

# National Intelligence Council

## Recent Chinese Leadership Priorities and Their Implications for the United States Findings

### Conference Report

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*The National Intelligence Council (NIC) routinely sponsors conferences with outside experts to gain knowledge and insights to sharpen the level of debate on critical issues. The views expressed in this conference summary are those of individuals and do not represent official US Government positions or views.*

### Key Points

Thirteen US specialists in business, academic, national security, or other aspects of Chinese affairs inaugurated an informal China advisory group hosted by the National Intelligence Council on June 30, 1999. The discussion focused on possible changes in Chinese leadership priorities as a result of the Kosovo war, the bombing of the Chinese embassy in Belgrade, and the subsequent downturn in Chinese-US relations. Among the main points of discussion were:

- Kosovo reinforced growing leadership anxiety over unfavorable strategic trends, particularly US "hegemonism" that China is unable to counter.
- Regardless of whether Beijing adopts a new course, a more difficult period lies ahead for Sino-US relations, including the prospects for more difficult Chinese behavior in proliferation and human rights and accelerated defense spending.
- Nonetheless, Beijing will try to isolate and preserve aspects of the US relationship most in China's long-term interest--particularly economic engagement.
- Experts were divided over the most prudent policy course for the US in the current climate, although all agreed on the importance of a WTO agreement.

### Deepening Chinese Frustration with the United States

The specialists judged that the NATO operation in Kosovo and furor over the bombing of the Chinese embassy have reinforced growing Chinese leadership anxiety and frustration over what it perceives as an increasingly unfavorable strategic environment dominated by US "hegemony." They also agreed that the Chinese leadership has not yet definitely decided whether to alter important policy priorities of concern to the United States. Some believe that such a reassessment could come as early as the upcoming Chinese leadership meetings at the seaside resort of Beidaihe in July-August 1999. Others felt no such Chinese reassessment was in the offing. Some of the latter suspected Chinese leaders were deliberately manipulating events after the Belgrade embassy bombing in order to create a sense of uncertainty among US policy-makers that could be used to China's advantage.

There was general agreement that the Chinese leaders had plenty of reasons to move toward a more confrontational approach toward the United States. Though clearly wanting to preserve important and advantageous economic, business, and other exchanges with the United States, PRC leaders were seen as often grossly affronted by US policies in Kosovo and in areas closer to vital Chinese interests, involving US defense cooperation with Japan and Taiwan, that appear to disregard Chinese concerns. Chinese officials viewed by-passing the UN in the Kosovo War and developing missile defense programs at home and along the Chinese mainland coast as the latest in a series of perceived challenges to Chinese interests posed by the Clinton administration's pursuit of a self-serving American agenda in world affairs.

Thus, China's fundamental "issue" is US global strategy as manifest in the Kosovo operation, not just the Kosovo operation itself. The bombing of the Chinese embassy in Belgrade set off this long-smoldering tinder. The results have included not only the trashing of US diplomatic properties and Chinese refusal to accept US apologies and explanations but also widespread debate among various foreign policy, strategic affairs, and other Chinese officials on the appropriate direction for Chinese policy, especially vis-a-vis the United States.

### **Possible Chinese Counter-Measures**

The US specialists differed as to whether the strong Chinese anger, frustration, and debate regarding US power could prompt significant changes in the Chinese policy and behavior, especially toward the United States.

Some warned that US policy makers should prepare for a protracted period of difficult relations with China. In particular, they advised that not only would the PRC be generally more reserved in future in cooperation with the United States, but it would also take specific actions adverse to US interests, notably:

- PRC leaders would endeavor to shore up cooperation with Russia and others with an eye toward opposing US policies in the UN Security Council and in other regional and global arenas.
- Beijing would seek closer defense cooperation with Moscow so as to build up Chinese military power more rapidly than had been planned. Such military modernization would involve ballistic and cruise missiles and other equipment that would assist the PRC in dealing with a defiant Taiwan, despite US support for the island government.
- China would reverse commitments made regarding proliferation of weapons of mass destruction and related technology in areas like Iran; and would halt past cooperation with the United States on export control administration and assuring the end use of US advanced technology provided to China.
- China would crack down with greater impunity on dissidents and other perceived threats to internal order while curbing various channels of human rights "dialogue" with the US and other western powers.

- China would markedly increase defense spending and preparedness in order to prepare for possible confrontation with the United States, presumably in East Asia.

Some US specialists warned of possible Chinese "surprise." They advised that when frustrated in the past by dominating outside powers, Chinese leaders have been capable of following confrontational and hostile policies that did not appear to be in their practical longer term interests. At bottom several believed that such deepening Chinese leadership frustration was unpredictable and potentially dangerous.

### **Reasons for Chinese Restraint**

Other US specialists voiced a contrary view, judging that the above options either were not viable or very important given Beijing's continued preoccupation with primary goals of maintaining domestic stability, promoting economic growth, and avoiding major international complications that would divert attention from the central domestic priorities of nation building and preservation of communist party rule. Some noted that foreign policy generally remains a distinct second in the day-to-day concerns of the Chinese leadership and that the Beijing rulers are probably not worrying as much about near-term movement in the relationship as US leaders are.

At bottom, cooperative relations with the United States were needed for economic development and to preserve the "peaceful international environment" Beijing seeks to focus on economic modernization. The US connection also remains central to Chinese policy interests regarding Korea, Taiwan, Japan, and elsewhere. Relying on Russia, or possibly India or other power centers, is no substitute for the American role in the Chinese calculus, according to this view. Confronting US interests in egregious ways in world affairs would not be as advantageous for Beijing's top priority goals, and these specialists thought the PRC therefore would not adopt a confrontational approach.

A few specialists attempted to weave these two conflicting views together. They noted that Chinese leaders in the 1990s have generally followed a two-pronged policy toward the United States--engaging constructively in areas advantageous to Chinese interests while remaining opposed to and on guard against US efforts to pressure China or engage in international hegemony. They judged that the net effect of the current policy debate in China would be for the Chinese leadership to emphasize opposition to US power politics and hegemonism in official rhetoric, diplomacy, and perhaps elsewhere; but they judged the PRC leaders would work hard to preserve the core of engagement with the United States that is beneficial for China's interests. Some added that the current Chinese debate is not unique. They perceived four cycles of such debate in the 1990s, and in each case Chinese leaders stuck to the general guidelines of the two-pronged policy that was originally espoused by senior leader Deng Xiaoping.

### **Issues and Options for the US**

The specialists were divided on why the Chinese leadership has refused to accept the explanation of the Belgrade embassy bombing and to resume some semblance of normal engagement with Washington. Several pointed to the signs of Chinese leadership debate and frustration, while others saw a tactical exercise designed to mollify irate domestic Chinese opinion while keeping the advantageous elements of the US-China relationship on track.

In this context, the specialists differed on what the United States should do in the current situation. In this period of heightened Chinese leadership sensitivities, some believed that US policy toward such important issues for China as Taiwan, missile defense in Asia, and defense cooperation with Japan, needed to be handled with greater care and sensitivity. They supported a US effort to expeditiously reach an accord on China's entry into the WTO and were critical of the US refusal to accept Zhu Rongji's proposal during his Washington visit in April.

Others argued that US policy makers should avoid strenuous efforts to improve relations with China at this time. They pointed to possible negative backlash to such efforts coming from Congress and US interest groups critical of the Chinese government. They judged that anti-China feeling was likely to remain strong in American politics through the year 2000 elections. They said that Chinese leaders were also aware of this anti-China feeling—a development which reportedly reduced PRC leaders' expectations of significant positive development in US-China relations until after the US elections.

There was considerable discussion of the outlook for US-China military exchanges. The experts believed the PLA was shocked by the demonstration of advanced US military power in the Kosovo war. Several US specialists judged that this awakening would prompt the PLA to try to build its own strength and avoid contacts with the US, but others judged that the PLA would see it had no choice but to seek American expertise through continued exchanges to advance China's military capabilities. Meanwhile, some experts said that pressure from Congress and critics of US engagement have dampened the enthusiasm of the US military to resume active exchanges with the PLA.

### **Questions for Future Consideration**

The specialists raised several questions about Chinese policy and intentions that warrant follow-on discussion in the near future. They include:

- Has defense become an equal to economic development as a Chinese leadership priority?
- What indicators can be used to determine if the current ferment in Chinese foreign policy is similar to past episodes of crisis in US-China relations in the 1990s, or represents a more fundamental shift comparable to the breakup of the Sino-Soviet alliance?
- Is the current Sino-Russian warming strategically significant or more tactical and rhetorical in nature?

- Is the current Chinese strategic debate prompted by the Kosovo war substantially driven by factional leadership dynamics?
- Does China have viable options other than continuing its past strategy of working with the United States? If it doesn't, should we be wary that, just because we don't see viable alternatives for China, Beijing won't "surprise" us with an assertive or confrontational stance?