
Clinton Presidential Records Mandatory Declassification Review

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NSC PRINCIPALS COMMITTEE MEETING ON CHINA

DATE: November 10, 1993
LOCATION: White House Situation Room
TIME: 3:00 p.m.

CHINA

Agenda

- I. Introduction and Summary of China Strategy and Process of Implementation; lead-up to Nov. 19 Seattle meeting between the President and Jiang Zemin. NSC
- II. Analysis of gaps between U.S. and Chinese non-papers . STATE
- III. Reports on Recent High-level Exchanges . . . STATE/DOD/USTR
- IV.

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- V. Review of incentives and disincentives to move China on our agenda; seek decisions on specific actions where possible, at least in principle pending necessary Hill consultationsSTATE
- VI. Discussion of congressional strategy for managing China policy up through MFN next springSTATE
- VII. Summary of conclusions; next steps before President's meeting with Jiang; key objectives for that meeting. . . NSC

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2015-0221-M 05/26/16 KDE

Bilateral Issues

301 market access investigation

Background: The US delegation continued to press Beijing to live up to its memorandum of understanding commitments on increases in quota limits during 15 September meetings in Beijing.

Looking Ahead: Many other of China's market access commitments have a 31 December deadline.

Market access in services

Background: The United States has begun meeting with the Chinese to urge opening of the service sector.

Textile transshipments

Background: Beijing has enacted new legislation, but reporting indicates transshipments continue. The Sino-US bilateral textile agreement expires in December and Beijing is responding negatively to US demands to include anti-transshipment language in a new accord. Beijing is also threatening undefined retaliation if Washington reduces China's textile quota to cover previous years' overshipments.

Exchange rate manipulation

Background: The US Department of the Treasury announced in May that China continues to manipulate its exchange rate. Bilateral and multilateral consultations on this issue are continuing during China's GATT accession process.

Looking Ahead: The US Treasury Department is in the process of its latest review of China's exchange rate regime; the report is due out in late October.

Intellectual Property Rights

Comment: Beijing appears to be complying with its commitments to adopt new legislation under the January 1992 bilateral accord, but weak implementation of regulations continues to cause concern.

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Bilateral Issues (cont.)

Prison labor exports

Background: China and the United States signed the memorandum of understanding on prison labor exports in August 1992.

Looking Ahead: Beijing is pressing Washington to close two cases involving the Beijing First Labor Reform Unit before granting a meeting with the US Embassy on recent cases referred by the United States.

Human rights

Background: China decided in mid-August to prevent labor activist Han Dongfan from reentering the country and revoked his passport, and a Chinese journalist was prevented from leaving the country and detained in early October. Democracy Wall-era activist Wei Jingsheng was released from prison after serving 14 years of a 15-year sentence for revealing "military secrets." US Assistant Secretary of State for Human Rights and Humanitarian Affairs John Shattuck visited China in mid-October for official talks.

Missile Technology Control Regime

Background: China agreed to abide by the guidelines and parameters of MTCR upon the US lifting of sanctions on satellite technology effective on 23 March 1992. Following a July 1993 fact-finding mission to Beijing by US Under Secretary of State for International Security Affairs Lynn Davis, the United States determined that China had shipped M-11-related equipment to Pakistan in violation of its MTCR commitment and, in August, imposed sanctions on the Chinese Ministries of Aerospace Industry and Defense. The sanctions prohibit for two years the export of controlled items to, contracts with, or imports from the sanctioned entities.

Bilateral Issues (cont.)

Sino-US space launch accord

Background: M-11 missile-related sanctions imposed on Beijing in August effectively prohibit the Chinese from fulfilling new contracts to launch US-manufactured satellites and block US exports to China of satellites and related components and technologies for up to two years. China, however, will be allowed to proceed with three launches of US-built satellites for which US export approval was granted before the imposition of sanctions.

Looking Ahead: Annual bilateral consultations on a 1989 Sino-US commercial launch trade accord are scheduled for November, during which talks on the extension or renewal of the pact--scheduled to expire in 1994--will commence.

US arms sales to Taiwan

Background: Beijing reacted sharply to last year's US F-16 sale to Taiwan, but limited its official response to a suspension of its participation in UN Perm-5 discussions on Middle East arms control. Recent additional US arms sales to Taiwan and the Senate Foreign Relations Committee vote to remove the ceiling on US arms sales to Taiwan evoked critical responses from China.

Comment: China does not consider the issue settled and, over the longer term, hopes to engage Washington in regular consultations on its future arms sales to Taiwan. To encourage such a dialogue, China is closely linking its missile proliferation behavior to US arms sales to Taiwan as a "regional arms control issue" of concern to China.

Chinese leaders may ignore the economic and diplomatic costs to Sino-US relations if they perceive that Taipei is openly moving toward independence or that foreign actions--including new arms sales to Taiwan--are directly challenging Beijing's claimed sovereignty over the island.

Multilateral Issues

General Agreement on Tariffs and Trade

Background: The 15th working party on China's GATT accession, which met 28 September-1 October, began to compile lists of issues for inclusion in the protocol. The United States met with its allies on the margins of the meeting to discuss a possible joint draft protocol.

In the third working party meetings on Taiwan's GATT accession in late June-early July, Taiwan requested a transition period for its sectors to adjust to GATT principles. In the fourth working party meetings held 12-15 October, Taiwan continued to resist bringing its trading policies in line with GATT rules, refusing, for example, to join the Government Procurement and Civil Aircraft Codes at the time of accession.

Looking Ahead: The next China working party will be held early next year. The next Taiwan working party will convene in Geneva in February or March 1994.

Nuclear Non-Proliferation Treaty

Background: Beijing acceded to the NPT in London on 9 March 1992.

Comment: NPT accession does not preclude nuclear cooperation with states such as Iran, which the US has said should not receive any type of nuclear assistance. In February, China and Iran finalized a contract for Beijing to supply two civilian power reactors in a deal likely worth \$1.5 billion. Given China's longstanding ties to Pakistan's weapons programs, we believe that Chinese nuclear specialists continue to have contact with Pakistanis involved in nuclear weapons development.

Looking Ahead: The United States supports a proposal that the Nuclear Suppliers Group mission to China scheduled for October respond to questions that China may have about the Zangger Committee (comprised of nuclear suppliers that are party to the NPT; China is not a Committee member).

Multilateral Issues (cont.)

Nuclear testing

Background: China carried out an underground nuclear test on 5 October. Beijing refuses to commit definitively to a nuclear testing moratorium, links its participation in a nuclear test ban to no-first-use assurances by all nuclear weapons states, and routinely calls for the "complete prohibition and thorough destruction" of all nuclear weapons.

Comment: China's decision to proceed with its testing program was driven by its need to modernize its nuclear force, built largely using 1960s and 1970s technology. Although Beijing has not rejected the possibility of a comprehensive nuclear test ban treaty that might take effect in the mid-to-late 1990s, it has raised obstacles to Chinese participation. At a minimum, Beijing will insist on its testing options and will continue to try to make a ban contingent on drastic future US-Russian nuclear arms reductions.

Chemical Weapons Convention

Background: China signed the CWC in January 1993 and is participating fully in the Preparatory Commission meetings which are scheduled for at least the next year and a half. Veteran Chinese arms control negotiator Li Changhe has been confirmed as Deputy Executive Secretary. The MFA reportedly expects the outcome of the PrepCom meetings to be acceptable and that Beijing will ratify the agreement. However, the Chinese Government has promised its military that it will withdraw from the convention before submitting to any inspection which would threaten China's security.

North Korean developments

Background: China cautiously supported UN Security Council efforts to persuade North Korea to return to the NPT, which succeeded on the eve of the 12 June deadline. Beijing has hosted two rounds of bilateral talks between US and North Korean officials on the issue of resolving remaining points of contention over P'yongyang's nuclear capabilities.

Multilateral Issues (cont.)

North Korean developments (cont.)

Comment: Above all, the Chinese want to prevent instability on the Korean Peninsula. Beijing secretly dispatched several senior delegations to P'yongyang during the nuclear impasse, and Politburo member Hu Jintao recently ended an official visit to North Korea, during which he may have discussed international concerns about the North's activities.

Arms Control in the Middle East

Background: No UN Perm-5 ACME meetings have been held since May 1992. China withdrew its participation in the ACME talks in August 1992 after the United States announced it would sell F-16 fighter aircraft to Taiwan.

Comment: China's decision to suspend--rather than unequivocally preclude--further ACME participation suggests Beijing is leaving open the option to return to the talks at some point.

Monitoring of sensitive technology transfers

Background: China in 1992 introduced several arms sales policymaking and technology transfer monitoring groups--such as the State Military Export Administration Commission (SMEAC), which it unveiled at the Sino-US "MTCR experts meeting" in March 1992. The SMEAC is reportedly administered by the Foreign Ministry, while other groups with such decisionmaking authority appear to have been weighted to gain military and defense industrial input. Chinese officials have claimed that Beijing has export controls in keeping with the CWC, which it signed in January 1993.

Multilateral Issues (cont.)

Comment: The absence of information from Beijing concerning the SMEAC and other monitoring groups since their introduction makes it difficult to confirm their effectiveness or even their existence on more than paper. For example, the inspection of the *Yin He* in early September appears to have alerted Beijing to gaps in its chemical oversight capabilities. It took nearly two weeks for the Chinese Government to respond to US demarches concerning the reported shipment of thiodiglycol, during which it conducted an internal investigation involving six ministries.

Asia-Pacific Economic Cooperation

Background: China has accepted President Clinton's invitation to attend this November's leaders' summit during the APEC ministerial in Seattle. Beijing will accept Taiwan's participation at both the ministerial and summit, but only at a reduced level of representation.

Comment: Beijing wants to avoid lending political legitimacy to Taiwan authorities by allowing their representatives to participate in the meeting as equals with the Chinese. At the same time, the Chinese want a trouble-free summit and are probably gambling that, if push comes to shove, most if not all of the forum's other members will support Beijing on this issue. China is pleased that President Clinton will hold a bilateral meeting with President Jiang Zemin on the periphery of the leaders' summit.

NATIONAL SECURITY COUNCIL DEPUTIES COMMITTEE MEETING

DATE: February 6, 1995
LOCATION: White House Situation Room
TIME: 4:00 - 5:00 p.m.

- I. EO 13526 1.4c
- II. An Overview of the Relationship:State
What are our objectives/interests during this period?
- III. Discussion of General Goals/TacticsAll
- IV. Status of IPR Talks.....USTR
- V. Status of UN Resolution.....State
- VI. Bilateral Visits.....All

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