



National Committee on American Foreign Policy

Where Leaders Meet

Northeast Asia Projects

Summary of the Fourth Roundtable on U.S.-China Policy and Cross-Strait Relations

by Donald S. Zagoria

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The January 1999 Roundtable on U.S.-China Policy and Cross-Strait Relations was the fourth in a projected series of five meetings sponsored by the National Committee on American Foreign Policy. The January meeting was attended by scholars from the United States, the People's Republic of China (PRC), and Taiwan. During the two-day Roundtable, the participants entered into candid talks about Cross-Strait issues. A summary of those discussions follows, according to the topics listed below.

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A. Bottom Line

Although the atmosphere of Cross-Strait relations has improved as a result of the resumption of the quasi-official talks between the PRC and Taiwan in October 1998, the two sides are still divided on fundamental issues, and there remains a deep and pervasive sense of mutual mistrust that will take years, if not decades, to overcome. The most troublesome issue is the zero-sum game played out in the international arena as the PRC steps up its campaign to eliminate Taiwan's bilateral diplomatic relations and keep it out of intergovernmental organizations while Taipei struggles to maintain or expand its "international space." PRC success in reducing Taiwan's international status antagonizes the people of Taiwan and makes it more difficult for the Taipei authorities to make the concessions in Cross-Strait relations desired by the PRC. The optimistic scenario for the next year or two is that the two will cool their rhetoric, avoid provocations, begin the laborious process of developing confidence-building measures, and gradually institutionalize regular Cross-Strait dialogue. The pessimistic scenario is that the level of mistrust between the PRC and Taiwan will grow and lead to miscalculations that could increase tensions.

B. Recent Developments

1. There was a meeting in Shanghai in October 1998 between Wang Daohan, president of the PRC's Association for Relations Across the Taiwan Strait (ARATS), and Koo Chen-fu, chairman of Taipei's Strait Exchange Foundation (SEF).



This was the first such meeting since the talks between ARATS and SEF were suspended following the crisis in the Strait in March 1996. The meeting resulted in a four-point consensus involving the continuation of the dialogue and agreements to broaden the discussion agenda to include "political and economic issues," to try to protect the welfare and interests of people from both areas, and to facilitate Wang Daohan's visit to Taiwan at "an appropriate time." Although the meeting was conducive to mutual understanding, little, if any, headway was made on fundamental issues--issues pertaining to Taiwan's status, the PRC's insistence on Taiwan's acceptance of its "one-China" principle, and the use of force.

2. In November 1998 U.S. Secretary of Energy Bill Richardson traveled to Taipei. The trip had several objectives, one of which was to reassure those in Congress who wondered whether American policy was changing fundamentally following President Clinton's visit to China (June 25-July 3, 1998) and his public iteration of the "three no's" in Shanghai, a statement to which great importance was attached in all three capitals. Richardson's trip was a signal by the American government that American policy was not changing in any fundamental way.
3. The December 1998 "three-in-one elections" in Taiwan concluded with a Kuomintang party (KMT) victory over the opposition Democratic Progressive party (DPP) in Taipei and in the Legislative Yuan. The election results supported the views of analysts who argue that the people of Taiwan want stable Cross-Strait relations. The results of the elections, however, do not necessarily mean that the KMT will easily win the year 2000 election contest. The DPP's Chen Shui-bian lost the election for mayor of Taipei primarily because a third party (the New party) voted disproportionately for the KMT candidate, Ma Ying-jeou. Thus Chen Shui-bian remains a formidable potential DPP candidate for the upcoming presidential election, particularly if the KMT becomes divided in choosing presidential contenders (between Vice President Lien Chan and the very popular James Soong).
4. In the wake of its election setback, the DPP leadership met to consider whether to revise its party charter calling for independence in order to calm the electorate's suspicions that the DPP is a rash, independence-minded force insensitive to the risks of precipitating a crisis with the PRC. The charter will probably be revised in some fashion, but Chen Shui-bian, in his farewell speech in Taipei, advanced a formula that is not likely to be reassuring to the mainland. He said: "Taiwan and China do not exercise sovereignty over the other and, in fact, are independent ethnic Chinese states. We are willing to base a possible special relationship on our shared history and culture. But this special relationship must have as preconditions reciprocal benefit, peaceful coexistence, and selfdetermination."
5. A new complicating factor in U.S.-PRC and Cross-Strait relations is the PRC missile buildup along the Chinese coast opposite Taiwan. This buildup is occurring at a time when there is considerable concern about missile proliferation in countries such as North Korea, Iran, and Iraq and the United States is contemplating the acquisition of both a national missile defense capability to protect America and "theater missile defense" (TMD) capability to "protect key regional allies." Although no firm decisions have been made either in Taipei or Washington, the U.S. Congress in 1998 mandated that the Department of Defense study the issue.

The missile buildup is also dramatically changing in the PRC's favor the military balance in the Strait. In 1992-1993 the PRC aimed at Taiwan 50 or 60 missiles whose degree of accuracy was poor. By the year 2003, the PRC will have on the Chinese coast close to Taiwan approximately 800 missiles projected to be accurate within less than 30 meters. Thus



even without posing the threat of invasion or blockade, the PRC has an increasing capacity to cause instability in Taiwan, as it did in 1995-1996 by "testing" missiles close to Taiwan.

6. There appears to be a deepening of a separate Taiwanese identity. This is indicated in several ways. First, both President Lee Teng hui and Taipei Mayor Ma Ying-jeou have successfully used the concept of a "new Taiwanese" as a way to break down the sharp division between "mainlanders" and "Taiwanese" on the Island. Second, public opinion data show a continuing (though slight) decline in the percentage of Taiwan's population that is willing to say, "I am Chinese." There has been a downward trend in this group since 1993. (A substantial number of Taiwanese still say, however, that they consider themselves both Taiwanese and Chinese.) Third, a substantial number of Taiwanese now see the PRC as "unfriendly." If the people of Taiwan increasingly view themselves as distinct from the mainland population and if they view the PRC government as unfriendly, it is not clear why reunification would become progressively more attractive.

C. Taiwanese Perspectives

1. The Taipei government had a mixed reaction to the results of Koo Chen-fu's visit to mainland China in October 1998. On the positive side, there was a consensus about a number of issues, including continuing Cross-Strait dialogue, improving the Cross-Strait atmosphere, and facilitating in-depth exchanges of opinions, which occurred even though Taipei expected the exchanges to be ritualistic. On the negative side, Beijing remained incapable of facing up to the reality of divided rule across the Taiwan Strait; Beijing did not reaffirm the consensus reached previously; and Beijing insisted that the reduction of Taiwan's "international space" (i.e., its international recognition) was an inevitable trend of history.
2. One Taiwanese participant who reflects the official view said that despite the improvement in atmospherics as a result of the Koo visit to the mainland, "strong differences" between Taipei and Beijing remain on a variety of issues. Above all, the mutual lack of trust appears to be deepening. Because of Beijing's "relentless" efforts to intimidate Taiwan and to strangle it diplomatically, the Taipei leadership and the public still harbor great doubts about the mainland's goodwill and sincerity in undertaking improvements Cross-Strait relations. Moreover, Taiwan's cautious and conservative attitude toward Cross-Strait political negotiations, which to some extent reflects the complexity of Taiwan's domestic politics, has been interpreted by the PRC leadership as a scheme to perpetuate independence. Also, Beijing is now using great power diplomacy to compel Taiwan to negotiate. Finally, Taiwan has concluded that there are two important dimensions to Beijing's Cross-Strait strategy: first, to deter Taiwan from seeking independence and, second, to compel Taiwan to come to the negotiating table on the unification issue. If the PRC shifts from "deterrence" to "force," as a result of gradually losing its patience, the result will be an unstable and possibly conflictual Cross-Strait relationship.
3. Another Taiwanese participant who also reflects the official view delivered a very forceful statement at the end of the meeting in which he made a number of points:
 - a. Taiwan will not accept the "so-called" one-China principle. There are two Chinas, one in the PRC and one in Taiwan. Taiwan would, however, discuss with the PRC ideas about "confederation" or "commonwealth" provided that Taiwan is treated as an equal.
 - b. If Taiwan accepted Beijing's one-China principle, it would lose its own identity.



- c. The Republic of China on Taiwan has "no obligation" to unify with the mainland. It has a right to decide its own future.
 - d. Taiwan does not trust the PRC. Among several reasons for this is the PRC's past behavior toward Tibet.
 - e. Taiwan urges the PRC to try to understand why the Taiwanese people do not want to reunify now.
 - f. The United States should develop parallel policies toward the PRC and Taiwan. The United States misunderstands Taiwan; part of the reason is the absence of official dialogue.
 - g. The PRC's "one-country, two-systems" formula is "nonsense" to Taiwan, and the idea of equating Taiwan with Hong Kong and Macao is inappropriate.
 - h. Regarding theater missile defense, or TMD, there is no consensus on Taiwan as of now, but whether Taiwan buys such a system or not, it will keep its options open.
 - i. Finally, Taiwan will continue to emphasize the importance of democracy and democratization in its relations with the PRC.
4. A Taiwanese participant from the DPP was critical of the Koo visit to the mainland on the grounds that Koo paid homage to Sun Yatsen and sang Chinese opera together with the PRC's Wang--all in order to appeal to Chinese nationalism--while "failing to address Taiwan's sovereign status strongly." The DPP also criticized Koo for not giving sufficient stress to the KMT's "new" argument that there are "two political entities." All this is detrimental to "Taiwan's defacto sovereignty," he maintained. The DPP member also reminded the other participants that in July 1998, the DPP issued a seven-point statement that included the following ideas: (1) Taiwan is already independent and sovereign; (2) any attempt to change Taiwan's *de facto* sovereignty should be agreed on through a referendum by Taiwan's people; (3) the DPP will continue to promote Taiwan's entry into the UN; (4) since Taiwan is not a part of the PRC, the "one-country, two-systems" approach cannot be applied to Taiwan; (5) all Taiwanese political parties should work together to achieve a national consensus on China policy. Finally, he said that the DPP is continuing to try to recast itself into a "status quo party" by redefining sovereignty as "status quo independence."

D. PRC Perspectives

1. A PRC participant close to the government strove to keep a balance between optimism and pessimism in his assessment of the Wang-Koo meeting and its aftermath. The positive side was the judgment that the meeting, in trying to promote understanding of "the true position of the other" and in trying to sweep away suspicions and misunderstandings was "extremely valuable." The meeting also provided the two sides with "the ground to consider ways for compromise." Although it is expected that ARATS and SEF will continue their dialogue, one should not be too optimistic about Cross-Strait relations in the near future. On key issues such as the "one-China" principle, ending the two sides' hostility, promoting the "three direct links" (trade, shipping, post and telecommunications), and Taiwan's policy of "go slow, no haste," the Taiwan authorities show no inclination to moderate their positions. Also, the Taiwan authorities still pin much of their hope on U.S. support, and, he said, Washington is committed to maintaining a "no independence, no reunification" status quo in order to check the growth of China. Increased arms sales to Taiwan and the recent visit to Taiwan by



Secretary Richardson are cases in point. In such circumstances, "there still is a long way to go before Cross-Strait relations can substantially improve."

2. Another PRC participant said that "it is the common wish of the whole Chinese people, including the Chinese people in Taiwan, to achieve national reunification," and repeating a phrase originally used by PRC President Jiang Zemin, he said that "the Taiwan issue cannot remain unsolved indefinitely." Also, he said that the two most pressing points now are (1) to end the state of hostility across the Taiwan Strait; and (2) to implement the "three links." The same PRC participant said that following the resumption of the Wang Koo dialogue, PRC perspectives for further promoting Cross-Strait relations contain the following elements: expanding exchanges, deepening understanding, holding dialogues, furthering cooperation, endeavoring to fight against separatism, and jointly seeking ways of achieving reunification.
3. A PRC participant, when specifically asked whether there is a sense of urgency in the PRC government about the reunification issue, said that a major concern about the independence trend on Taiwan has been expressed, particularly since the DPP won local elections. China is concerned that if it does not do anything, "somebody will take Taiwan away." And logic dictates now that Hong Kong and Macao are being returned to China, there should also be reunification with Taiwan. He said, however, that the PRC "will be careful in the use of force" and that the establishment of the "three links" would be an important step in promoting confidence between the two sides. He also said that he agrees with the view expressed by other participants that there is a "window of opportunity" for the PRC to deal with Taiwan's President Lee Teng-hui in the next year or so before the 2000 presidential election in Taiwan. Finally he noted that China values very much its relations with the United States and will be cautious in its foreign policy.
4. Another PRC participant said that he is "not optimistic" about Cross-Strait relations in the short run because Taiwan still favors "delaying tactics" but that it is dangerous "not to try to improve relations." He believes that Wang Daohan, who is scheduled to visit Taiwan sometime this spring, will try to "push Cross-Strait relations" forward.
5. The same PRC participant said that he had a few "personal suggestions" for improving Cross-Strait relations. First, on the controversial "one-China" principle, the PRC will try to seize on the "positive sign" in the Taiwan position (i.e., that there is "one China" but "two equal political entities"), and the solution will be for both sides to agree on "one China" but to leave the interpretation of "one China" to the future. Second, he said that ARATS and SEF need to establish an institutionalized mechanism for constructive political dialogue. But the PRC does not want to confine this dialogue to such petty issues as the registration of mail, and so on. Instead, it wants a mechanism for "substantive dialogue." He suggested that both ARATS and SEF could appoint subcommittees that will deal with controversial issues such as how to end the "diplomatic war" between the two sides.

E. United States Perspectives

1. An American participant presented his view of the "central strategies" of Beijing and Taipei in dealing with each other and the United States. According to him, the elements of Beijing's strategy toward Taiwan include the following: (1) inducing the United States, Japan, and Russia to make binding commitments to the "one-China" policy in order to build a "big power fence" around Taiwan that would realistically make infeasible aspirations for *de jure* independence; (2) trying to drive a wedge between the United States and Japan on their security relationship unless they specifically exclude Taiwan from the region of coverage; (3)



gradually reducing the number of states that recognize Taipei; (4) focusing limited modernization of the People's Liberation Army on creating the capabilities to inflict heavy costs on Taiwan for pursuing an independence course; (5) working to discourage Japan and Taiwan from falling under TMD coverage; (6) making the PRC a progressively more attractive economic partner to Taiwan businesses; and (7) promising Taipei preferential policies under the wide umbrella of one country, two systems.

2. The same participant said that the main elements of Taipei's strategy in dealing with the PRC and Washington include the following: (1) seeking functional talks with Beijing that do not imply any political subordination to the PRC; (2) talking about eventual reunification but fashioning preconditions (democracy and the equalization of wealth) that are sufficiently remote to nullify any possibility of reunification for a very long time; (3) continuing to seek expanded breathing space internationally; (4) using the PRC's limited military modernization and its missile buildup to justify more weapons purchases, particularly those that get the United States progressively more entangled in the island's security; (5) keeping a vigorous business relationship with the PRC so that Beijing will be reticent to forego the benefits of Taiwan's investment, while at the same time not permitting economic dependence on the mainland to become so substantial that Taiwan's freedom of maneuver is greatly diminished; and (6) making it clear to the U.S. executive branch that if it goes too far in accommodating PRC concerns, Taipei can and will play the "Congress card."
3. He concluded from the above that Cross-Strait tension and volatility are not problems that are going to go away with generational change or simply through increased interaction of the two sides. Instead, the combination of possible misunderstanding, possible miscalculation, and passion is dangerous, as everyone saw in March 1996.
4. He stated that some affirmative steps taken by all the parties would be helpful. One of the midterm goals should be to reach "at least an interim political understanding" that reduces Beijing's fears of a unilateral declaration of independence for a long period of time, reassures Taiwan that it will not be attacked or subjected to military pressure, and permits Taiwan to play a dignified role in the global community. To accomplish even this limited step will, the American participant said, require much more trust and mutual understanding across the Strait than currently exists. But building such trust should be the objective of the next confidence-building steps.
5. Among the specific confidence-building steps advocated by this (and other American) participants are the following: establishment of Cross-Strait discussions about how to implement the "three links"; the PRC "should begin to think of unilateral steps that would ease tensions, for example, sponsoring Taiwan's accession to the World Trade Organization (WTO) as a "customs territory"; the PRC and Taiwan should begin military-to-military (or security specialist) exchanges. He suggested also that Washington continue to make clear that reckless behavior by either side will not find American support or acquiescence.
6. Another American participant said that the recent elections in Taiwan demonstrate that there is a "responsible center" in Taiwanese politics that does not want a crisis with the mainland but does not want reunification either. Since the PRC does not want a crisis with Taiwan, this is good news. Nevertheless, he sees "destabilizing elements" possibly arising in the near future. Among the most serious of these is the PRC's continued production and deployment of missiles that threaten Taiwan. In response, Taiwan may flirt with the possibility of acquiring TMD, something that will almost certainly produce a sharp response in Beijing.



The same participant said that it is time to think more creatively about how to bring greater stability to the Cross-Strait relationship. He emphasized that none of his suggestions is now official U.S. policy. First, emphasis must turn away from both reunification and independence, neither of which are realistic, to the problem of how to maintain a "dynamic status quo" that emphasizes cooperation and relieves the greatest fears of each side-- independence and military pressure. Second, instead of each side getting hung up on the issue of whether dialogue should be on technical or political issues, each should drop the distinction between the two and simply talk about Cross-Strait issues in general. Third, the United States should try to get an agreement with the PRC on the PRC's accession to the World Trade Organization, and if it does, Taiwan would enter immediately thereafter and the PRC would support Taiwan's accession. But even if there is no agreement on the PRC's entry into the WTO, the PRC should encourage Taiwan's admission to the trade organization in order to demonstrate that it cares about the well-being of the people of Taiwan. In exchange for this unilateral gesture of goodwill, the PRC might then ask Taiwan to strengthen the "three links." If such an arrangement is made, it would have a very positive impact on the psychology of the status quo.

7. Another American participant stressed that there has been no change in official U.S. policy on the Cross-Strait issue. The United States continues to welcome the resumption of the Cross-Strait dialogue and stands by its commitment as contained in the three communiqués with the PRC and the legal requirements imposed by the Taiwan Relations Act (TRA).

He said that of all the trilateral, bilateral, and other "second track" for a on Cross-Strait issues that he has participated in (and there have been a number), the Roundtable sponsored by the National Committee on American Foreign Policy is "the most important forum for dialogue."

He went on to say that he is concerned that the military training and activities of both entities have increased the risk of accidents and provocations at a time when the ability of Taiwan and the PRC to communicate with each other is in doubt. Presently no political or military institutions exist to facilitate communication in a time of crisis. He urged both sides to consider the establishment of "hot lines" and to exchange views on sensitive military issues.

This U.S. participant said that he is concerned about the increase in the number and accuracy of Chinese ballistic missiles close to Taiwan. In 1992-1993 the PRC had only about 20-60 ballistic missiles with crude levels of accuracy. The consensus in the U.S. intelligence community now is that by the year 2002, the PRC will have 700-800 missiles with substantial levels of accuracy situated across from Taiwan. Once these facts are released to the American Congress and the American public, there is likely to be greater public concern.

8. The same U.S. participant said that there has been a big drop in the Taiwan people's confidence and trust in the PRC. In 1992-1993 substantial minorities on Taiwan had confidence and trust in the PRC, according to polls taken in Taiwan. Now the levels are somewhere between 2 and 5 percent.
9. He told the Roundtable that TMD is primarily conceived of in the United States as protection for U.S. forces stationed abroad and that no decisions had yet been made to include other countries or Taiwan in a TMD system. He said that there is little prospect for a linked architecture in the Asia-Pacific region, and he personally does not think this is a good idea. The United States is working on sea-based TMD, but as yet no successful tests have been made. TMD for Northeast Asia is being debated publicly as if it will soon be available, but a workable system, even for U.S. forces alone, is a decade or more away.



F. Recent Developments in Cross-Strait Economic Relations

1. An American participant noted that investment in mainland China by firms in Taiwan increased significantly during the first half of 1998 and that mainland China has become a more attractive investment target than Southeast Asia, where Taiwan's investment significantly declined in the first half of the year. He noted too that the PRC government continues to take steps to promote Cross-Strait trade and investment, and he observed that some of the leading Taiwanese business leaders are emphasizing the importance of investment on the mainland and are criticizing restraints on trade and investment maintained by the Taiwan government.
2. This participant noted that Taiwan is the third largest producer (after the United States and Japan) of information hardware products and that 23 percent of these products are made or assembled in mainland China. He anticipates that cooperation between Taiwan and mainland China in this field is likely to grow. Cooperation is also increasing in certain other industries. Plans have been made by Taiwan and PRC government agencies to explore jointly for oil in the South China Sea off Guangdong Province. The Taipei government has recently authorized the state owned Taiwan Power Company to enter into long-term contracts to purchase coal from mainland China for up to 20 percent of Taiwan's annual consumption. Taiwan's biggest cement producer is planning additional investments in South China. The Taiwan government, however, continues to warn against overdependence on the mainland and has declined to modify its "go-slow" policy on trade and investment.
3. In addition to trade and investment, there are significant Cross-Strait economic forms of interaction. In January 1998 the PRC minister of science and technology visited Taiwan. He was the first PRC minister to do so. At the same time, Taiwan's National Federation of Industries (CNFI) invited 97 mainland scientists to attend the first Forum on Cross-Strait Scientific and Technological Accomplishments and Exchanges. The mainland government also invited a number of private pronification groups and individuals from Taiwan to the PRC.
4. According to one U.S. participant, the most promising area for progress in improving Cross-Strait relations relates to the third point agreed to between Koo and Wang: "cooperation in protecting the lives and interests of countrymen." The American said that Taiwan has long urged working out an agreement on protecting the rights and interests of Taiwan investors on the mainland. Such an agreement would not only encourage increased Taiwan investment on the mainland, which is desired by the PRC, but it would also improve prospects for implementing the "three links."

G. Some Suggestions for Confidence-Building Measures to Increase Mutual Trust

1. There was a consensus among the participants that the level of mistrust between the two sides is still very high and possibly even growing and that it would be desirable for each side to think of unilateral and bilateral approaches designed to increase trust and reduce suspicions. It is important to try to change the psychology of Cross-Strait relations in a more positive direction by developing a variety of confidence-building measures.
2. Among the suggestions mentioned by some participants are the following:
 - o Establish Cross-Strait discussions about how to strengthen the "three" links.



- Begin military-to-military exchanges and exchanges among security specialists, and think about establishing a "hot line."
 - Think about unilateral gestures that could inspire confidence in the other side. For example, the PRC could sponsor Taiwan's accession to the WTO even if the PRC itself fails to gain admission to the trade organization in the near future.
 - Try to reach an agreement on protecting the rights and interests of Taiwanese investors on the mainland.
 - Establish an institutionalized mechanism between ARATS and SEF to discuss controversial issues. For example, establish a subcommittee to try to bring about an end to the diplomatic wars between the two sides.
 - Turn the focus away from both reunification and independence, neither of which is realistic, and toward solving the problem of how to maintain a "dynamic status quo" that emphasizes cooperation and relieves the greatest fears of each side pertaining to independence and military pressure.
 - Drop the artificial distinction between "functional" and "political" issues, and simply talk about Cross-Strait issues in general.
3. Several Americans suggested that although it is inappropriate for the United States to consider a more active role in Cross-Strait relations, Washington should continue to make clear to both sides that reckless behavior will not find American support or acquiescence.
 4. Several Americans suggested that in order to stabilize the status quo, the two sides should work on an interim agreement that would relieve the worst fears of each. To this suggestion a Taiwanese participant said that without an international agreement or mutual trust, such an agreement would be "just a piece of paper." He observed that although there was a nonaggression pact between Nazi Germany and Soviet Russia, that did not stop the Nazi attack on the Soviet Union. He concluded that although an interim agreement is not realistic, it is reasonable for Taiwan and the PRC to take gradual steps to increase trust.

H. U.S.-China Relations

1. A PRC participant said that the Taiwan issue should not have become an issue between the United States and China in the first place, but "historical circumstances" have made it the most sensitive and important issue in Sino-American relations. Looking ahead, he said, a "constructive strategic partnership" between the United States and China would provide "a stable environment for Cross-Strait relations." Future Sino-American relations, the PRC participant continued, will contain the following four components:
 1. Because the United States and China are "two weighty countries," the fact that neither views the other as an adversary will make it an important strategic relationship.
 2. Economic and trade relations will continue to be an important driving force.
 3. The two big powers have different values, ideologies, and political systems and should show mutual respect.



4. The Taiwan issue is the most sensitive in U.S.-China relations, and if handled improperly, "it could derail this bilateral relationship."
2. A U.S. participant said there are four reasons for cautious optimism about U.S.-PRC relations. First, both countries recognize that the relationship is crucial to all other issues of Asia. Second, there is a growing economic relationship. Third, the ideological barrier is declining as China moves toward a system he describes as "authoritarian pluralism." Fourth, China now recognizes the importance of Congress and the U.S. public.

U.S.-PRC relations can be improved, he said, if the two countries work together on certain issues. Most important, the Chinese image in the United States can be greatly improved if the PRC helps move North Korea away from its "militant isolationism" to involvement in the region. Also, there needs to be more interaction between the United States and Chinese militaries on a variety of security issues, including arms reduction. He also hopes that China will be admitted to the World Trade Organization soon. On the human rights issue, the U.S. participant urged the Chinese to allow political activity that is not truly subversive.

3. Another U.S. participant said that he is optimistic about U.S.-PRC relations over the long run because of shared strategic and economic interests. Nevertheless, he said that China needs to move to a "more open political system." He said too that there has been some "slippage" in the relationship since President Clinton's visit to China last summer. In the United States, Congress, the media, and some in the executive branch have been stirred up by China's crackdown on political dissent, and the forthcoming Cox Report on Chinese espionage will further muddy the waters. On the Chinese side, he said, in addition to the suppression of dissent, there are harsh new policies in Tibet, new restrictions on trade and investment, and a lack of help on crucial issues such as Korea. He agreed with other U.S. participants who said that in order to improve the relationship, the PRC needs to help the United States on important global and regional security issues and that Korea is the most important issue in Asia.
4. Another U.S. participant was more pessimistic about U.S.-PRC relations because of three changes he thinks likely in the Chinese domestic scene. First, strong economic growth will be replaced by slow growth. Second, political reform will be deferred. Third, political stability in China will give way to rising political instability. All this makes it likely that there will be an increase in Chinese nationalism, and this is bound to have an adverse impact on U.S.-China relations.
5. Several American participants indicated that the forthcoming visit of China's Premier Zhu Rongji to the United States will be important if progress is to be made in U.S.-China relations, particularly in reaching an agreement on China's admission to the World Trade Organization.

