice Foreign Ministers Wang Yi and Zhang Yesui, and FM Li.

July 29, 2003: U.S. Customs and Border Protection Commissioner Robert Bonner signs a declaration of principles with his Chinese counterpart, Mou Xinsheng, formalizing China's agreement to participate in the Containment Security Initiative.

July 30, 2003: President Bush speaks by telephone to President Hu Jintao and discusses SARS and the North Korea nuclear weapons issue. Bush encourages Hu “to stay involved in the process of discussion” with DPRK leader Kim Jong-il.

July 30, 2003: The Federal Register reports that the U.S. imposed sanctions on the China Precision Machinery Import-Export Corporation for alleged missile technology proliferation.

July 30, 2003: Department of Defense releases its annual report to Congress on China’s military power.

Aug. 3, 2003: The Chinese edition of Hilary Clinton’s autobiography, *Living History*, released in China with unauthorized changes removing commentary viewed as offensive to the Chinese government.

Aug. 7, 2003: The U.S. Trade and Development Agency announces a \$585,250 grant to China’s customs agency to partially fund a feasibility study on modernizing Chinese port operations and training Chinese port personnel on World Trade Organization (WTO) trading norms, fraud prevention practices, customs management, and international trade coordination.

Aug. 13, 2003: At the Asia Society Forum in Sydney, Australia, Deputy Secretary of State Richard Armitage states that the U.S. is “absolutely delighted with the state of our relations with People’s Republic of China and the direction we’re going.”

Aug. 21, 2003: *The Washington Post* reports that Assistant Secretary of State Lorne Craner says in a phone interview that China has not lived up to human rights commitments made to the U.S. in December 2002.

Aug. 29, 2003: FM Li and Secretary Powell exchange views over the phone on the six-party talks.

Sept. 3-4, 2003: Treasury Secretary John W. Snow visits China and pressures Beijing to allow its currency to trade freely on international markets.

Sept. 4, 2003: In an interview with CNBC, President Bush says “China’s currency policy was unfair and Washington would “deal with it accordingly.”

Sept. 5, 2003: A bipartisan group of U.S. senators introduces legislation that would impose an across-the-board tariff on Chinese imports if China does not increase the value of its currency relative to the U.S. dollar.

Sept. 5, 2003: Secretary Powell delivers a foreign policy address at George Washington University in which he characterized U.S.-China relations as the best they have been since President Richard Nixon’s visit to Beijing in 1972.

Sept. 8, 2003: By unanimous consent, the U.S. Senate passes a resolution honoring Tibet's Dalai Lama and welcoming him to the U.S.

Sept. 8, 2003: President Hu meets with former President Jimmy Carter and his wife at the Great Hall of the People.

Sept. 11, 2003: The Senate Foreign Relations Committee holds hearings on China-U.S. relations.

Sept. 11, 2003: Exiled Tibetan spiritual leader the Dalai Lama meets with President Bush during his 20-day visit to the U.S.

Sept. 15, 2003: President Bush submits to Congress the "World Major Narcotics Producing and Trafficking Countries Annual Report." China was included for the eighth successive time since the State Department began writing this annual report in 1996.

Sept. 15, 2003: Speaking to the Detroit Economic Club in Michigan, Commerce Secretary Don Evans says the Bush administration views China as falling short in meeting its trade commitments.

Sept. 16, 2003: At the International Atomic Energy Agency General Conference in Vienna, Austria, Secretary of Energy Spencer Abraham and Chairman of the China Atomic Energy Authority Zhang Huazhu sign a Statement of Intent covering the process for determining what nuclear technologies require government-to-government nonproliferation assurances and procedures for exchanging the assurances.

Sept. 17-18, 2003: The commerce departments of the United States and China co-host the "China-US Export Control Seminar" in Shanghai. The purpose of this seminar is to educate Chinese and U.S. businesses about export control policies, regulations, and practices of both countries.

Sept. 19, 2003: The U.S. imposes another round of sanctions on Norinco as well as on the Chinese government for allegedly selling advanced missile technology to an unnamed country.

Sept. 22, 2003: FM Li meets with President Bush on his two-day visit to Washington, D.C. Li subsequently visits New York to attend the 58th session of the UN General Assembly.

Sept. 22, 2003: The China Institute of Contemporary International Relations and the U.S. embassy in China co-sponsor a one-day seminar in Beijing to discuss security for the 2008 Beijing Olympic Games.

Sept. 22, 2003: The *USS Cowpens*, a Ticonderoga-class Aegis guided-missile cruiser, and a missile frigate the *USS Vandergrift* dock in the port of Zhanjiang, headquarters of the South China Sea Fleet of the PLA Navy, kicking off their five-day goodwill visit to China.

Sept. 24-25, 2003: The Congressional-Executive Commission on China holds hearings on whether China is playing by the rules regarding free and fair trade and its commitment to comply with WTO requirements.