

THE FUTURE OF POLITICAL, ECONOMIC, AND SECURITY RELATIONS WITH CHINA

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CONTENTS

	Page
WITNESS	
The Honorable John D. Negroponte, Deputy Secretary of State, U.S. Department of State	9
LETTERS, STATEMENTS, ETC., SUBMITTED FOR THE HEARING	
The Honorable John D. Negroponte: Prepared statement	12
APPENDIX	
The Honorable Sheila Jackson Lee, a Representative in Congress from the State of Texas	39
The Honorable Donald A. Manzullo, a Representative in Congress from the State of Illinois: Prepared statement	40
Written responses from the Honorable John D. Negroponte to questions submitted for the record by the Honorable David Wu, a Representative in Congress from the State of Oregon	40

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TUESDAY, MAY 1, 2007

HOUSE OF REPRESENTATIVES,
COMMITTEE ON FOREIGN AFFAIRS,
Washington, DC.

The committee met, pursuant to notice, at 12:33 p.m., in room 2172, Rayburn House Office Building, Hon. Tom Lantos (chairman of the committee) presiding.

Chairman LANTOS. The committee will come to order.

China is probably one of the greatest civilizations on the planet. We stand in awe of its long history, its abundant transitions, and its distinguished culture. For centuries, its massive economic potential was not fully realized, but thanks, in no small part, to the open-door policy of the United States that allowed China access to our markets and our investments, the sleeping giant arose and came into its own.

Now, the fruits of the Chinese people's intense labor are coming back to them manifold. China's GDP has tripled—that is right, tripled—in the past 10 years. It is again expected to grow by double digits this year, and China will soon overtake Germany as the world's third-largest economy.

We support China's emergence as a world power and look forward to partnering with China to strengthen the international system. But as we work together on areas of common interest, we cannot sweep vital issues under the rug. As our eminent former Secretary of State, Dean Acheson, said, over a half a century ago, in 1949, "We will not help the Chinese or ourselves by basing our policy on wishful thinking."

The Chinese Government and I part ways in two substantial areas that speak to the very nature of the civilization China wants to project to the world. The first is related to its foreign and military policy, and the second, to its internal actions.

Beijing's foreign policy has come a long way. Border disputes with India and with Russia are now relatively quiescent. China is crucial in the Six-Party Talks, working to denuclearize North Korea. This process serves as a model. It is possible for the United States and China to cooperate effectively as partners to promote stability.

But I was deeply concerned by the unannounced and alarming anti-satellite test China launched in January and Beijing's initial refusal to acknowledge their destabilizing action. Responsible governments do not send missiles to destroy space satellites, littering the atmosphere with dangerous debris. If China wishes to be a

partner with the United States, it must be more judicious and transparent as it builds its military capabilities.

With regard to Taiwan, there are inexorable ties that make the situation more complicated than a simplistic, independence versus One China paradigm. Taiwan has invested over \$100 billion on the mainland, where nearly 1 million Taiwanese actually live. Every time I go to Beijing or Taipei, I carry the message that the impasse must be resolved diplomatically and peacefully over the long term. The alternative is potentially catastrophic. China must not rattle its saber, but Taiwan must not invite China's ire through provocation.

I am unnerved by China's overtures to regimes that the United States views as repressive, globally dangerous, or sponsors of terror. Why is China furthering its ties with Iran, a country with nuclear ambitions and an unstable President who denies the Holocaust? Why does China continue to support the brutal military rulers of Burma, who prove daily they have no interest in the welfare of their people? And why has China become the largest weapons supplier to the Government of Sudan, the perpetrator of an unspeakable genocide in Darfur?

The answer, of course, is economic growth or, more precisely, China's need for oil to feed its ravenous energy appetite. This pursuit cannot be blind to all other factors.

China must act ethically in international relations and on the environment. China and the United States, the two largest polluters, should work together on a binding agreement for carbon emission limits. It is the only real way to fight climate change.

Within China, two troubling issues remain. We acknowledge that, as a developing nation, the reckoning of winners and losers is uneven. By the government's own admission, there were some 87,000 protests in China last year, sparked by disparities along the rocky road to development.

We commend the emphasis Beijing is placing on ensuring everyone gains from the unprecedented growth. This means establishing and adhering to real property rights, improving health care, bolstering working conditions, setting migrant worker practices, and raising standards of living. It also means, however, respecting basic human rights and permitting freedom of expression.

Last week, the Chinese detained four Americans protesting for freedom for the Tibetan people, a salient issue as next year's Beijing Olympics approach. China has charted a route for the Olympic torch that brings it to the top of Mt. Everest, on Tibet's horizon, as well as to Taipei. It is outrageous that China is using the very symbol of international unity and brotherhood to further grind down the Tibetans and the Taiwanese, who simply want to live their lives without interference from Beijing.

I hope China also uses the games as a chance to look inward. Beyond the waving flags and the parading athletes at the opening ceremony, journalists and protestors will be looking to see if China is on the right track with the treatment of its own people. Initial signs are discouraging.

The report released by Amnesty International this week says that Beijing is using the upcoming games to expand their repressive practice of detaining people without a trial, to place activists

on house arrest, and to limit severely the topics domestic media are permitted to address.

Before such pre-Olympic crackdowns become truly widespread, let me assert, if ever there was a time for China to get its own house in order, this is it. The Olympics are a golden opportunity for China to take a new turn, a turn to true leadership that entails responsible behavior at home and abroad, and we must craft a strong approach to China, beyond wishful thinking, to a substantive strategy, a defined dialogue, and, most importantly, a mature relationship.

I now turn to my good friend and distinguished colleague, the ranking member of the committee, Ileana Ros-Lehtinen, to make any remarks she wishes.

Ms. ROS-LEHTINEN. Thank you so much, Mr. Chairman, for calling this hearing. Ambassador Negroponte, thank you for being here today. Your past service in key posts as ambassadors and senior positions of authority throughout the globe have made you a rising star, a star of almost epic proportions, in this administration. You have got a long and distinguished career that few can parallel in the Department of State. So we appreciate your valued service to our nation.

Mr. Ambassador, it was almost exactly 1 year ago today, on May 10th, that your predecessor, Robert Zoellick, appeared before this committee to address the issue of a rising China and to propose that we focus our approach to encourage the regime to assume the position of a responsible stakeholder. Unfortunately, the scorecard on China's progress in moving toward this role of responsible stakeholder reflects failing grades by most standards.

Some would argue that Beijing has been somewhat constructive in the Six-Party process on the North Korea nuclear question, following Pyongyang's reckless nuclear tests last fall, and the U.N. Security Council, Beijing, has voted in favor of Resolution 1718, which calls for sanctions against North Korea as a result of North Korea's continuing pursuit of nuclear weapons, in defiance of the international community.

Regarding Iran, China's repeated refusal to permit significant sanctions being imposed on Iran has forced the United States and our allies to water down U.N. Security Council Resolutions 1696, 1737, and 1747, greatly reducing the pressure that can be brought to bear against the regime in Tehran. At the same time, China has vigorously pursued economic and military cooperation with Iran, signing oil and gas deals totaling over \$100 billion.

Despite years of affirmations that China has seen the light on missile proliferation, its missile technology continues to be transferred to countries such as North Korea, Iran, and Pakistan. Since 2001, the Bush administration has imposed sanctions on 31 entities, so called, in China for proliferation concerns, some of them closely linked to individuals and agencies in the Chinese regime.

On a series of other issues, Beijing's performance has also been wanting. In January, for example, China carried out, as the chairman pointed out, an unannounced test of an anti-satellite weapon. This anti-satellite test was not the action of a responsible stakeholder, as it was not only provocative but also posed a significant risk to existing commercial and military satellite systems.

In March, the National People's Congress, the rubber stamp, legislative body of the People's Republic of China, convened for approximately 2 short weeks, as it does annually. During this session, a spokesperson publicly announced that China will increase its defense budget by 17.8 percent this year, to nearly \$45 billion. Some experts estimate that the real spending level could be as high as three times the official figure.

Who is the target, and what is the purpose of Beijing's buildup?

Then there is China's support for rogue regimes in exchange for the acquisition of scarce resources. I recently traveled to Darfur with a bipartisan congressional delegation, and I witnessed the ongoing genocide there. China, through its oil-for-weapons program with the regime in Khartoum, is complicit in the carnage against the Sudanese people. This must come to an end now.

Beijing is pursuing similar odious relationships with repressive regimes throughout the African continent and also in our backyard, in Latin America, as well. In today's *Wall Street Journal*, there is an op-ed how Chavez aims to weaken the United States, and it states: "Chavez is making China his country's chief strategic energy partner, both as a source of investment and as an important client for exports."

With respect to human rights, the continuing implementation of the "one country, two systems" formula for Hong Kong has been a major disappointment for those who hoped that it would provide the means for introducing grassroots democracy. Restrictions on religious freedom, including the refusal to have a meaningful dialogue with the Vatican, are a cause for major concern.

Abuse of refugees, in violation of international agreements, the shooting last fall of refugees from Tibet on the border with Nepal, and the continued forced repatriation of North Korean refugees is unacceptable for any nation, but, in particular, from a nation that aspires to be of international stature, a great power, and a host of the Olympics.

Suppression of minority groups continues unabated. Beijing has also stubbornly rejected the Dalai Lama's call for negotiations on his nonviolent, middle way of true autonomy for Tibet. The Chinese leadership appears to be cynically waiting on the Dalai Lama's death to finalize their plans for complete control over his holiness's homeland.

Ambassador, as you can see, there are many concerns regarding the lack of progress in the past year with regard to Beijing's emergence as a so-called "reasonable stakeholder" and "responsible stakeholder" in the world community.

I welcome your comments. I welcome you to our committee. Thank you, Ambassador. Thank you, Mr. Chairman.

Chairman LANTOS. Thank you very much. I am pleased to yield to my good friend and colleague, Chairman of the Asia and Pacific Subcommittee, Eni Faleomavaega.

Mr. FALEOMAVAEGA. Thank you, Mr. Chairman. I want to thank you and our senior ranking member of our committee for calling this hearing. I certainly would like to personally welcome Ambassador Negroponte for coming here to testify concerning this very important subject matter on China.

I just want to note to my colleagues that we have just recently returned from a small visit, small in terms of the three-member codel that went to visit China. If I could say one word to summarize our total visit to China is it is a very complex country.

Here, we are struggling to try to provide for 300 million people living here in our country. We have to note the fact that there are 1.3 billion people living in that country. I do not care what political structure that you try to do in trying to provide for the needs of any society; I just say it is a daunting challenge for a country like China.

I do not know if many of our colleagues realize that when China first started as a country in 1949, there were 400 million people living in China at the time. There is absolutely no question that we have some serious issues and problems dealing with this nation, but it is interesting to note that China now is our second-largest trading partner.

I believe, last year, they exported \$343 billion worth of goods to the United States, and we, in turn, I think, exported to China about \$56 billion. So we do have a slight budget or, shall we say, trade imbalance here?

It is interesting to note, too, that we had some good meetings with representatives of the several large corporations coming from our country that are doing business, and doing it very well, in China, might I note.

The biggest challenge right now in China, in my humble opinion, in our visits, and, by the way, we were privileged to visit with the Vice President, the second-highest official in the People's Republic of China, and that was the Vice President, Wu Bong Wal, and also the foreign minister, Mr. Li—the thing that now is challenging the leaders of China is, how do you relate to a free market system toward a socialist-Marxist ideology? This is what is really challenging them in terms of how they can make the adjustments.

It is most unique to find that here we have a communist country applying free market economics, finding out that since the time of Deng Xiaopeng, who really instituted a free market system, is cause for a lot of the tremendous strides that this country has taken as far as economic advancements to provide for the needs of their people.

Chairman LANTOS. The gentleman's time has expired.

Mr. FALOMAVEGA. Thank you, Mr. Chairman. I just started.

Chairman LANTOS. Mr. Smith.

Mr. SMITH OF NEW JERSEY. Thank you very much, Mr. Chairman, for calling this important hearing. Welcome, Mr. Ambassador. Thank you for your extraordinary service.

I, too, like my colleagues, am concerned about China's military buildup, the successful testing of an antirocket satellite, and the 18 percent or so planned increase in military spending. I would like to know the Department views, how it takes these ominous signals, and what response it recommends.

I am also deeply concerned, Mr. Chairman, about the Chinese Government's highly aggressive, obsessive, and ugly oppression of its own people and the export of tyranny to places like Sudan where it is directly enabling the genocide in Darfur.

Mr. Chairman, as you know, over the years, I have held more than 25 hearings on human rights abuses in China, and I visited the PRC on several occasions. These hearings and these trips have proved wrong those who maintain that China's economic liberalization and growth would bring the rule of law and respect for human rights in its wake. Of course, I am, by no means, alone in this conclusion.

Seven years after the House gave China NTR, the State Department Country Reports could not be more clear that human rights remain poor and, in certain cases, deteriorated. I would hope that human rights would become central to our relationship and not a sidebar issue.

Allow me to draw attention to one horrific abuse: The notorious, one-child-per-couple limit, which has resulted in massive crimes against women and children and the fact that brothers and sisters are illegal.

Two weeks ago, Mr. Chairman, and I will conclude on this, the China Aid Association reported that, in just 2 days, in a single Chinese city, population police forced 60 women to abort, many of them in their late term. That is a crime against women and a crime against humanity, and it is commonplace in the PRC. I yield back.

Chairman LANTOS. Thank you. The gentleman from Oregon, Mr. Wu.

Mr. WU. Thank you, Mr. Chairman. I have no opening statement, and I look forward to the testimony of the witness.

Chairman LANTOS. Mr. Royce of California.

Mr. ROYCE. Thank you very much, Mr. Chairman. I also welcome Deputy Secretary Negroponte. We are going to hear from the Deputy Secretary about the constructive role that China has played in the Six-Party Talks. This may be true, but I am more concerned about where we stand today, 60-plus days into that agreement.

The fact is that we have yet to get a freeze at the nuclear facility at Yongbyon or a full accounting of North Korea's nuclear program, and this is despite the fact that the United States has moved to send \$25 million, significant portions of which was gained through counterfeiting of our United States currency, back to North Korea. I understand that China has been constructive. China has helped bring political pressure on North Korea, but it has wavered on economic pressure, which has proven particularly useful with Pyongyang.

So I wonder if, as we put forward with the February 13th agreement, that we are not undermining our partnership with those that do understand the effectiveness of pressure on North Korea, including Japan.

So I do look forward to the testimony, Mr. Chairman. Thank you.

Chairman LANTOS. Thank you. The gentleman from New Jersey, Mr. Sires.

Mr. SIRES. Thank you, Mr. Chairman. I do not have any remarks.

Chairman LANTOS. The gentleman from Colorado, Mr. Tancredo.

Mr. TANCREDO. Thank you, Mr. Chairman, just one quick one. I hope that the Deputy Secretary will address the issue of China's refusal to accept their nationals back who have committed crimes

in the United States. There are laws on the books, as you know, that require that once the Department of Justice certifies to the Department of State that this is the case, that we are to end visas for countries that do this. I also recognize the problems that that would entail, but it is the law, and I would like to know what you are doing about it. Thank you, Mr. Chairman.

Chairman LANTOS. Thank you. The gentleman from California, Mr. Berman.

The gentleman from California, Mr. Rohrabacher.

Mr. ROHRABACHER. Thank you very much, Mr. Chairman. Thank you for holding this hearing. I see the policy that we have had over the last 20 years from China dominated by wishful thinking and the profit motive, and this wishful thinking and the seeking of profit by our major corporations have, I believe, led to a catastrophe in the making in terms of China.

We ignore the threat of communist China at our own peril. We see a military buildup. We see an economic power, a juggernaut of economic power, being created, and these things are being accomplished on the part of China with our help, with the help of the United States, both in terms of our Government and in terms of our investment and technology transfer.

Let us note, we were told that trade and our relationship with China would tame the savage beast. We would see reform going on. There has been no reform in China. We have thus built a Frankenstein monster that now threatens us, a monster that proliferates nuclear weapons to Pakistan, which then sends it on to Korea, and then manipulates us in terms of what we are trying to do about Korea.

We need to look at this as the potential threat that it is. I am looking forward to hearing Mr. Negroponte's testimony. He is a longtime friend and a man that I admire. I am looking forward to your testimony.

Chairman LANTOS. Thank you. The gentleman from New Jersey, Mr. Payne.

Mr. PAYNE. Thank you very much. It is good to see the Secretary working with the U.S. delegate, with Mr. Royce, to the United Nations. I am glad to see you here in Washington.

I, too, have questions about the regime. I see some people wearing "genocide Olympics" here, and I concur with them that China has to be pressured more. I think that there has been a little movement on their part. However, in a recent visit in January, the premiere of China did finally visit an internally displaced persons camp in Darfur, the first time. So that shows perhaps some concern because of the pressure.

We had a very good meeting, the Congressional Black Caucus, with the Chinese Ambassador to the United Nations and are trying to work out an understanding about how grave we feel that support for Sudan by the People's Republic of China is injurious and detrimental to the people in Darfur. So I am interested to hear how, as we have postponed Plan B that President Bush announced at the Holocaust Museum, and the next day, because of opposition from China and Russia, in particular, we have now postponed Plan B again.

So it is the same old thing that goes on as people die, and I would like to hear your comments on that. I yield back.

Chairman LANTOS. Thank you. The gentleman from South Carolina, Mr. Inglis.

Mr. INGLIS. Thank you, Mr. Chairman. I look forward to hearing what the Ambassador has to say. Perhaps he might want to comment on this concern.

China is now the number two demander of oil in the world, which is a huge challenge for us, I believe, and rising fast. It is also true that we have problems with the currency, meaning that manufacturers in South Carolina have difficulties competing.

I had a very interesting meeting a while back with one of their representatives in their—I am not sure of the name of it, but it is a body that is somewhat representative of the people. I do not think it has any authority, but it, at least, attempts to speak.

He told me, "You know, you Americans want to settle this trade imbalance by selling us apples and oranges." He says, "We have plenty of apples and oranges of our own." He said, "You need to sell us sensitive technology." And, of course, I am thinking, as I looked back at him, it would be a cold day somewhere before I vote for you to have sensitive technology. But perhaps that is some of those things you might want to comment on. I see my time has expired. Thank you, Mr. Chairman.

Chairman LANTOS. The gentleman from Florida, Mr. Wexler.

Mr. WEXLER. Thank you, Mr. Chairman. Briefly, I am hoping the Ambassador, Deputy Secretary, can talk to the issue which, I think, underpins, more than anything else, Chinese principle, and that is, if I understand it correctly, the Chinese are in the process of transitioning a workforce of roughly 200 million people from an agrarian-based economy to a more urban economy. And it seems that that is the statistic that drives Chinese policy, whether it be domestic or foreign policy, because only if they accomplish that with some relative degree of success will they remain stable from within. I was hoping the Ambassador could address the status of the transition of their workforce. Thank you, Mr. Chairman.

Chairman LANTOS. Thank you. The gentleman from Texas, Mr. Poe.

Mr. POE. I, too, am concerned about the failure of China to take back convicted felons after they have been lawfully deported back to China and their refusal to take them back, and the State Department's apparent policy of continuing to allow visas for Chinese nationals who want to come to the United States, even though, I understand, the State Department has the authority to deny visas to Chinese because China will not take back convicted felons.

I want to know if the State Department's current policy is to continue to allow visas, even though they will not take back convicted felons, or is the State Department going to now refuse visas to Chinese students, for example, because China refuses to take back convicted felons. Thank you.

Chairman LANTOS. Thank you very much. I am very pleased to welcome the man tasked with taking United States-Chinese relations forward, Deputy Secretary of State John Negroponte.

Ambassador Negroponte brings a long and very distinguished career as a statesman to this most essential task. For 38 years, he

served our country in Foreign Service posts in Asia, in Europe, and in Latin America. He was the United States' Ambassador to Honduras, to Mexico, and to the Philippines. He specializes in security, among many other important areas, and was deputy assistant to the President for national security affairs from 1987 to 1989.

From the fall of 2001 until the summer of 2004, he was the United States' Ambassador to the United Nations. He then filled the most difficult role of U.S. Ambassador to Iraq as that country transitioned to a new government.

Subsequently, he served as the administration's first director of national intelligence as the President sought to overhaul intelligence in the wake of the 9/11 report.

We look forward to hearing from you, Mr. Ambassador, about your thoughts on United States-China relationships and your intentions for a strategy for that relationship.

Ambassador Negroponte, the floor is yours, and we are delighted to have you.

**STATEMENT OF THE HONORABLE JOHN D. NEGROPONTE,
DEPUTY SECRETARY OF STATE, U.S. DEPARTMENT OF STATE**

Mr. NEGROPONTE. Thank you, Mr. Chairman and Ranking Member Ros-Lehtinen and other members of the committee. It is a pleasure to appear before you—

Chairman LANTOS. Would you put the mike a little closer?

Mr. NEGROPONTE [continuing]. I am sorry—and to speak with you about United States policy toward China. I have submitted earlier, Mr. Chairman, a statement for the record, and this is an abbreviated—

Chairman LANTOS. Without objection, the entire statement will be included in the record.

Mr. NEGROPONTE. Thank you. I am glad also, if I might say at the outset, Mr. Chairman, that you referred to the fact that early in my career I had the opportunity to serve in the East Asia and Pacific region. I started my career in Hong Kong. I served in Vietnam. I worked on our policy toward East Asia in the late 1970s and the early 1980s, and I was also Ambassador to the Philippines.

So throughout that time in my career, I had an opportunity to watch the development of China and the development of our relationship with China from a variety of perspectives, and perhaps also it would be of interest to the committee that, back in June 1972, when I worked on the National Security Council staff, I had the opportunity to visit China, accompanying Dr. Henry Kissinger on his delegation when he was the National Security Advisor.

Mr. Chairman, China's rise as a global economic power is one of the major events of our time, and with China's economic strength has come increased political and diplomatic influence within and beyond the Asia Pacific region. In this context, I would list six broad objectives for bilateral interaction: First, maintaining peace and stability in East Asia; second, sustaining economic growth in China and globally in conformity with international rules of trade and investment while ensuring energy security and protecting the environment; third, stemming the proliferation of dangerous weapons and related technology and combating terrorism and transnational crime; fourth, safeguarding against the spread of infectious

disease, including pandemic influenza; fifth, developing effective international responses to humanitarian crises; and, sixth, promoting human rights and religious freedom.

In pursuing these objectives, the United States' policy is to encourage China to act as a responsible and stabilizing influence in international affairs. This policy has yielded substantial dividends. China has played a constructive leadership role, for example, as host of the Six-Party Talks, and while the Six-Party talks focused on North Korea's denuclearization, they have a broader significance. They are creating an important precedent for multilateral cooperation in this area of the world.

Nowhere is cooperation more important than in the relationship between China and Japan. We are encouraged that Prime Minister Abe has made improving diplomatic relations between Japan and China a priority, and we welcome their exchange of visits. China's improved relations with its neighbors are a testament to the country's robust trade ties but also to China's increasingly skillful diplomacy.

This is a positive development. We want China to play an active role in Asia's regional institutions, especially APEC.

Beyond the Asia-Pacific region, China has increasing interests around the globe. The Middle East and Africa offer important examples of this.

Vis-à-vis Iran, China shares our assessment that Tehran must not obtain a nuclear weapons capability, but it has made no secret that it prefers negotiation in dealing with Iran on these issues. But in response to Iran's failures to comply with its obligations, it, nevertheless, joined the United Nations Security Council in adopting two unanimous Security Council resolutions—1737 in December 2006 and 1747 on March 24th of this year—to impose Chapter 7 sanctions.

We expect China to fully implement its obligations under U.N. Security Council Resolution 1747 to exercise restraint in the sale of heavy arms and missile technology to Iran. We also expect China to take other steps, including suspending investments in Iran's oil and gas sectors.

With a booming economy, China is seeking markets for its products and looking for sources of energy and other raw materials to meet growing domestic demand. Africa is a case in point. China purchased more than \$1.9 billion worth of Sudanese oil last year, for example, and Beijing, with some justification, is seen as Khartoum's diplomatic patron and benefactor.

The President, Secretary Rice, myself, and other senior officials have urged China to use its substantial leverage with Khartoum to help end the atrocities in Darfur. I recently visited the Darfur region on a swing through Africa and have had the opportunity to discuss the Sudan issue with the Chinese authorities already several times in my current tenure at the Department of State, most recently this weekend, during a 1-hour telephone conversation with my counterpart in the Chinese Foreign Ministry.

Turning to the economic dimension of our relationship with China, China has been our fastest-growing, major export market in the years since it joined the World Trade Organization in 2001. Nonetheless, there are significant challenges in the United States-

China economic relationship brought about by China's incomplete transition to a market economy, underscored by our \$202.5 billion bilateral trade deficit.

Key issues include intellectual property right protections, exchange rate policy, services, and spurring domestic demand.

As the world's largest energy consumers, China and the United States also share an interest in energy security. We, therefore, engaged in cooperative efforts to ensure stable energy markets, support energy efficiency, and develop cleaner technologies. Both China and the United States are active participants in the Asia-Pacific Partnership on Clean Development and Climate, the APEC Energy Working Group, and the Five Party Energy Ministerial, the strategic economic dialogue led by Treasury Secretary Paulson; the Senior Dialogue, which I lead; and numerous other specific dialogues and exchanges from the core of our large and growing bilateral relationship.

At times, however, bilateral dialogue is not sufficient to resolve issues of contention between China and the United States. This administration has not hesitated to pursue trade remedies and WTO cases to defend our economic interests.

We also must defend our values. This is particularly the case when it comes to human rights. The Chinese Government needs to respect its citizens' right to speak, to assemble, and to publish, to worship freely, and to plan their families as they choose, free of coercion.

We also believe that China's people have a meaningful say in how they are governed.

The situation in Tibet also remains an important human rights and religious-freedom concern for the United States, as does the treatment of other minority communities, such as the Uighur Muslims in Xinjiang Province.

The depth of our concerns about human rights is matched by concern in the areas of nonproliferation and military modernization. Regrettably, China has a mixed record on efforts to stem the proliferation of weapons, especially those related to missile technology. Further, China's neighbors share our questions about the lack of transparency in China's military modernization. To enhance regional security, China should be more open about its military budget, its doctrine, and its intentions. This includes answering our questions about their anti-satellite test in January.

We are especially concerned about the growing arsenal of missiles and other military systems arrayed against Taiwan, as well as Beijing's refusal to renounce the use of force against Taiwan. We, therefore, urge China to increase cross-Strait dialogue, including through direct talks with Taiwan's democratically elected leaders.

In conclusion, Mr. Chairman, the United States wants a prosperous China as its partner in candid dialogue and constructive cooperation, stable at home, respectful of its citizens' rights, and at peace with its neighbors. Our policy is to encourage China's integration as a responsible member of the global economy and the international system as a whole.

Thank you very much, Mr. Chairman. I would be pleased to try and answer any questions that you might have.

[The prepared statement of Mr. Negroponte follows:]

PREPARED STATEMENT OF THE HONORABLE JOHN D. NEGROPONTE, DEPUTY
SECRETARY OF STATE, U.S. DEPARTMENT OF STATE

Mr. Chairman, members of the Committee, thank you for the opportunity to speak with you about U.S. policy toward China.

China's rise as a global economic power is one of the major events of our time. And with China's economic strength has come increased political and diplomatic influence within and beyond the Asia Pacific region.

The United States acknowledges and accepts these developments. Our strategic presence and bilateral alliances remain the unshakeable bedrock of our strong Asia policy. They form the main guarantees of peace, stability, and prosperity throughout the region. Indeed, our enduring commitment to Asia enhances our ability to encourage China to fulfill its potential as a partner in achieving common goals.

In this context, I would list six broad objectives for our bilateral interaction:

- 1) Maintaining peace and stability in East Asia;
- 2) Sustaining economic growth in China and globally, while ensuring energy security and protecting the environment;
- 3) Stemming the proliferation of dangerous weapons and related technology, and combating terrorism and transnational crime;
- 4) Safeguarding against the spread of infectious disease, including pandemic influenza;
- 5) Developing effective international responses to humanitarian crises; and
- 6) Promoting human rights and religious freedom.

In pursuing these objectives, U.S. policy is to encourage China to act as a responsible and stabilizing influence in international affairs. This policy has yielded substantial dividends.

China has played a constructive leadership role, for example, as host of the Six-Party Talks on North Korea's denuclearization. Following North Korea's provocative missile launches last July and its nuclear test last October, China joined other members of the Security Council in voting for strong measures under UN Security Council Resolution 1695 and Chapter VII sanctions under UNSCR 1718.

And while the Six-Party Talks focus on denuclearization, they have a broader significance—they are creating an important precedent for multilateral cooperation in this area of the world.

Nowhere is cooperation more important than in the relationship between China and Japan. We are encouraged that Prime Minister Abe has made improving diplomatic relations between Japan and China a priority, and we welcome their exchange of visits.

China's improved relations with its neighbors are a testament to the country's robust trade ties, but also to China's increasingly skillful diplomacy. This is a positive development. We want China to play an active role in Asia's regional institutions, especially APEC, helping us make APEC more effective in ensuring economic prosperity and security for all its members.

Beyond the Asia-Pacific region, China has increasing interests around the globe. The Middle East and Africa offer important examples of this.

Vis-à-vis Iran, China shares our assessment that Teheran must not obtain nuclear weapons capability. To that end, China joined with the other permanent members of the UN Security Council and Germany in offering a generous package of incentives in June 2006 in exchange for Iran agreeing to suspend its proliferation-sensitive nuclear activities and entering into negotiations.

China has made no secret that it prefers negotiation in dealing with Iran, but in response to Iran's failures to comply with its obligations, it nevertheless joined the UN Security Council in adopting two unanimous UN Security Council resolutions—1737 in December 2006 and 1747 on March 24 of this year—to impose Chapter VII sanctions.

We expect China to fully implement its obligations under UNSCR 1747 to exercise restraint in the sale of heavy arms and missile technology to Iran. We also expect China to take other important steps, including suspending investments in Iran's oil and gas sectors. Such investments, particularly at this sensitive time during P-5 discussions, send the wrong signal to the Iranian regime and raise serious concerns under U.S. law.

With a booming economy, China is seeking markets for its products and looking for sources of energy and other raw materials to meet growing domestic demand. Africa is a case in point. China purchased more than \$1.9 billion worth of Sudanese

oil last year, for example, and Beijing is seen as Khartoum's diplomatic patron and benefactor. The President, Secretary Rice, and other senior officials, have urged China to use its substantial leverage with Khartoum to help end the atrocities in Darfur, in particular by convincing President Bashir to allow the deployment of a peacekeeping force under UN command and control. This is something that I have emphasized in my own conversations with Chinese officials in Washington, in Beijing, and most recently during my visit to Mauritania.

Turning to the economic dimension of our bilateral relationship, China has been our fastest growing major export market in the years since it joined the WTO in 2001. Last year, for example, U.S. exports to China grew 32 percent. Nonetheless, there are significant challenges in the U.S.-China economic relationship, brought about by China's incomplete transition to a market economy and underscored by our \$232.5 billion bilateral trade deficit.

Key issues include intellectual property rights protection, exchange rate policy, services, and spurring domestic demand.

As the world's largest energy consumers, China and the United States also share an interest in energy security. We therefore are engaged in cooperative efforts to ensure stable energy markets, support energy efficiency, and develop cleaner technologies. Both China and the United States are active participants in the Asia-Pacific Partnership on Clean Development and Climate, the APEC Energy Working Group, and the Five Party Energy Ministerial.

China's commitment to clean energies, including nuclear power, was demonstrated in its recent decision to purchase four nuclear reactors from Westinghouse in a deal valued at between \$8—\$10 billion.

The Strategic Economic Dialogue, led by Treasury Secretary Paulson, the Senior Dialogue, which I lead, and numerous other issue-specific dialogues and exchanges form the core of our large and growing bilateral relationship. At times, however, bilateral dialogue is not sufficient to resolve issues of contention between China and the United States. This Administration has not hesitated to pursue trade remedies and WTO cases to defend our economic interests.

We also must defend our values. This is particularly the case when it comes to human rights. The Chinese government needs to respect its citizens' right to speak, assemble, and publish; to worship freely; and to plan their families as they choose, free of coercion. We also believe that China's people should have a meaningful say in how they are governed and to take part in the conduct of public affairs. These are fundamental human rights stipulated in international human rights instruments, as well as in China's own Constitution.

The situation in Tibet also remains an important human rights and religious freedom concern for the United States, as does the treatment of other minority communities such as Uighur Muslims in Xinjiang.

We coordinate with others in the international community who share our concerns about human rights in China. Our message is clear: China will not be considered a leader in the international system until it develops a more open, transparent, and free society, unleashing the innovation and creativity of its own people.

The depth of our concerns about human rights is matched by concern in the areas of nonproliferation and military modernization.

Regrettably, China has a mixed record on efforts to stem the proliferation of weapons, especially those related to missile technology. It needs to implement effectively its export control regulations and to rein in the proliferation activities of its companies. We will continue, as warranted, to impose sanctions against Chinese companies engaged in proliferation.

Further, China's neighbors share our questions about the lack of transparency in China's military modernization. To enhance—rather than detract from—regional security, China should be more open about its military budget, doctrine, and intentions. This includes answering our questions about their anti-satellite test in January. China's actions in conducting this test are clearly inconsistent with the direction in which we have sought to build our relationship and, moreover, are inconsistent with the spirit of cooperation outlined by President Bush and PRC President Hu, including in the area of civil space cooperation.

We are especially concerned about the growing arsenal of missiles and other military systems arrayed against Taiwan, as well as Beijing's refusal to renounce the use of force against Taiwan. We therefore urge China to increase cross-Strait dialogue, including through direct talks with Taiwan's democratically elected leaders. We will continue to adhere to our stabilizing one-China policy, based on the three U.S.-China Joint Communiqués and the Taiwan Relations Act (TRA). Under the TRA we make available to Taiwan defense articles and services necessary for Taiwan to maintain a sufficient self-defense.

In conclusion, Mr. Chairman, the United States wants a prosperous China as its partner in candid dialogue and constructive cooperation—stable at home, respectful of its citizens' rights, and at peace with its neighbors. Our policy is to encourage China's integration as a responsible member of the global economy and international system as a whole. Even though serious bilateral differences remain, we believe we have grounds for optimism in achieving this overarching goal.

Thank you very much.

Chairman LANTOS. Thank you very much, Mr. Secretary. Let me begin with the China test of an anti-satellite missile. This missile destroyed one of China's own satellites, distributing dangerous debris into space. China took many days to acknowledge that the test had taken place.

First, I would like to ask you, why, in your judgment, did China take such a provocative step? What is your assessment of the message China was hoping to send to the United States and others with this test? And do you have any comment on a recent *New York Times* piece which said that we in the United States knew for weeks that China was planning this test, and if that is the case, could you explain why we did not approach the Chinese before they launched the test and urge them not to do so?

Mr. NEGROPONTE. Mr. Chairman, I am not certain why they conducted this test. I believe, if they had to do it over again, they might seriously reconsider whether that was the wisest course of action.

I saw a very interesting article that appears in the latest issue of *Foreign Affairs*, which I read just last night, which suggests that maybe this was an issue of the left hand and the right hand; that is to say, the military planners went ahead with this kind of activity, whereas our impression was that some of the civilian leaders acted rather surprised that this test had taken place at all.

So I wonder whether, knowing what they know now, knowing the reaction, not only from us but from other countries, the strong reaction against this act having taken place, whether they would do it again.

So, as for what message whomever it was that authorized this test might have had in mind, I suspect that it is principally one of them continuing with the development of their military prowess, and, in that sense, I find it fairly disturbing that they did it the way they did and that they took so long thereafter to acknowledge it.

As far as your question about whether we knew about this, I really do not think, in an unclassified setting, that I can answer a question without referring to intelligence matters involving sources and methods, and I would be pleased to do so in a closed session, but I am not in a position to do that in open session.

Chairman LANTOS. We would be delighted to invite you for a closed discussion of this issue.

Mr. Secretary, what specific demands have been made of China with respect to their helping us to stop the genocide in Darfur? Do you believe that they have the influence to halt the butchering of these innocent people which has been going on now for so long? Are we doing everything in our power to pressure China on this issue?

Mr. NEGROPONTE. As I mentioned, Mr. Chairman, even in the 2 months, slightly more than 2 months, that I have been in my present position, the subject of Sudan is one that I have raised

with the Chinese on numerous occasions on my trip there, and China was on my first itinerary when I traveled as Deputy Secretary of State to Japan, China, and South Korea.

In the recent Presidential inauguration in Mauritania, I had the opportunity to meet with the Assistant Foreign Minister of China for African Affairs, where we went over this issue again, and, as I said, I have just spoken to my counterpart, over the weekend, about this issue.

What we are asking China to do is to join us in pressuring the Government of Sudan to, of course, cease its nefarious activities in Darfur, including the genocide and the harassment of international humanitarian workers and obstructing the work of the African Union peacekeepers. But, more specifically, we are also asking them to join us in pressuring the Government of Sudan to accept an African Union/United Nations hybrid peacekeeping force because we believe that the security situation in the Darfur region requires a much larger international peacekeeping presence than is available there.

You asked me if I think the Chinese have the influence. I certainly believe they are listened to in Khartoum. They have, as a number of the members have pointed out, an important economic relationship with Sudan and are, therefore, in a position to make their word heard and felt in Khartoum. Whether that is sufficient to influence, in the last analysis, the Sudanese themselves to change their behavior, I am not entirely certain because it is ultimately the responsibility of the Sudanese to change the behavior that has caused this very serious problem.

Chairman LANTOS. Mr. Secretary, this committee held a major hearing on Tibet. His Holiness, the Dalai Lama, is the ultimate man of peace on this planet. He has repeated his position that he is seeking no independence, just religious and cultural autonomy. He is ready to go and visit Beijing. Are we supporting his request to meet in Beijing with appropriate Chinese authorities?

Mr. NEGROPONTE. I do not know about the location, but we certainly are committed to encouraging China, and we are encouraging China, to engage in discussions with the Dalai Lama or his representative, and this is an issue that has been frequently raised by the President, the Secretary, and other administration officials, including myself during my recent trip to China.

Chairman LANTOS. Mr. Secretary, with all due respect, the Dalai Lama's representative has visited Beijing on a number of occasions. Those visits, without a single exception, have been frustrating and unsuccessful because of Chinese noncooperation. Are we in favor of asking the Chinese Government to invite His Holiness, the Dalai Lama, in person, to visit Beijing for a serious and substantive discussion on the Tibet issue?

Mr. NEGROPONTE. My understanding, Mr. Chairman, is what I said, which is that we are supportive of encouraging China to engage in discussion with his representatives. There was a previous round of talks, but there have been none so far this year, and we think that those talks—there had been a round of discussions where apparently there was mutually acceptable format for discussions between the Chinese and the Dalai Lama's representatives,

and we think those types of talks should be scheduled again as soon as possible in 2007.

Chairman LANTOS. Congresswoman Ros-Lehtinen.

Ms. ROS-LEHTINEN. Thank you so much, Mr. Chairman. Excellent questions.

I would like to follow up with two questions, one dealing with Taiwan and the other one dealing with the 2008 Olympics. Does the State Department see the continued buildup of missile and other forces across the strait from Taiwan as a clear indication that Beijing plans to eventually settle the Taiwan issue militarily, once and for all, as indicated by the antiseccession law passed by the National People's Congress 2 years ago?

And then, on the Olympics, Mr. Ambassador, because of China's dismal human rights record, I have grave concerns with the level of assistance offered by the United States to China, particularly with regard to security and intelligence, for the Olympic Games.

The State Department has convened an interagency task force to examine all issues dealing with assistance coordination for the Olympic Games. While this provides a forum for the coordination of all U.S. Government assistance, I would like to know whose office is charged with the primary responsibility for the policy formation for the type and level of assistance that will actually be provided for the games. Is it the Secretary of State or the National Security Adviser, and does the President intend on submitting a report to Congress indicating that it will allow the export of defense articles and/or services to China for the 2008 Olympic Games? Thank you, Mr. Ambassador.

Mr. NEGROPONTE. On your first question, Congresswoman, the issue of the buildup across the Taiwan Straits and whether China seeks to settle the issue of Taiwan by force, once and for all.

Well, obviously, we would all hope not. Both sides have undertaken commitments. It is in the various communiqués that lie at the foundation of our bilateral relationship with the People's Republic of China to settle the problem on the Taiwan Straits by peaceful means, and we think this is probably the most important, fundamental principle, that these differences, however serious they may be, across the Taiwan Straits must be settled peacefully.

In keeping with that conviction, on our part, we provide defensive equipment to Taiwan under the Taiwan Relations Act, and we also maintain forces in that region of the Pacific in the event that the President were ever to decide that, for one reason or another, United States military intervention were required. So that would be my answer to your first question.

On your second question, if I got it all, the State Department has the lead, as far as supporting security for the Olympics is concerned, and I believe that is a practice that has been established for a number of years now, and there is a task force also in the Embassy in Beijing, China, in our Embassy, a small task force, again, led by a representative of the Diplomatic Security Office of the State Department that coordinates liaising and relating to the Government of China with respect to supporting the Olympics.

I would have to take your last question about the export of articles to China, I believe, for maintaining security. Was that your question? I just do not know the answer.

Ms. ROS-LEHTINEN. In consultations with Congress before any such agreement would take place.

Mr. NEGROPONTE. All right. I will take them both, but I would certainly think that we would consult with you, particularly now that you have asked the question.

[The information referred to follows:]



United States Department of State

Washington, D.C. 20520

MAY 18 2007

Dear Ms. Ros-Lehtinen:

I am writing in response to a question on the 2008 Beijing Olympic Games that you posed to Deputy Secretary Negroponte at the House Foreign Affairs Committee's May 1 hearing on China.

You asked how the State Department is coordinating policy to determine the type and amount of security assistance we are providing to China for the Olympic Games as well as whether the Department intends to submit a report to Congress on the export of defense articles and services to China for the Olympics.

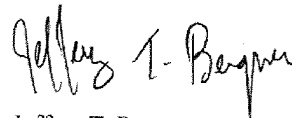
The State Department is committed to ensuring the safety of the American athletes and the thousands of American citizens who plan to attend the Beijing Olympics. Our security efforts are coordinated through the International Athletic Event Security Coordination Group (IAESCG), co-chaired by the Department's Bureau of Diplomatic Security and Counterterrorism Office and comprising representatives from numerous U.S. Government agencies. We have also established an Olympic Coordination Office at our Embassy in Beijing, with four American staff members, including a senior Diplomatic Security Special Agent. As the Games approach, the Coordination Office will expand into a larger inter-agency effort.

We are mindful of U.S. legal limitations on providing China with law enforcement training and export controls on equipment and technology. To date, we have not found that ensuring the safety of the 2008 Olympics requires us to make available to China any items, training, or technologies that might require a waiver of these limitations. Should we determine in the future that that such a need exists, we will be sure to consult with Congress before proceeding with such an export.

The Honorable
Ileana Ros-Lehtinen,
House of Representatives.

We hope this information is useful to you. Please do not hesitate to contact us if we may provide further information on this or any other subject.

Sincerely,



Jeffrey T. Bergner
Assistant Secretary
Legislative Affairs

Ms. ROS-LEHTINEN. Thank you, Mr. Ambassador.

Chairman LANTOS. If I may just follow up for a second on my colleague's excellent point, what we are concerned with, Mr. Secretary, is a very clear delineation between security for participants at the Olympics and suppression of freedom in China. We are deeply disturbed by some American companies using their facilities to make available to the Chinese authorities the names of people who share our values in China. The record of some of these companies along these lines is dismal.

We want to be absolutely sure that, while our Government should participate and assist China in protecting the Olympics from terrorism, we must not, under any circumstances, contribute to the suppression of free expression by Chinese and by visitors to China during the Olympics. We do not want these Olympics to go down in the history books as the Genocide Olympics.

We would like to see these Olympics to go down as the beginning of freedom in China, and I think it is extremely important that Secretary Rice and you and others in the Department meticulously delineate the difference between protecting against terrorist acts during the Olympics while preserving the right of both Chinese citizens, visitors to China, journalists covering the Olympics, so they can, in fact, function in a free and open manner. I take it, you agree.

Ms. ROS-LEHTINEN. You always say it so much better than I do, Mr. Chairman. Thank you.

Chairman LANTOS. Chairman Faleomavaega.

Mr. NEGROPONTE. I would disagree at my own peril, Mr. Chairman.

Mr. FALEOMAVAEGA. Mr. Chairman, I just wanted to follow up the chairman's question here, Secretary Negroponte, concerning the recent firing of a Chinese missile that destroyed the satellite. I think that was about 535 miles above the earth's surface, traveling at about 18,000 miles per hour. But I am also told that this technology that China is trying to establish is something that Russia

and our own country had already developed since the 1980s, so what is the big beef about this?

Mr. NEGROPONTE. First of all, the last time the United States conducted such a test was in 1985, and that was in the context of the Cold War, a context which we do not believe exists at the moment.

Secondly, we do not think the test is consistent with some of the discussions we had recently about peaceful uses of outer space between ourselves and China.

Just to give you one example, the director of NASA had just been out to visit China. Well, is conducting an ASAT test consistent with wanting to develop peaceful, civilian space cooperation with the National Aeronautics and Space Administration?

So I think it is the context that is bothersome, Congressman.

Mr. FALCOMA. In our discussions with some of the Chinese officials concerning this issue, they had expressed the notion that what they really wanted was to make sure that there is no war in space, I suppose. That seems to be the concern for all of the nations of the world.

Is there any intent, on the part of our Government, to dialogue to make sure? Don't we already have agreements, international agreements, in place, a convention or some kind of a protocol for nations not to get into a venture out into this kind of a situation?

Mr. NEGROPONTE. Well, we are certainly committed to the peaceful use of outer space, and, frankly, I just cannot call up in my mind at the moment what actual international agreements may exist, but certainly we are committed to the peaceful use of outer space. It is in our interest to do so. It is in China's interest, we believe, because, after all, we all make use of space for a multiplicity of different purposes, particularly in this Information Age.

Mr. FALCOMA. In our recent meeting with Vice President Bong Wol, I certainly want to commend my colleague, Mr. Payne, for raising the Darfur issue, and we dialogued with the Vice President. One of the critical issues, as you had indicated earlier, was that China was furnishing the bullets, the guns, and all of that to the Sudanese Government, and I just wanted to know if, in fact, the Sudanese Government is using this as part of the genocide problems that we are faced with in Darfur?

Mr. NEGROPONTE. I do not know the actual origin of the bombs, but I do think, as I mentioned, we are concerned that they have had this relationship with Sudan. I believe that, as a result of the dialogue that we have had with China over recent months, and, actually, I failed to mention earlier that our special envoy for the Sudan, Mr. Andrew Natsios, will be going back to China for further dialogue with them on this subject.

I think, as a result of that, we have had a measure of success. I do not want to exaggerate our claims here, but I think we have had a measure of success in sensitizing China to the great importance of the issue of dealing adequately with Darfur.

If I could go back, Congressman, the one other point on the ASAT test: Transparency, military transparency. One of the subjects that we encouraged the Chinese to think about: Why do these things in such a veiled and untransparent way?

With the concern we have about their military budget, the double-digit increase every year now for a number of years in the size of their military budget, we need to know about their plans, their activities, their doctrine, their intentions. That is a real confidence-building measure in the relationship, I believe.

Mr. FALCOMA. I noticed with interest, too, the former Secretary, Rumsfeld, expressed the same concern, I think, when he was Secretary of defense. At the same time, too, I think that with our CINCPAC commander, Admiral Fallon, and, most recently, even General Pace, there seems to be an exchange of military—I do not know if it is military knowledge or just, at least, a sense of exchange about China's military to, at least, be more cooperative in that sense.

I was wondering, are we sending China mixed signals here? We are concerned about their military buildup, but, at the same time, we are in partnership with them, in some sense.

Mr. NEGROPONTE. Well, I think these visits are probably important in terms of helping establish the kinds of relationships that will then permit us to get the kind of information we need and, we feel, would be desirable so that we can better understand and address any concerns we may have about their military intentions.

I do not think that these visits, Mr. Pace's or Mr. Gates' or others, would have the effect of reinforcing any behavior that we are concerned about. I think it is more in line with, here is another major country with a significant military establishment. It probably behooves us to understand as well as we can what it is they are about.

Mr. FALCOMA. Thank you.

Chairman LANTOS. Mr. Smith of New Jersey.

Mr. SMITH OF NEW JERSEY. Thank you, Mr. Chairman.

Mr. Ambassador, for almost 27 years, I have raised the issue of forced abortion in China. It is often trivialized. I often get snickers when I raise it, especially from some of the NGOs, and the question to you, one of several questions, is: What we are doing to really robustly engage the Chinese to stop this egregious practice?

We now know that one of the consequences is that there are missing girls, missing women. It has been in effect, as you know, since 1979, and, in a country where there is a boy preference, it has led to gross disparities between males and females. It is a magnet for trafficking and for bride selling. There is also a military component. One Chinese demographer said that, by 2020, 40 million men will be looking for wives and will be unable to find them because they have been aborted.

So my question is, what are we doing on the one-child-per-couple policy to take it to the next level? These are crimes against women and crimes against children.

And, again, have we raised the issue of Baszun Ungai and those 60 women? It is one example of tens of thousands of examples, but it is a visible example. Sixty women forced to abort just 2 weeks ago.

Secondly, on religious persecution, China has been on the CPC list for half a dozen years, yet there has been no penalty. More than a dozen prescribed penalties are in the International Reli-

gious Freedom Act. Will we finally, at long last, impose some penalty?

Thirdly, on labor disputes, last year I co-signed an AFL-CIO complaint to the USTR on the egregious labor rights violations that are committed with impunity by the PRC, and yet we do business with them as if everything is just fine and dandy. That investigation was rejected out of hand.

Ten to fifty cents per hour, no collective bargaining rights, and they violate every ILO standard under the sun. There are no OSHA standards. It is a travesty, and, as a result, it hurts our laborers and certainly our ability to compete, but it also hurts, in a very severe and tangible way, their people.

On North Korea, the refugees that make their way into China are sent back, again, in violation of the Refugee Convention. There has been very little, as far as I can see, in the way of raising that issue and telling China to abide by their signature to the refugee convention. Why do they not live up to the spirit and the letter of that law?

And, finally, on the misuse of the Internet, we have legislation—I again introduced the Online Freedom Act. We know that China, bar none, is the worst violator, using their secret police, their “cyber police,” as they are called, as well as their propaganda office, using this new technology to incarcerate and to torture people to get rid of the dissident and religious freedom movement in China.

If you do not have dissidents, you have no Vaclav Havel, you do not have a Lech Walesa, you do not have Sharansky because they have been put into the Laogai. They are using the Internet. Does the administration support that legislation, and what is the administration doing?

Mr. NEGROPONTE. Here is, I think, what would be my general response to that Congressman, which is, obviously, there are many different areas in the field of human rights where China’s behavior leaves much to be desired, to say the least, and you have outlined some of the areas of great concern.

You mentioned the question of refugees from North Korea. This is an issue we do bring up with the Government of China, and we ask them not to send, and we know that there are thousands of refugees from North Korea that seek refuge in China, and we ask them not to send them back, and despite our urgings, they frequently do that. So that is one area, certainly, of concern.

The issue of forced abortion; I cannot tell you how often it is raised in our dialogue at different levels, but given the extensive exchanges that we have, it is a subject that is certainly mentioned from time to time, but, as you know, there are also very strict prohibitions on the use of foreign assistance resources with respect to abortions, and we certainly condemn and certainly never condone this kind of activity.

We have another issue with China. It is a bit of a process response to your question. Our Assistant Secretary for Democracy, Human Rights, and Labor, Mr. Barry Lowenkron, had a bilateral, high-level dialogue on human rights that has been suspended for the last year or so. Perhaps one of our highest priorities at the moment is to get that dialogue renewed so that we can get the kinds of issues that you are talking about out on the table, air them with

the Chinese, impress them with our concerns, and hear what it is they have to respond.

So, yes, I think you raise a number of issues of great concern to us. One of the things we want to do is get this high-level human rights dialogue going again so that we can air them in the most thorough possible way.

Chairman LANTOS. Thank you very much. Mr. Berman of California.

Mr. BERMAN. Thank you, Mr. Chairman. It is good to have you here with us in that position of Deputy Secretary, Negroponte. Can you tell me what China's current position is on adhering to the Missile Technology Control Regime, the willingness to consult with, to comply with its restrictions on the export of missiles, missile components, missile technologies?

Mr. NEGROPONTE. Right. My understanding—I am going to look over my shoulder here in a minute—is that they are not members of the Missile Technology Control Regime but that they have undertaken to follow its practices and policies.

Mr. BERMAN. And in the context of your discussion of China's position at the Security Council on the vote of the two resolutions on Iran, would the export of covered items under the Missile Technology Control Regime constitute a lack of restraint in exports of military items to Iran?

Mr. NEGROPONTE. I think it might also violate the actual Security Council resolution that is in force.

Mr. BERMAN. I guess that is what I am asking.

Mr. NEGROPONTE. Yes, sir.

Mr. BERMAN. And, to your knowledge, and I realize you cannot follow everything immediately, but, to your knowledge, have we cited, or has China been engaged in, violations of its commitment to adhere to the Missile Technology Control Regime within the last 18 to 24 months?

Mr. NEGROPONTE. Yes. This, again, now making the distinction, if that is possible, between the government and some of the Chinese entities, there have been a number of instances where entities have engaged in transfers of proliferation concern.

In June 2006, we designated four Chinese entities, under the appropriate executive order, as being in violation of these kinds of sanctions, and then, in December 2006, we imposed sanctions on another six Chinese entities, pursuant to the Iran and Syria Non-proliferation Act.

So, yes, there is activity of this kind. Of course, when it comes up, we bring it to the attention of the Government of China, and we have a very detailed dialogue with them on these issues.

Mr. BERMAN. I have always found the argument of the Chinese Government that these entities are exporting without the government's knowledge, particularly in China, to be——

Mr. NEGROPONTE [continuing]. Stretching it.

Mr. BERMAN [continuing]. Stretching it.

When the issue of China's commitments, under the refugee convention that Mr. Smith referred to, are raised with them in terms of sending back North Korean refugees, of the different human rights abuses, here they are directly violating a very specific treaty that they are a signatory to. What do they say?

Mr. NEGROPONTE. Well, as you say, we raise it with them, and we continue to urge them to adhere to their obligations under the 1951 Refugee Convention, and we have urged them to adhere to their obligations.

Now, one of the things that they seem to feel—this is their argument now—I am not espousing it here—that they fear that there will be an even greater flood of refugees from North Korea if they were not to send some of these people back, and they fear it would also complicate their relations with North Korea.

As my colleague points out, they also claim that many of these individuals are economic migrants.

Chairman LANTOS. Mr. Royce of California.

Mr. ROYCE. Yes. Thank you, Mr. Chairman.

In 2002, Deputy Secretary Armitage set up over at the State Department an effort to investigate and counter North Korean criminal activities, and that became known as the Illicit Activities Initiative. That effort, at that time, involved 14 different U.S. Government departments and agencies. About 200 officials worked on that—analysts, law enforcement officers. We were seeing a great deal of activity from that group.

“Royal Charm” was one of the investigations. “Smoking Dragon” was another one. These netted \$4.5 million in North Korean forged super notes, United States currency that was collected, along with narcotics and weapons that were being smuggled into the United States.

I am concerned, I am afraid, that this group has lost its steam. Previously, as I understand it, the head of this group sat on the seventh floor at State, with regular access to Deputy Secretary Armitage and with the ability to get things done, to go to the Secret Service, for example, on counterfeiting or to the FBI or ATF. Now, as I understand the process, the Initiative is being run out of the Korea desk rather than by a special appointee.

So I worry that this effort has lost the energy and coordination that it previously embodied, and Deputy Secretary Negroponte, as you begin your new tenure at State, will you commit to reviewing the Illicit Activities Initiative and examining whether it can again be placed under your command to ensure that it is given adequate emphasis?

I can attest that this is an issue that, from an intelligence point of view, we followed very carefully, the whole issue of illicit activities of various kinds, whether it had to do with narcotics trafficking, counterfeiting, or trade in weapons of mass destruction, and that last category being, in my view, probably one of the most serious problems that we confront with respect to North Korea: Missile proliferation.

Mr. ROYCE. I will follow up on that because, in your testimony, you cited combating the transnational crime as a priority for our bilateral relationship with China.

As I look at Asia in this regard, one of the things that I worry most about is the linkage between North Korean criminal activity and international criminal organizations, and one of those organizations is the Chinese triads that operate in that sector.

What worries me most about these ties is that it gives North Korea access to a vast smuggling network that could allow it to

move not just the counterfeit currency that it moves and the cigarettes and the weapons but, as you say, the WMDs.

Will you expand on the triads' linkages with North Korean illicit activity? Do you share those concerns, and do you perceive that the triads there cause that concern?

Lastly, are we getting 100-percent cooperation from Chinese banks and banking authorities? That is the last question I wanted to ask you.

Mr. NEGROPONTE. Well, certainly, on the question of triads, let me undertake to look into that, Congressman, and get back to you. [The information referred to follows:]



United States Department of State

Washington, D.C. 20520

MAY 18 2007

Dear Mr. Royce:

This letter is in response to questions you posed to Deputy Secretary Negroponte at the House Foreign Affairs Committee hearing on China on May 1 concerning the Illicit Activities Initiative and North Korea's involvement with criminal organizations.

The State Department shares your concerns about North Korean illicit activities and continues to track these issues closely. Interagency coordination and attention to the issues continues on a regular basis under the oversight of senior State Department officials. Working with the interagency community, the State Department will also will continue to take appropriate measures against the DPRK's illicit activities, including counterfeiting the U.S. dollar, narco-trafficking and smuggling. Further, we have made clear that the process of normalizing relations between the United States and the DPRK would entail discussion of a broad range of issues, to include ending the DPRK's state-sponsored illicit activities.

You also expressed concern about possible links between North Korean illicit activity and international criminal organizations, particularly Chinese triads, including the possibility that such ties give North Korea access to a smuggling network which could allow it to move not only counterfeit currency and cigarettes, but weapons of mass destruction as well. The Department shares your concerns about ongoing North Korean illicit activity and possible links to organized crime groups. In the Federal investigations and cases known as "Smoking Dragon/Royal Charm," FBI operations and subsequent prosecutions, including testimony from cooperating defendants, revealed that organized Asian criminals, many run by ethnic Chinese, were smuggling contraband to the United States. The contraband included counterfeit cigarettes and counterfeit U.S. currency ("Supernotes"), which is believed to have come from the DPRK. These investigations suggest a close relationship between persons or entities in the DPRK and traditional Asian organized criminals. The results of investigations into crimes in Japan, Taiwan, and the United States also point

The Honorable

Ed Royce,

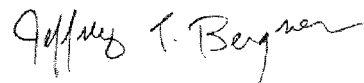
House of Representatives.

to possible connections between criminal elements in the DPRK and organized Asian crime groups. The State Department will continue to monitor these developments closely and take appropriate action. We work closely with the U.S. Secret Service, FBI and Department of Justice, all of which are involved in law enforcement actions related to organized crime and links to persons or entities in the DPRK.

Finally, you asked about the degree of cooperation the United States is receiving from Chinese banks and banking authorities. We have been highly satisfied with the level of cooperation from Chinese banks. As you know, China voted in favor of UN Security Council Resolution 1718, a Chapter VII resolution imposing sanctions on the DPRK, including an obligation to freeze the assets of persons or entities designated by the Security Council or a committee established by the Council as being engaged in or providing support for the DPRK's weapons of mass destruction (including nuclear weapons) and ballistic-missile related programs. Chinese banks are also reported to have taken measures against certain North Korean accounts in the wake of last year's missile launches and nuclear test. We believe this action contributed to North Korea's willingness to come back to the Six-Party Talks late last year. We have also been working closely with Chinese and Macanese authorities on issues related to bank practices and money laundering in the wake of the Treasury Department's application of Section 311 of the USA PATRIOT Act.

We hope this information is useful to you. Please do not hesitate to contact us if we may be of further assistance on this or any other matter.

Sincerely,

A handwritten signature in dark ink, appearing to read "Jeffrey T. Bergner". The signature is fluid and cursive, with the first name "Jeffrey" and last name "Bergner" clearly distinguishable.

Jeffrey T. Bergner
Assistant Secretary
Legislative Affairs

Mr. NEGROPONTE. As far as the banking authorities are concerned, my impression, and, of course, this is an area principally under the responsibility of the Secretary of the Treasury, Mr. Paulson, but my impression is that we have good cooperation with China in the financial and banking realm, and we have certainly had a very good dialogue with them during this latest problem that we have been going through with respect to the Banco—

Mr. ROYCE. I think, after we moved on that bank in Macawi we have had better relations, but it is an indication of why we have to be serious in pursuing this counterfeiting and not give it any ground. I appreciate very much, Ambassador, your responses today.

Mr. NEGROPONTE. Thank you.

Chairman LANTOS. The gentleman from New Jersey, Mr. Sires.

Mr. SIRES. Thank you, Mr. Chairman. Thank you, Ambassador Negroponte for being here today and enlightening us on some of these things. I have a couple of simple questions.

Can you cite for me any instances where the Chinese Government followed rules, guidelines, laws, or treaties? I mean, we look at human rights; we look at all of these treaties they violate. If you look at intellectual properties, they are constantly stealing intellectual properties, all of these arrangements that we make. I know you just mentioned about the financial agreements that they seem to be working on, but where else? All I read about is the fact that they do not—

Mr. NEGROPONTE. Well, first, I would say they are, after all, part of the international trading system. They have economic relations with lots of countries. You have to observe rules and procedures in order to carry these activities out.

I was our representative on the Security Council of the United Nations for close to 3 years. I dealt with the Chinese every day practically since they are permanent members of the Security Council. They follow those procedures and observe Security Council resolutions.

There is still a long way to go. I would be the first one to agree. Maybe there are more problems than there are positive examples that one can cite, but I would not try to characterize their behavior as utterly without any kind of—

Mr. SIRES [continuing]. Sincerity?

Mr. NEGROPONTE [continuing]. Regimentation and respect for procedure and law whatsoever.

Mr. SIRES. Well, thank you very much. I have a question about energy, and maybe this is something that we can work together on.

Over 3 million cars were added to the roads in Beijing in 2006, and they seem to be increasing, at 30,000 cars a month. The Chinese Government has made agreements with countries that are of concern to the United States, like Iran and Sudan, and I understand that they just entered into an agreement with Cuba, some sort of oil exploration.

What can we do to encourage the government to pursue some environmentally friendly practices to reduce dependence on foreign oil for them and for us, working together with us, because, obviously, it is going to get to a point where we are going to need the oil, and they are going to need the oil?

Mr. NEGROPONTE. Right. I could not agree with you more, Congressman. It is an area of cooperation already but, I think, one that could be increased. Mr. Paulson's, the Secretary of the Treasury's, Strategic Economic Dialogue has got a very important environmental component.

Let me just mention some of the kinds of things that they are discussing: No tariffs on environmental equipment, for example. If we could have access for environmental equipment manufactured in the United States, it would help them mitigate environmental problems over there, and that would be a very good thing.

Clean coal technology; that is another area we want to promote, and one of the things we are discussing is how we can encourage China to develop clean coal technology plants, and they are getting down to specifics about that.

So there are a number of different areas where I think we can have a very useful environmental dialogue. We are trying to encourage them not to buy logs that have been harvested through illegal logging in various countries, such as Burma or Indonesia and so forth. So there are opportunities there for cooperation.

Mr. SIRES. Thank you, Mr. Ambassador. Thank you, Mr. Chairman.

Chairman LANTOS. The gentleman from California, Mr. Rohrabacher.

Mr. ROHRABACHER. Thank you very much, Mr. Chairman, and let me say again, as has been the case at almost every hearing, that I would like to identify myself with the remarks of the chairman and everything that he said and underscore with a big plus because I believe he is speaking not only from the heart, but going to the heart of the issues that confront us with China.

Now, with that said, let me also note for the chairman that Secretary Negroponte and I go way back, and I remember meeting then-Ambassador Negroponte in Honduras when I worked at the White House, and we were trying to save Latin America from communist expansion that was taking place from Nicaragua, based in Nicaragua.

You deserve a lot of credit for the things you have done in your career, and let me just note, this is perhaps one of the greatest challenges that you will have had in your career because, as we are going right now, it would appear to me that, within 10 years, we will in a conflict with China that will dwarf all of the other challenges that we have faced as a nation up until now, and we will have created the very Frankenstein monster that we will face 10 years from now unless there is some kind of a reversal that goes on on the mainland and among its leadership.

One of the biggest problems that have led to this horrible situation and scenario that may take place in the next 10 years is the fact that we are not holding Beijing accountable. The dictatorship in Beijing, which has not been one iota of liberalization of the actual political and personal freedoms of the Chinese people, time and time again we have told them that we oppose certain things, and we have not held them accountable when they have taken that specific course of action.

For example, Mr. Ambassador, or should I say, Mr. Secretary, you stated to day that Director Mike Griffin, with NASA, happened

to be in China at the time of this test of the anti-satellite system and questioned whether or not we should have any type of cooperative effort, peaceful—in space, if they are going to be blowing up satellites.

Well, it is very nice for you to say that, and if we do not do that, what message have we sent? Have we officially foresworn any type of space cooperation with the Chinese until they forswear developing anti-satellite technology? I do not think we have.

So what message have we sent them? We do not really give a damn about it. When you talk about human rights, and we do not do anything that causes them to pay a price or hold them accountable for that, to them, we are sending them a message that we really do not care, that we are posturing, and, unfortunately, that is not just in this administration but the policy of several administrations prior to this, all the way through, and the Chinese leadership have got the wrong message.

They think, when Tom Lantos and the rest of us talk about Tibet and bring up human rights issues, and the administration pays lip service, we really do not care, and thus they move forward with not one inch of political reform in that country while, at the same time, benefiting tremendously from the investment that we have made and the type of rules off our economic relationship that we have had.

Let me go to something specific. Did the Chinese, or did they not, provide the nuclear weapons to the Pakistanis necessary for the creation of their bomb?

Mr. NEGROPONTE. You know, I do not know the answer to that question.

Mr. ROHRABACHER. I am sure you will get to your experts, but your experts will tell you yes. What consequences did they pay for that? Zero. Didn't then the Pakistanis turn around and provide that nuclear weapons technology to the North Koreans?

Mr. NEGROPONTE. Well, we know about the A.Q. Khan network, so at least some element of their nuclear capability certainly came from the A.Q. Khan network.

Mr. ROHRABACHER. Right. Now, every time China does something wrong, and, Mr. Chairman, I think it is worth noting, where we do not hold them accountable, the excuse is always that there is a rogue element at work, that actually the Chinese did not provide the nuclear weapons; it was a rogue element that provided it. Whatever we see, there is always this rogue element.

I am reminded of when Churchill was trying to warn against Hitler, and they kept saying, Well, we have got to deal with Hitler because, you know, there are some other Nazis that are really bad.

Well, the fact is that rogue element arguments are providing China a way of not being held accountable. It is leading to a horrendous future. I am looking forward to working with you, Mr. Secretary, and you have done a good job in the past, to meeting this challenge, and, again, thank you to Mr. Lantos for the magnificent leadership he is providing.

Mr. NEGROPONTE. Mr. Chairman, if I could just make one comment.

Chairman LANTOS. Please.

Mr. NEGROPONTE. I realize that the question was not directed, but I believe that the weight of your comments was so important, that I feel I need to, at least, say one thing.

There are areas of very important cooperation with China, and nothing is more important, I think, in that region, from a security point of view, than the security of the Northeast Asia region, and there, if you look at what has happened in the relationship between China and North Korea, who would have imagined, 20 or 30 years ago, or even 5 years ago, China voting for a Chapter VII resolution imposing sanctions on North Korea after its nuclear test last October?

I think they are capable of shifting. They are capable of changing. I think that the question of security on the Korean peninsula is an area of collaboration and cooperation between us. We will have to wait and see how that process unfolds, but I just wanted to highlight it for you, since you had mentioned a number of factors that you consider to be negative, and I wanted to lay a big one out there that, I think, is on the positive side of the ledger.

Chairman LANTOS. Thank you. The gentleman from New York, Mr. Ackerman.

Mr. ACKERMAN. Thank you very much, Mr. Chairman. Ambassador Negroponte, good to see you again.

Mr. NEGROPONTE. Thank you.

Mr. ACKERMAN. Thank you for taking on, yet again, a very, very critical assignment.

The first question that I have is: How do we lean on the Chinese, with regard to the refugee question, when we have abrogated our responsibility and moral duty with regard to refugees in Iraq?

Mr. NEGROPONTE. Well, first of all, Congressman, I know there is an issue about refugees in Iraq, but, most recently, we have agreed with the U.N. High Commission for Refugees to take 7,000 refugees from Iraq. I think the concern earlier was the very small number of refugees we have taken so far, but we are now committed to taking 7,000 of those refugees.

Mr. ACKERMAN. But nobody could tell us if they are prepared or equipped to process those refugees. Refugees come to us in Iraq, by virtue of the information that we got from the hearing that we held, and are told, "We cannot process you here," and these are people who served as interpreters for us, they served as guides, they served as conduits of information to us, risked their lives walking around with targets on their backs, there are thousands of them that were either on our payroll or on the allied payroll, and we tell them, "Sorry. If you want to get processed, go to Syria. Thanks for helping save American lives. Now run for your life."

That is basically the message for them, and processing 200 in all of last year is more than embarrassing; it is sinful.

We are not equipped, just coming up with a number, we are not prepared to take 7,000. You have to have somebody with 7,000 people with pencils, and we do not have that over there. I am sure the Chinese tell us they are committed to doing certain things either that they cannot do, or do not do.

We have a large number of issues with China, running from all of the human rights issues that our colleagues have mentioned today to nuclear proliferation, Korea, et cetera. What are the levers

of pressure that we are willing to use, not what the treaties and agreements say, because we ignore most of that, as the gentleman from New Jersey pointed out before, what are the levers that are at our disposal that we are willing to use to pressure the Chinese because usually countries have interests, and they are not going to do what is not in their interests unless they get something for it that is more in their interests? So what are their interests, and what are we willing to give for the get and the ask?

Mr. NEGROPONTE. Well, I think one of the reasons my predecessor spent so much time and effort on the issue of trying to urge China to be a responsible stakeholder in the international system is that if you can get a country of the size and importance of China engaged with the rest of the world, there will be a cost incurred if, for some reason, that kind of engagement is disrupted.

Mr. ACKERMAN. Could you enumerate four things that we are willing to do? Are we considering something about the Olympics? Are we considering something about sanctioning China, not just a couple of companies? What is it that is on the table that we can actually do?

Mr. NEGROPONTE. In the way you describe it, I do not think I would say that there is anything on the table, but if you ask me, is there a political price to pay in the relationship, and does it make it more difficult to move the relationship forward if certain problems exist with respect to how they are treating their people or how they are working on dealing the nonproliferation issues or how they are cooperating with us in various issues of international concern, then that is the kind of discussion we can have.

Mr. ACKERMAN. I do not understand. What is the price that they pay? You said they pay a price. Is it, somebody looks at them and thumbs their nose, and says, "Na, na, na, na, na," or something?

Mr. NEGROPONTE. No, no. I think that, if there is great dissatisfaction with some aspect of China's behavior in our society as a whole, I think it is going to be difficult to move the relationship forward in the kinds of directions they would want it to go as quickly as they would want it to go, and it might even have the effect of arresting the relationship, in one aspect or another.

I am elected to enumerate specific leaders, Congressman, but I do think that the political atmosphere surrounding our relationship and the context of our relationship has a bearing on how quickly or slowly it can advance.

Chairman LANTOS. Thank you very much. The gentleman from Arkansas, Mr. Boozman.

Mr. BOOZMAN. Thank you, Mr. Chairman. Would you comment a little bit about Taiwan and China? I am real active in the NATO Parliament, and, a few years ago, we had a speaker that felt that one of the most dangerous places in the world was the Strait of Taiwan.

I guess I would like to know if you feel like, you know, that now, compared to 3 or 4 or 5 years ago, are things quieter in that respect than they were then, or have things escalated? If he were to talk to me today instead of 2 years ago, would he tell me that things are even more dangerous now than they were then?

Mr. NEGROPONTE. Well, certainly, the Taiwan Straits and the issue of China-Taiwan is one of the potential, serious flash points

on the global scene, but if you ask me, say, how does the situation compare with the mid-1990s, when there was a real crisis atmosphere on the Taiwan Straits, it is certainly calmer than that. I do not think there is any immediate reason to be concerned about any imminent tensions in the Taiwan Straits.

I think the concern is that we want to encourage everybody concerned to stick to the policy of resolving the issue of Taiwan and the Taiwan Straits by peaceful means, and the status quo should only be changed by peaceful means. That is the most important thing.

We are concerned, as was mentioned earlier, about the Chinese military buildup on their side of the straits. We are also concerned sometimes that there are moves afoot in Taiwan on the part of some of the political actors there to try, in some way, to change the status quo by defining the nature of Taiwan differently, changing the name, calling for referendums with respect to one aspect of Taiwan or another or changing the Constitution. All of these things, we feel, need to be viewed in the context of resolving these issues peacefully and not taking any provocative actions whatsoever.

Mr. BOOZMAN. I guess, as Americans, it is hard for us to understand the relationship. You have so much investment in the mainland from Taiwan, and yet you have got this antagonism. How much do you think the increase in the buildup of China's military force, a blue-water Navy, like I said, an increase in arms and all of that; how much of that is long-term goal as far as reclaiming Taiwan?

Mr. NEGROPONTE. Well, I certainly think their military buildup relates to a Taiwan contingency, i.e., they want to be in a position to predominate in such a contingency or to put themselves in the best possible position, in the event of such a contingency. But, again, I want to stress that the focus of our efforts, and we hope that it is the efforts of the others concerned, is to resolve this issue on a peaceful basis.

Mr. BOOZMAN. Thank you, Mr. Chairman.

Chairman LANTOS. Thank you. Mr. Wexler.

Mr. WEXLER. Thank you, Mr. Chairman. Mr. Secretary, I was hoping to refocus the discussion back on Sudan and the ongoing genocide in Darfur, if I may, and certainly following your very concerned comments, I want to express my respect and gratitude for your own personal efforts, as I do for the efforts of other members of the administration. But, to some degree, it is an almost unbelievable proposition, in the context of what, as a nation, we are prepared to do regarding the genocide, and I realize this is a hearing about China. We are focused just on Chinese policy toward Sudan.

But, of course, when Milosevic was practicing ethnic cleansing, we, as a nation, did not wait for the United Nations to act; we acted within the context of NATO, and certainly, while the purported reason for going into Iraq was not ethnic cleansing, we did not, in any way, wait for the rest of the world to take action.

Now, with respect to genocide in Darfur, as well intentioned as you and the administration certainly are, we have this absolute position of multilateralism that has infected the administration to the point where we seemed to be hand cuffed until we can convince

other world actors to support, if I understand your comment, to support our effort for a joint United Nations-African Union force.

My specific questions, again, respecting the fact that, I believe, on several occasions today, you have talked about your extensive conversations with the Chinese and other members of the administration. Could you share with us what the Chinese are sharing with you in terms of their position, and could you share with us how Congress and those of us in Congress who care deeply about the issue could assist your efforts in helping to persuade the Chinese to join with our efforts?

If I may, just in closing, because I think Mr. Rohrabacher always provides innovative and creative discussion, and I respect him enormously, I do not think it would be prudent to leave this hearing with the impression that all of the members of the committee, and certainly I, differ, respectfully, with Mr. Rohrabacher. I do not believe that we have an inevitable conflict with China, a massive military confrontation, within the next 10 years; just the opposite. With skillful leadership in Washington, with skillful leadership in Beijing, there should be far more cooperation rather than confrontation.

But with respect to Sudan, Mr. Secretary, if you could share a response, I would greatly appreciate it.

Mr. NEGROPONTE. I agree with what you just said, by the way, Congressman, about the prospects over the next several years in our relationship with China.

As far as Sudan is concerned, the Chinese, in our dialogue with them, first of all, have agreed that it is an issue of great concern, and it is one that, you might say, is on the agenda of our bilateral dialogue, so I think that is important.

Secondly, we are in agreement, and the Chinese have agreed, that additional action by the international community is required in the form of this three-phased plan for bolstering the security forces in Darfur is concerned. They have the light package, the heavy package, and then the AU-U.N. force. China and ourselves are on the same page there, and the Government of China has expressed strong support for this three-phased program, and they have urged Khartoum to accept the deployment of the U.N.-African Union force.

I think where we might diverge slightly is that we have indicated that if the Government of Sudan does not take corrective steps in the very near future, that we are going to probably table a resolution in the Security Council calling for greater sanctions against China, and I think that we will get some push-back from the Chinese.

Mr. WEXLER. Against Sudan?

Mr. NEGROPONTE. Against Sudan. Right. I am sorry. Sanctions against Sudan by the Security Council, increased ones; I think we may get some push-back from China on that, but I would not rule that possibility out entirely.

So I think we have a fairly meaningful dialogue with them on this subject.

Chairman LANTOS. Thank you very much. The gentleman from South Carolina, Mr. Inglis.

Mr. INGLIS. Thank you, Mr. Chairman.

Mr. Ambassador, on February the 26th, the Chinese Communist Party's official newspaper, *People's Daily*, ran an extraordinary op-ed written by the Chinese prime minister. Among other things, the prime minister sought to stifle calls for political reform through his insistence that China remains in what he calls the "beginning stage" of a socialist development and that, as such, the nation must "persist in the party's basic line" for at least 100 years without wavering.

So the message could not be clearer that the Communist Party has no intention of allowing democratization in China in our lifetimes.

Two questions for you: One is, how should the U.S. respond to that situation? And the second, has not our policy of engagement and integration been premised on the assumption that trade will lead to democracy in China, and isn't that premise challenged by a writing like this from the prime minister?

Mr. NEGROPONTE. Earlier, there was a comment by one of your colleagues about what is it that is driving the domestic situation.

If you take what they say, the concern for developing a harmonious society—that is the terminology they use—I think the message I take from the Government of China is that their focus, at the moment, is on economic and social development inside their own country: Creating employment, dealing with problems of rural unrest. I believe the chairman may have referred to the 86,000 or so demonstrations that took place last year.

There are a lot of domestic problems that they have got to deal with in caring for 1.2 billion people, and I think the government is motivated to try and deal with the economic and social conditions in which their people live.

I do not know about this 100-year quote. We will not be around at that time. I do not know whether that was a rhetorical flourish or a way of saying it is not on the agenda at this particular moment. I just do not know. I do not know what motivated that.

Your other question—

Mr. INGLIS. What you are basically saying is they have a high need for stability, I guess. They need to have control, and that sort of thing seems to be their guiding principle.

But then the second part of that is that we have assumed that our engagement and involvement with them economically would cause them to become more like us, and it seems to me that the record so far is not substantiating our assumption that they will become more like us. They have, in fact, a high need for control.

I mentioned the guy that visited with me earlier. I told him that you seem to have a high need for control in your country. I said, in the United States, nothing is under control, and we sort of like it that way. That is what freedom is about.

The question is, the engagement we have had does not seem to have moved them the way that we thought it would, or do you think it is just too early to tell, but it is, in fact, moving them?

Mr. NEGROPONTE. I think I would probably say it is too early to tell. These are things that are generational. They are not things that happen overnight. When I first went there in 1972, China looked very different than it looks today. A lot of people did not have any of the choices that they have available to them today.

There are literally tens, if not hundreds, of millions of Chinese who have choices that they did not have in 1972, as far as I could tell back then.

So that would be one issue, and I am not sure it is the sole premise of our engagement. There is definitely the element, well, the more we engage them in the international economic system, the greater the likelihood that some changes will come about in their own society, and I think that proposition has a reasonably good chance of proving true.

But we also, of course, cultivated and developed our relationship with China for geopolitical and geostrategic reasons during the Cold War, for one, and remember the context in which we reached out to China in 1972, and today, because we see China looming as a major player, certainly in the region, and probably on the global scene.

Mr. INGLIS. Thank you, sir. Thank you, Mr. Chairman.

Chairman LANTOS. The gentlelady from Texas, Sheila Jackson Lee.

Ms. JACKSON LEE. Mr. Chairman, thank you for having this very important hearing, and I thank the ranking member as well, and, Ambassador and Secretary, many, many names, thank you for your leadership. I know our alma mater would be grateful for your leadership and service, and certainly America is grateful as well.

Let me start by saying that I like China, and I like the people who engage you in mainland China when you visit, and I believe in diplomacy, and I believe in the virtues and values of this wonderfully diverse country that has in its midst, meaning the United States, people from all walks of life, including the Chinese and the contributions that they have given.

I recall the vigorous debate on the PNTR some few years ago, and one of more moving calls that I got that came with such great respect and stature was that of President Carter, who emphasized the importance of engagement and what it would mean to not engage or to not provide this vehicle of interchange and exchange, and, of course, PNTR was really around trade, but it also talked about opening the doors on issues of democracy and religious freedom.

At the same time, as we come now, some years later, to 2007, I am empathetic to those who wonder whether or not a nation that seems to be hard to hear on the questions of genocide in the Sudan should have the world's opportunity to hold an Olympics. And, of course, we are reminded also of the actions of President Carter during the time of the incident with the former Soviet Union and the boycott that was initiated at that time.

But this is a serious, serious question, which I have been in meetings and which we have engaged some of the representatives of China and part of the U.S.-China Interparliamentary Exchange. I have gone a number of years. I think it is very productive.

I need some more hard, firm answers on the question of our moving China to realize the deep devastation of death that is going on in Sudan. China is a major secure procurer of the oil resources of the Sudan. That keeps a country afloat, and they know that there have been a number of diplomatic exchanges. The members of the Congressional Black Caucus have met with representatives.

As I yield to you on this question, I, too, have received the information about China, that there is a generational change or shift. I have been told, and very straightforward, that our country thinks in seconds and minutes, and they may be right, and they think in 1,000 years. But we are in 2007, and all of us have to somewhat be familiar with the fast-moving world.

Also, if you would, the issues—let me back this up—on Sudan—

Chairman LANTOS. Let me just remind my colleague that the answers will have to come in writing because you have almost exhausted your time.

Ms. JACKSON LEE. I thank you. Then I will yield for the Sudan question.

Chairman LANTOS. Go ahead, Mr. Ambassador.

Mr. NEGROPONTE. Just to give you one example of how they might increase their cooperation on Sudan, and they are seriously considering this, they are seriously thinking of sending an engineering unit as part of the peacekeeping force in the Sudan to help construct some of the barracks that would be needed for the expanded African Union-United Nations force.

Now, 10 or 15 years ago, you would not have found, or even more recently, China being disposed or willing to deploy peacekeeping forces in support of United Nations Security Council resolutions. They sent some troops to Southern Lebanon in that recent situation.

So it is just one concrete example of where they might turn out to be helpful on this issue, and you may not have been here earlier, but I did mention the frequent times that I have dialogued with them on that, plus the fact that Mr. Natsios, our special envoy, will be going back to Beijing fairly soon. This issue definitely is on our bilateral agenda.

Ms. JACKSON LEE. Mr. Chairman, I want to thank you, and I want to thank the Ambassador. I simply would like for China to stop buying oil from Sudan to really show that they are concerned about the 400,000 dead and more dying. That would show the world that China is now part of the larger family, and that is a world that believes in human rights and saving lives.

I look forward to seeing, Mr. Chairman, my additional questions on human rights and the economy and the trade imbalance. I know that is not partly all of your oversight, but to the Ambassador, and I thank you, and I yield back.

Chairman LANTOS. Thank you. Final question, the gentleman from Ohio, Mr. Chabot.

Mr. CHABOT. Thank you very much, Mr. Chairman. Thank you for holding this important hearing, and welcome, Mr. Ambassador, and we appreciate your service to our country in so many different capacities. I had the distinct pleasure to meet with you several times in New York when you were our Ambassador to the United States.

Mr. Eni Faleomavaega and myself were the two representatives from the Congress that year. This was, I believe, in 2001–2002. It was a pleasure to meet with you up there, and I just had a couple of questions. I also happen to be one of the co-chairs of the congressional Taiwan Caucus, and, as you know, there are always issues

between PRC and Taiwan on a whole range of issues, but just two, I would like to address.

The first: We are going to be dropping a bill here very soon along the lines of a bill that I have introduced in the past. Our current policy is such that we do not allow high-level officials from Taiwan to come here to Washington, DC. For example, the President of Taiwan, the Vice President of Taiwan, foreign minister, defense minister cannot come here. They can sometimes come to San Francisco, if they are on their way to South America and that sort of thing, but they cannot come to Washington, DC, and I think that we are long overdue in changing that policy.

Taiwan has, for many, many years now, been a strong ally of the United States. They are a thriving democracy, and it just seems like it is time for the United States to change its position to allow high-level officials from Taiwan to come here to our nation's capital.

There are issues that we share, whether it is trade—they are one of our largest trading partners—a lot of issues for us to discuss, and I do not want to put you on the spot, and probably you would have to get back, but I do not know if you would like to comment on that particular issue.

Mr. NEGROPONTE. I do not think it is going to surprise you for me to say that I think we would have difficulties with what you propose, mainly because of our One-China policy, our view that there is one Government of China, and the government which we recognize is the People's Republic of China. So we would not want to take any steps that might give the impression that somehow we now think otherwise.

Mr. CHABOT. I understand, and I would not necessarily have expected a different response, but I would just like, to the extent that I can, as a Member of Congress and as one of the representatives, one of the co-chairmen of the Congressional Taiwan Caucus, I believe, and many of us believe, that if it ever made sense, it certainly does not anymore and that that policy should be changed, and we ought to allow those high-level officials to come here.

Also related to Taiwan, the PRC has, for many years now, blocked Taiwan from participating in the World Health Organization, and, in the past, they have been requesting observer status and now would like to have a regular membership in the World Health Organization. There are many health issues, which would not only benefit the 26 million people in Taiwan but really the whole world.

SARS is a good example. When you look at the way that China, the PRC, fumbled the ball, at least initially, on SARS and really covered it up as opposed to trying to actually deal with the health crisis that they were facing, it showed that they oftentimes do not know what is best, and I think this is a case where they are blocking, for no good reason, Taiwan in participating there.

In the past, the United States has been in the forefront in trying to help and assist Taiwan in that effort, and, with the short time that I have remaining here, if you would perhaps comment on that, I would appreciate it.

Mr. NEGROPONTE. And also, on the previous question, Congressman, I do want to say that, even though we would have issues with

allowing the President or the Vice President of Taiwan to come to Washington, this is not to say that we do not have arrangements for interacting with these individuals. Of course, we have the American Institute on Taiwan. We also have officials who visit from Washington to Taiwan, not at the highest level, but at a very high level.

So I do not think that we lack for a meaningful dialogue with the authorities of Taiwan, so that I do not think there is anything that impedes us from understanding their points of view and conducting the business we have got to conduct.

With respect to the World Health Organization, you are right. We support observer status for Taiwan in the World Health Assembly. This is in line with our consistent policy of not supporting membership for Taiwan in organizations that require statehood, but we do support observer status. My understanding is that Beijing has been resisting that, preventing that from happening, and we think they are wrong on that point. We think it is in everybody's interest that Taiwan be accepted in the WHO as an observer.

Mr. CHABOT. Thank you.

Chairman LANTOS. Thank you very much, Mr. Secretary. You have answered a tremendous array of difficult questions. We are grateful for your patience and your cooperation, and we look forward to your return visit to the committee. This hearing is adjourned.

Mr. NEGROPONTE. Thank you, Mr. Chairman.

[Whereupon, at 2:39 p.m., the committee was adjourned.]

A P P E N D I X

MATERIAL SUBMITTED FOR THE HEARING RECORD

PREPARED STATEMENT OF THE HONORABLE SHEILA JACKSON LEE, A REPRESENTATIVE
IN CONGRESS FROM THE STATE OF TEXAS

I would like to begin by thanking the committee Chairman, Mr. Lantos, and the Ranking Member, Ms. Ros-Lehtinen. The subject of the United States' relations with China continues to be a complex and dynamic one, and I welcome today's opportunity to address this issue. May I also thank our distinguished witness, the Honorable John D. Negroponte, Deputy Secretary of State.

China is, without question, an emerging world power. It is extremely prudent to take note of the increasing influence of China on the world stage, and to examine the future of our complex and dynamic relations with this country. China's transition to a market economy has already begun to have enormous economic and political implications, and it presents an opportunity to work with China in a constructive manner toward achieving peaceful settlements to conflicts around the globe. There is an enormous potential value of trade with China for the people of both nations, and recent years have proven that there is room for a great deal of economic and diplomatic cooperation between the United States and the People's Republic of China.

However, I believe we must continue to press the Chinese government to step back its weapons proliferation, and to respect basic human rights. Since 1980, China has supplied billions of dollars worth of nuclear and chemical weapons, as well as missile technology, to states in south Asia, South America, the Middle East, and southern Africa. It has done this despite American protests, and after making numerous promises to stop. China remains the most serious weapons proliferation threat in the world, and, in order to become a truly valuable ally, needs to make major changes in this practice.

Additionally, China's willingness to supply weapons to rogue states and other questionable regimes is compounded by its lack of regard for human rights. In particular, China has, for the past several years, been funding the genocide in Darfur by virtue of being the principal purchaser of Sudanese oil. According to reports, the Chinese government has recently taken some positive steps away from this enabling role, pressuring the Khartoum government to accept the proposed UN peacekeeping contingent. I continue to strongly advocate using economic and diplomatic incentives to encourage the Chinese to become active leaders in global efforts to end the slaughter in Darfur.

In addition, I remain concerned about increasing military spending within China itself. China's military budget continues to increase, funding a military buildup as well as rapidly increasing technical capabilities. According Department of Defense reports, China is developing anti-satellite missile systems, which could be construed as a threat not only to our nation's military capacity, but also to the numerous commercial and communications satellites currently in orbit.

Despite these serious and persistent concerns, trade with China remains beneficial to numerous sectors of our American economy. Trade with the PRC has increased exponentially in recent years, rising from \$5 billion in 1980 to \$343 billion in 2003, making China currently our second-largest trading partner. Linger concerns largely center on the Chinese refusal to implement World Trade Organization commitments, particularly those regarding intellectual property rights, as well as the nation's practice of artificially undervaluing its currency. However, post-1979 economic reforms have helped transform China into one of the world's fastest growing economies.

I continue to believe that China can be a constructive partner in a number of economic and diplomatic sectors, but I remain extremely wary of China's military and human rights policies. I look forward to the testimony of Ambassador Negroponte,

and I hope that we can engage in a constructive and meaningful debate about the future of our nation's relations with the People's Republic of China.

Thank you, Mr. Chairman, and I yield back the balance of my time.

PREPARED STATEMENT OF THE HONORABLE DONALD A. MANZULLO, A
REPRESENTATIVE IN CONGRESS FROM THE STATE OF ILLINOIS

Deputy Secretary Negroponte, thank you for coming before the Committee to testify on the status of U.S.-China relations. Your leadership is greatly needed as the United States enters a more direct stage of our relations with China on economic and trade issues. It is important to remember that economic security is a vital component of our national security. The northern Illinois district I am proud to represent led the nation in unemployment during the early 1980's at 25 percent, higher than during the Great Depression. During the previous recession, Rockford, Illinois had double-digit unemployment and only in the past 2 years have there been signs of a recovery.

I applaud the Administration's recent decision to take action against China's serious violations of intellectual property rights and its illegal subsidies. By elevating our IPR concerns to the World Trade Organization we send a clear message that China must recognize its responsibilities.

As we move closer to the high-level Strategic Economic Dialogue scheduled for this month, there continue to be more questions than ever regarding the long-term direction of U.S.-China relations. I continue to be very concerned about the damage being inflicted on American manufacturing by China's significant currency misalignment. Furthermore, I still have not received any more information regarding China's recently announced plan to reinvest up to 30 percent of its foreign reserves into strategic industries and to build domestic champions. The lack of transparency makes it difficult for us to understand what is going on over there.

Recent news from China on the trade front does not give me great hope that the upcoming Dialogue will be very successful. For example, Vice Premier Wu Yi's widely broadcast comments to "fight to the end" against our WTO case is alarming. This seems to signify that China is more interested in keeping counterfeiters in business than cracking down on piracy. I also understand that the SED is focusing significantly on the financial services sector rather than broad trade issues. I am interested to know what the Administration's goals are for addressing some of these broader trade issues.

Promoting constructive U.S.-China relations is a key priority for me. As you know, I chaired the U.S.-China Interparliamentary Exchange for over seven years. During this time we worked tirelessly on behalf of the American people to balance the U.S.-China trading relationship and I believe we achieved some positive outcomes.

I understand that managing relations between our two countries is not a simple task. I am heartened to know that the Administration has chosen such a dignified leader as Deputy Secretary Negroponte to lead this issue.

I look forward to your testimony. Thank you for coming.

WRITTEN RESPONSES FROM THE HONORABLE JOHN D. NEGROPONTE, DEPUTY SECRETARY OF STATE, U.S. DEPARTMENT OF STATE, TO QUESTIONS SUBMITTED FOR THE RECORD BY THE HONORABLE DAVID WU, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF OREGON

Question:

From the perspective of the American Intelligence community, what are potential benefits to detriments of, and potential problems or opportunities with cooperation between the United States and the Peoples' Republic of China in human space flight programs parallel to developments between the United States and Soviet space programs starting over 30 years ago?

Response:

State defers to the Director of National Intelligence which has jurisdiction over this issue.

Question:

At yesterday's hearing, you were questioned about whether the Administration had urged the Chinese government to invite His Holiness the Dalai Lama to visit China. Could you clarify as to when and to whom the Administration has requested that the Chinese government invite the Dalai Lama to visit China, and what opportunities

you see to raise this issue again with them before the Beijing Olympics Games in 2008?

Response:

President Bush, Secretary Rice, and I have supported dialogue between the Dalai Lama's representatives and the Chinese government and hope that this dialogue would produce substantive results. In addition, we have suggested on numerous occasions that China should invite the Dalai Lama himself to visit as a way of building confidence between the two-sides. President Bush raised the issue with President Hu directly during the Chinese president's visit to Washington in April 2006 and repeated the message at the Asia-Pacific Economic Conference in November 2006. Secretary Rice raised the issue several times with then Foreign Minister Li Zhaoxing, both in the United States and in her visits to China. I myself raised Tibet and the Dalai Lama during my inaugural trip to Beijing as Deputy Secretary of State in January. And I know that our Undersecretary for Democracy and Global Affairs, Paula Dobriansky, who is also the Special Coordinator for Tibetan Issues, has suggested that China invite the Dalai Lama on several occasions, including her August 2006 trip to China where she met with Executive Vice Foreign Minister Dai Bingguo and Assistant Foreign Minister Cui Tiankai.

We are committed to supporting meaningful dialogue between China and the Dalai Lama and his representatives, and believe that one of the best ways to move forward is by having the Dalai Lama himself visit China. We will continue to urge China to take this important step in the months ahead.

