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## Quotes Of The Month

"How we deal with China's rising power is a central question in American foreign policy...Tonight I have suggested that the U.S. response should be to help foster constructive action by transforming our thirty-year policy of integration: We now need to encourage China to become a responsible stakeholder in the international system." ~ Deputy Secretary of State, **Robert Zoellick**, speaking at the National Committee on U.S.-China Relations' gala dinner. Zoellick called for China to embrace an open, democratic government and play a more responsible role in the international community. He further explained that "Cooperation as stakeholders will not mean the absence of differences – we will have disputes that we need to manage."

**Source:** U.S. Department of State, September 21, 2005

## Trivia Question

How many potential luxury goods consumers are there in China?

(*cont pg 3*)

## FEATURE ESSAY

### U.S.-China Military Relations: The Time is Right To Deepen The Dialogue

BY DAVID M. FINKELSTEIN

During his September 2005 visit to China Admiral William J. Fallon, Commander of the U.S. Pacific Command, made clear the United States is positively inclined to work with Chinese counterparts to enhance bilateral military relations. Coming in advance of Secretary Rumsfeld's October visit, Admiral Fallon's remarks suggest the two defense establishments may seek to adjust their military relationship.

Clearly, the military relationship needs adjustment. Both the Americans and Chinese agree that military relations should comport more closely with their deepening economic ties and broadening political interactions. Equally needed is a sustainable military relationship that can address the changes in the larger Asian security environment, serve as the basis for cooperation on the security issues that unite the two nations, and – especially important – manage those issues that *divide* the two militaries.

It is essential that the PLA and DoD succeed. A positive and constructive relationship between the world's most powerful military and the region's largest modernizing military will contribute to stability and confidence within the region. It is absolutely critical that these two militaries find a way to reduce growing mistrust and manage the tensions between them.

Crafting such a relationship will not be easy. Since 1980, the history of U.S.-China military relations has been replete with false starts, wild swings between elation and disappointment, domestic political constraints in both capitals, divergent objectives, and systemic disconnects between the two defense establishments.

Even *sustaining* military relations has been difficult over the years. Military contacts have often become the expendable link between Washington and Beijing, even as other dimensions of the relationship survived bilateral difficulties. On various occasions military relations have been completely suspended or dramatically curtailed. The most current downturn came in the wake of the EP-3 incident in April 2001. While the relationship was not severed completely, neither has it been fulsome. Hence, Secretary Rumsfeld's upcoming visit holds out the prospect for deepening interaction at the strategic level. (*cont pg 2*)

## In The News

**BEIJING** After a month-long recess, negotiators from six nations reached agreement on September 19, under which North Korea pledged to dismantle its nuclear arms program in return for recognition and aid from the United States and its Asian allies. The landmark agreement was achieved on the basis of a compromise proposal put forward by China in an effort to bridge differences between the United States and North Korea. However, it was followed the next day by North Korea's claim that it would not start the dismantlement until the U.S. first provides a light-water nuclear reactor. The U.S. dismissed Pyongyang's demand, stressing that North Korea must agree to international supervisions before its demand could be seriously considered.

**WASHINGTON** China and the United States held a new round of textile negotiations from September 26 to 28. The new meetings came after U.S.-China textile talks in Beijing ended late last month with no agreement. Despite progress in narrowing differences made during this round, the two sides again failed to reach agreement on a deal to limit a flood of Chinese clothing and textile imports coming into the United States. Negotiators said that they had not determined the location and start date for the next round of textile talks but would meet again in October.

Even in the best of times the military relationship has been frustrating due to systemic differences between the two defense establishments. The U.S. military comfortably deals with all manner of foreign counterparts. It is a foreign-based, forward-deployed, and outward-oriented military. The PLA is not. The PLA generally feels most comfortable in military relationships with nations that are less capable than China, with those from the developing world, and with advanced militaries with which Beijing has no serious political difficulties or military tensions. Institutionally, the Pentagon has broad authority to craft military relations within the greater scope of U.S. foreign policy. The Chinese defense establishment is much less agile. The tortuous path of coordination within the Chinese system moves at a snail's pace.

These and other systemic disconnects created difficulties during the late 1990s, as the military relationship started to pick up momentum in the wake of the Taiwan Strait crises of 1995-1996. From the Pentagon's perspective the PLA appeared to be "foot dragging" on a host of U.S. initiatives. The PLA's frustration was that the U.S. side wanted to "move too fast" in too many areas in the absence of agreement on strategic principles.

Traditionally the largest systemic disconnect has been how to measure success. For the PLA success has been gauged by "who they see," whereas the U.S. side often measures success more by "what they see." For the PLA military relations are ultimately viewed as a political act, whereas for the Pentagon military relations are usually crafted to achieve a tangible result. To oversimplify, one side prefers symbolism and the other prefers functionalism.

But that was then, and this is now. Both sides recognize Secretary Rumsfeld's impending visit is important. The results of this visit may very well shape the symbolic tenor and functional scope of the military relationship for the next few years.

Today, both sides appear to agree that the military relationship should be treated as a critical strategic-level component of U.S.-China relations which, in turn, requires that it be deepened at the strategic level. Both sides are looking for reassurance of non-hostile intent from the other. Finally, both sides are seeking to find areas where they can build confidence between their respective military establishments and cooperate to meet common security challenges of the day – all within the constraints imposed by domestic and institutional imperatives.

The challenge will be in operationalizing these shared objectives during a recent period of increasing mutual wariness. Both sides are going to have to meet the other half way.

The U.S. side will have to accept that a certain amount of symbolism will continue to be part of its interactions with the PLA, if for no other reason than the larger domestic milieu in which the PLA operates demands it. The Pentagon will have to be reasonably patient with the painfully slow process by which the PLA staffs important initiatives. Moreover, within the legal framework imposed by the National Defense Authorization Act of FY 2000, the U.S. side should not be reluctant to consider functional exchanges between its professionals and their Chinese counterparts as long as the PLA is prepared to reciprocate.

For its part, the PLA is going to have to recognize very clearly that the U.S. Department of Defense, especially under its current leadership, is not inclined to engage merely for engagement's sake. Building strategic-level confidence between the two sides requires the PLA to contemplate a level of transparency that the Chinese would find uncomfortable at best. Enhanced transparency by the PLA will ultimately prove to be the best argument to support claims by the Chinese that the Pentagon is unnecessarily hyping the potential threat posed by a modernizing PLA. Additionally, the citing of Chinese bureaucratic inertia by the PLA as a reason for not responding to U.S. suggestions can only work for so long before it will be viewed by the Pentagon as stonewalling and a lack of interest.

Finally, both the PLA and the DoD should work together to treat the accredited military attaches stationed in each other's capitals in such a manner that they are not excluded from opportunities afforded those from other nations, are given appropriate access to the host governments, and are treated as the military representatives of two great nations who must find a way to work together.

When all is said and done, the most important accomplishment that can come out of Secretary Rumsfeld's visit to China is not the usual agenda of future functional exchanges and high-level visits. These activities are necessary for building confidence, but not sufficient. A more encouraging achievement would revolve about higher-level initiatives. First, agreement by the two sides to work seriously toward establishing new venues, or deepening existing ones, aimed at raising the level of discourse to build confidence at the strategic level and reduce mistrust. Second, agreement to work toward the establishment of new mechanisms, processes, or procedures to reduce the possibility of miscalculation, avoid crises, or manage crises should they occur between the two sides or in the region.

Making progress on these fronts will go a long way toward contributing to the positive aspects of the overall bilateral relationship. Failure to do so may have dire consequences during critical moments in an increasingly complex Asian security environment.

**Dr. David M. Finkelstein is the Director of Project Asia and the China Studies Center at the CNA Corporation in Alexandria, Virginia.**

## PUBLICATIONS

*"Taiwan: When No News is Good News"*, Asia Times, October 8, 2005

By **Chin-Hao Huang**, Researcher, Freeman Chair in China Studies, CSIS

Huang comments on Taiwanese President Chen Shui-bian's recent visit to eight countries including a stopover in the U.S. He argues that Chen has adopted a more subtle and pragmatic diplomatic approach to mend fences with Washington. With an uneventful stopover, Chen demonstrated a clearer understanding of what it takes to reverse negative trends in Washington-Taipei relations, foster trust and reliability among friends, and move relations toward a more constructive course.

*"Injecting and Infecting: Stigma and Zero Tolerance in China"*, Global AIDSLink, September/October 2005 - #93

By **Drew Thompson**, Assistant Director of the Freeman Chair in China Studies, CSIS

Chinese translation available online. [[Click here](#)]

Thompson analyzes how stigma and zero tolerance have fueled the HIV/AIDS epidemic among intravenous drug users particularly in Southwest China. The root causes of stigma are complex, driven in part by multiple misconceptions about the cause of HIV transmission and entrenched distaste for the socially unacceptable practices of drug use or "promiscuous" sex. Meanwhile, due to a zero tolerance policy, drug addicts are frequently afraid of being caught by the police while carrying needles, causing them to discard syringes after use, with no guarantee that they will be able to find a clean one when they need it next. Thompson argues stigma and zero tolerance cause both HIV-positive persons and those at greatest risk of contracting HIV to avoid contact with health officials, a behavior that negatively impacts the effectiveness of both prevention and treatment efforts.

## CONFERENCES AND EVENTS

**September 26** *Building a "Harmonious Society" in China: Non-Governmental and Faith-Based Organizations as Agents of Social Change and Stability*

[[Click here](#) for conference agenda and powerpoint presentations.]

The conference transcript and summary will soon be posted on our website.

The conference was organized in cooperation with the Pew Forum on Religious & Public Life and with generous support from the Maclellan Foundation. The conference aimed to go beyond a narrow focus on political, military and economic issues in U.S.-China relations, and examine new data and developments concerning the emergent role of private civic and non-profit organizations in China in the areas of education, health, and charity. During the one-day conference, presenters from non-profit, policy and academic institutions in China and the U.S. covered topics including the transformation of Chinese non-profit organizations, the development of Chinese faith-based organizations, and the role of international non-governmental organizations in China. **The Honorable Chuck Hagel**, U.S. Senator from Nebraska, and **Dr. Thomas Fingar**, Deputy Director of National Intelligence, delivered keynote remarks.

**August 31** *Roundtable with Deputy Chief of Mission Zheng Zeguang, Chinese Embassy* [[Click here](#) for event summary]

**Minister Zheng Zeguang**, Deputy Chief of Mission of the Chinese Embassy in Washington, on behalf of Chinese Ambassador Zhou Wenzhong, spoke to a roundtable at CSIS with a group of China scholars and policy experts. The two-hour meeting addressed President Hu Jintao's planned visit to the United States. Minister Zheng's presentation was followed by an insightful and constructive conversation among the audience of leading China watchers from nongovernmental organizations, the private sector, and Capitol Hill.

## WHAT'S NEW

We are pleased to announce that Melissa Murphy has joined the Freeman Chair as research associate. She previously interned with the Freeman Chair. Prior to CSIS, she worked as a China trade specialist with the international law firm Dewey Ballantine. Before receiving her M.A. in East Asian studies at Harvard, Melissa worked in Hong Kong and Okinawa, Japan for FBIS, monitoring political and economic developments for US Government officials. She focuses her current research on China's domestic political and economic issues.

To learn more about the Freeman team, please visit our [staff bio page](#).

## TRIVIA ANSWER

**There are about 500,000 millionaires in China today (in U.S. dollar terms), and an estimated 30 million more people who can afford luxury products.** Most of those are not yet regular luxury buyers, but many aspire to that lifestyle. According to a new survey by Ernst and Young, China is expected to surpass the United States to become the world's second largest consumer of luxury goods within a decade.

**Source:** *"China Luxury Goods Consuming"*, BBC, September 29, 2005

## PUBLICATIONS FROM THE FREEMAN CHAIR 2004/2005\*

\* Please visit our website to access archived publications dating back to 2002.

### September

"*Diverging Paths Hurt U.S. and Europe*", International Herald Tribune, September 6, 2005  
By **Bates Gill**, Freeman Chair in China Studies and **Robin Niblett**, Director of Europe Program, CSIS

### August

"*China's Emerging Interests in Africa: Opportunities and Challenges for Africa and the United States*", African Renaissance Journal, July/August 2005

By **Drew Thompson**, Assistant Director of the Freeman Chair in China Studies, CSIS

"*Bringing China Closer to the Market*", Asia Times, August 02, 2005

By **Dag Detter**, founder and director of Detter & Co., and former Director and head of the Division for State Owned Companies of the Ministry of Industry in Sweden, and **Sue Anne Tay**, Research Assistant, Freeman Chair in China Studies, CSIS

### July

"*China's Asset Management Companies a Liability*", Asia Times, July 7, 2005

By **Sue Anne Tay**, Research Assistant, Freeman Chair in China Studies, CSIS

"*The 'People's War' Against Drugs and HIV/AIDS*", China Brief, Jamestown Foundation, June 21, 2005

By **Drew Thompson**, Assistant Director, Freeman Chair in China Studies, CSIS

"*China Confronts HIV/AIDS*", Population Reference Bureau, June 2005

By **Drew Thompson**, Assistant Director, Freeman Chair in China Studies, CSIS

### June

"*China's Evolving Approach to Counterterrorism*", Harvard Asia Quarterly, Winter/Spring 2005

By **Bates Gill**, Freeman Chair in China Studies, CSIS and **Melissa Murphy**, Research Associate, Freeman Chair in China Studies, CSIS

### May

"*Beijing's Participation in UN Peacekeeping Operations*", China Brief, Jamestown Foundation, May 10 2005

By **Drew Thompson**, Assistant Director, Freeman Chair in China Studies, CSIS

### April

"*China and India: Rivals or Partners?*", Far East Economic Review, April 2005

By **Prमित Mitra**, Research Associate, South Asia Program, CSIS and **Drew Thompson**, Assistant Director, Freeman Chair in China Studies, CSIS

### March

"*China's Global Strategy for Energy, Security and Diplomacy*", The China Brief, Jamestown Foundation, March 29, 2005

By **Drew Thompson**, Assistant Director, Freeman Chair in China Studies, CSIS

### February

"*Tsunami Relief Reflects China's Regional Aspirations*", The China Brief, Jamestown Foundation, January 18, 2005

By **Drew Thompson**, Assistant Director, Freeman Chair in China Studies, CSIS

### January

"*Taiwan's Election Results: Good News, Bad News, Or No News?*", The China Brief, Jamestown Foundation, January 4, 2005

By **Bates Gill**, Freeman Chair in China Studies and **Drew Thompson**, Assistant Director, Freeman Chair in China Studies, CSIS

### December

"*Economic Growth and Soft Power: China's Africa Strategy*", The China Brief, Jamestown Foundation, December 7, 2004

By **Drew Thompson**, Research Associate, Freeman Chair

"*Women and HIV/AIDS in China*", CSIS HIV/AIDS Task Force, Freeman Chair website, December 1, 2004

By **Drew Thompson**, Research Associate and **Amy Phariss**, former Research Intern, Freeman Chair

## FREEMAN FACTS:

### Education in China

1. China spends 3.2% of its GDP, or \$56 billion, on education.
2. The adult literacy rate (age 15+) in China is now approximately 90%.
3. The total enrollment of Chinese students in primary, junior secondary and senior secondary schools is approximately 218 million, which is larger than the combined total population of Japan and South Korea.
4. Only 40% of junior secondary school graduates in China continue to attend senior secondary schools.
5. Within China's 120 million internal migrants, 8 million are of school age. In Beijing alone, there are 340,000 migrant children who are not permitted to attend the city's schools.

**Sources:** Business Week, World Bank

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Center for Strategic and International Studies 2005

### THE FREEMAN CHAIR IN CHINA STUDIES

**Bates Gill**, Freeman Chair in China Studies

**Andrew Thompson**, Assistant Director

**Savina Rupani**, Special Assistant to the Freeman Chair and Program Coordinator

**Xiaoqing Lu**, Research Associate

**Melissa Murphy**, Research Associate

**Hsiang-Nien Hsu, Chin hao Huang & Jin Yan**, Research Interns

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## About the FREEMAN CHAIR IN CHINA STUDIES

The *Freeman Chair in China Studies* was established at the Center for Strategic and International Studies in 1994 to advance the study of China and to promote understanding between the United States and the countries of the Asia Pacific region. The Freeman Family—Luther Freeman as a clergyman, Mansfield Freeman as a scholar-business leader, and Houghton Freeman as a corporate executive in a global enterprise—have established a tradition of contributing to international understanding through practical experience in East Asia and China.

The United States has a long-standing relationship with China and the countries of East Asia, which play increasingly important roles in future international economics, politics, culture, and security. In the diplomatic, public policy, business, and government fields, the peoples of both China and the United States will benefit from greater mutual appreciation and understanding through broadly based international exchange.

The Freeman Chair's active policy-oriented agenda is dedicated to delivering informed public policy debates, expert briefings, and strategic policy recommendations on Greater China and East Asia to the diplomatic, policymaking, business, and government arenas.

### Current research projects

- China's domestic challenges and their consequences for U.S.-China relations and U.S. strategic interests
- The emergence of Chinese civil society and nongovernmental organizations
- China's HIV/AIDS crisis and its implications for U.S.-China relations
- Examining the economic, trade, and financial tensions in U.S.-China relations
- China's relations with key regions--including Central Asia, Europe, and Africa--and their implications for the United States
- China's military modernization and its impact on regional security
- U.S-China-Taiwan relations

To learn more about our program and ongoing research projects, please visit our website at <http://www.csis.org/china/index.cfm>.