

7 ER

NIO/EA
#9Current
Policy No. 398

Developing Lasting U.S.-China Relations

June 1, 1982



United States Department of State
Bureau of Public Affairs
Washington, D.C.

Following is an address by Walter J. Stoessel, Jr., Deputy Secretary of State, before the National Council on U.S.-China Trade, Washington, D.C., June 1, 1982.

It is a great pleasure to be here today. I know that you and the other members of the National Council on U.S.-China Trade have been deeply involved in developing a strong, mutually beneficial relationship between the United States and China. I can honestly say that without your constructive approach and persistent efforts, we would not have come as far as we have in our bilateral relations.

Fostering a lasting relationship between the United States and China has been a vitally important bipartisan objective for the last four administrations. A strong U.S.-China relationship is one of the highest goals of President Reagan's foreign policy.

Strong U.S.-China relations are not only critical for our long-term security but also contribute to Asian stability and global harmony. The United States and China are both great countries, strong and vigorous, with tremendous potential for promoting world peace and prosperity. As President Reagan noted in his letter to Premier Zhao commemorating the 10th anniversary of the Shanghai communique, "our contacts have embraced almost all areas of human endeavor."

We view China as a friendly country with which we are not allied but with which we share many common interests. Strategically, we have no fundamental conflicts of interest, and we face a common challenge from the Soviet Union. In areas such as trade, tourism, banking, and agriculture and in scientific, technological, and educational exchanges, a close, cooperative relationship has resulted in a productive flow of people and ideas between our two societies. It is for these reasons that the Reagan Administration believes it essential that we develop a strong and lasting relationship.

During the decade-long process of normalizing our relations, a number of principles upon which we base our China policy have emerged. These principles, which President Reagan has strongly endorsed, include our recognition that the Government of the People's Republic of China is the sole legal government of China and our acknowledgment of the Chinese position that there is but one China and that Taiwan is a part of China.

They also include a firm acceptance that the U.S.-China relationship, like all relationships between equal, sovereign nations, should be guided by the fundamental principles of respect for each other's sovereignty and territorial integrity and noninterference in each other's internal affairs. The relationship should be based on a spirit of consultation, cooperation, and strong efforts to achieve mutual understanding on the wide range of issues of interest to both of our countries.

The Reagan Administration is committed to pursuing a durable relationship with China based on these principles. President Reagan values the relationship highly and believes it is important to work together to expand the benefits to both countries. As he said in a recent letter to Vice Chairman Deng Xiaoping, "China and America are two great nations destined to grow stronger through cooperation, not weaker through division."

It is because of the importance that President Reagan places on the U.S.-China relationship that Vice President Bush recently visited Beijing as the President's personal emissary. We were highly pleased with the outcome of the Vice President's trip, both in terms of the reception he received and in terms of the clarity and quality of the high-level communication which it produced. We believe that both the United States and China saw in this visit the opportunity to demonstrate the high value each places on the relationship. We also believe that good progress was made in addressing the one serious issue that threatened good relations—Taiwan arms sales.

We are continuing our discussions with the Chinese on this complex, historical issue. We believe that so long as both sides demonstrate the statesmanship, vision, and goodwill that have characterized our relationship, we will be able to overcome our difficulties. Indeed, anything other than a successful outcome would be a great misfortune for both sides. The only beneficiary would be our common adversaries.

Reagan Administration Initiatives

It is not my purpose to address the Taiwan arms sale issue today. Indeed, public attention on this issue has tended to obscure the continuing progress which this Administration has made in carrying out important China policy initiatives. These steps play an important role in removing residual impediments to a relationship based on mutual trust. They will further strengthen the foundation for a durable long-term partnership between the United States and China.

These initiatives grew out of a thorough review of all aspects of U.S.-China relations conducted during the first 5 months of the Reagan Administration. They were launched just 1 year ago, when Secretary Haig visited Beijing. During his meetings, the Secretary reaffirmed our common strategic perceptions and announced new steps aimed at deepening our bilateral rela-

tionship. The subsequent implementation of this policy focused on four main areas—technology transfer, arms transfers, legislative restrictions, and consular relations. In the 11 months since the Secretary's visit, important progress has been made on all fronts.

We have substantially liberalized our export control policy toward China. This initiative has reflected not only a desire to expand business opportunities but also our strong national interest in contributing to China's modernization. We recognize that a secure, modernizing China is important to the United States from a global and strategic perspective. We strongly believe in supporting Beijing's ambitious efforts to improve the quality of life of more than one-quarter of the world's population.

Over the past year, there has been a dramatic rise in approvals of export licenses for China. Since July of 1981 through March of this year, 1,203 license applications were approved. This represented an increase of nearly 40% over the prior 9-month period.

A recent White House directive reaffirmed this policy of substantial liberalization, emphasizing that U.S. export policy "should support a secure, friendly, and modernizing China" and underscoring the importance of "prompt and full implementation" of the President's June 4, 1981 decision. This new directive should give additional impetus to our efforts to expand trade relations. I fully expect that as U.S.-China relations continue to advance, there will be important further progress.

Another area in which we have opened the way to future cooperation is in arms transfer policy. During his June 1981 visit to Beijing, Secretary Haig announced that we were prepared to cooperate with China in this area on the same case-by-case basis governing U.S. arms transfers to all other nations. In December 1981, we lifted the historical bars on munitions sales to China.

The Administration also recognized that the increasing flow of businessmen, tourists, and students between the United States and China made it imperative that we establish regular consular relations. Accordingly, Secretary Haig rapidly concluded negotiations on a consular convention which was ratified last fall and came into force this year. Since the differing social systems of the two countries at times lead us to take differing views on some issues involving our citizens, the convention provides important protections for Americans in China. We intend vigorously to uphold its provisions, not only in letter but in spirit.

The Administration conducted a thorough review of legislation affecting our relationship with China. The review identified three areas in which outdated laws discriminated against China in ways inconsistent with our current strategic relationship. These were: eligibility for foreign assistance, PL 480, and the importation of seven previously banned furskins.

Congressional reaction to these proposals has been positive. We have no plans to extend PL 480 and are only contemplating limited technical assistance through Chinese involvement in established programs. However, these are important symbolic gestures, which we hope will contribute to a relationship based on equality, mutual benefit, and mutual respect.

The Growing Relationship

I would now like to share with you some of my thoughts about the value of the U.S.-China relationship, both past and future. We have made tremendous strides and will seek continued progress in the years ahead.

To start with, the strategic benefits that we see now—some 10 years after the beginning of rapprochement—have been substantial. It is an obvious but often overlooked and vitally important fact that the United States and China no longer face each other as hostile adversaries and no longer need to deploy forces against one another. This has made a tremendous difference to both nations and will continue to be of critical importance to planners on both sides.

The relationship has been important to our entire global strategy. U.S. and Chinese security policies are basically compatible. The relationship has supported our alliance structure and enhanced China's ability to deal with challenges to its security. In many areas of the world our economic assistance and political relationships have been mutually reinforcing.

To turn to specific areas, our consultations with the Chinese on Kampuchea have been an important complement to our cooperation with the ASEAN [Association of South East Asian Nations] nations in attempting to turn back Vietnamese aggression. In Afghanistan and Southwest Asia, the United States and China have maintained closely parallel policies, recognizing that the entire region is threatened by a southern thrust from the Soviet Union.

Indeed, even where we disagree, the very fact that we can maintain a high-quality dialogue on international issues is an important byproduct of the relationship. In one area which we approach in different ways—the Korean Peninsula—our good relations have been an important factor fostering regional stability.

Bilaterally, of course, there have been major benefits. U.S.-China trade is of tremendous importance to our nation. Its volume has increased dramatically, and its potential for further expansion remains great. We were pleased, for example, to see Premier Zhao Ziyang receiving important American businessmen recently even at a time of difficulty elsewhere in U.S.-China relations. The Premier's reception of Mr. Phillips [Christopher H. Phillips, President, National Council of U.S.-China Trade] and Mr. Tappan [David S. Tappan, Jr., President and Chief Operating Officer, Fluor Corporation] are strong indicators that the importance we continue to attach to building a long-term commercial relationship is reciprocated at the highest levels in China.

It is impressive to note the levels of cooperation that already exist between our two countries.

- The volume and value of bilateral trade have been increasing dramatically. China is now our 14th largest trading partner.

- U.S. agricultural sales to China were around \$2 billion in 1981. China has thus become our fifth largest market for agricultural products.

- There are currently over 8,000 Chinese students in the United States. They are now the largest group of students from another country to be studying here. Hundreds of Americans have also studied or done research in China.

- Tourism and other travels between the two countries have grown to massive dimensions. Tens of thousands of Americans visit China annually. Official delegations are already numerous and are increasing.

- At last count some 80 American companies have established permanent offices in Beijing. Many companies with representatives in Hong Kong or Tokyo are also involved in frequent business discussions with the Chinese.

- Opportunities for joint ventures are growing. The Chinese recently adopted a joint venture law that establishes a legal framework for such undertakings. Under the auspices of the U.N. Industrial Development Organization, the Chinese have announced 130 joint ventures open to foreign participation.

- Our two governments have begun to explore the possibility of a bilateral investment treaty which would further facilitate U.S. investment in China.

- We have also been conducting discussions with the Chinese on the possibility of an agreement for peaceful nuclear cooperation, which would enable us to compete commercially in the development of China's nuclear power program.

- Exchanges have increased substantially in the science and technology area. During 1981 dozens of delegations were exchanged, and three new protocols were signed—bringing the total number of protocols under our bilateral science and technology agreement to 17. The benefits to both sides in this area, which span a wide variety of fields ranging from health to earthquake studies, have proven to be even more impressive than we had foreseen.

Conclusion

In conclusion, I would like to emphasize again that the Reagan Administration values the U.S.-China relationship very highly. That relationship must be based on the principles of equality and mutual respect. We will continue to work closely with the Chinese leadership with the objective of resolving the Taiwan arms sales issue. We will seek to expand cooperation with China in areas where our interests are parallel or complementary.

American foreign policy is sometimes accused of being shortsighted and of operating in a 4-year context. It is clear from the record of four administrations that this is not the case with China. U.S. foreign policymakers clearly recognize that it is not in our interest to perpetuate the hostility that existed between the United States and China but to look ahead to decades of close Sino-American cooperation.

I believe that the coming years will see the development of an even deeper and more extensive relationship between our two great countries. We at the State Department would welcome your thoughts on areas that remain to be explored and initiatives for the future. With your help we can forge a lasting relationship of mutual benefit to both the United States and China that will take us well into the 21st century. ■

Published by the United States Department of State • Bureau of Public Affairs
Office of Public Communication • Editorial Division • Washington, D.C. • June 1982
Editor: Colleen Sussman • This material is in the public domain and may be reproduced without permission; citation of this source is appreciated.

Bureau of Public Affairs
United States Department of State
Washington, D.C. 20520

Postage and Fees Paid
Department of State
STA-501



Official Business

Third Class Bulk Rate

If address is incorrect
please indicate change. ►
Do not cover or destroy
this address label.