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**China's Approach towards Post-Cold War Multilateral Arms Control:  
Development of Integrative Steps  
1990-1996**

**A Thesis submitted to the Department of  
Political Science & Public Policy of University of Waikato,  
in fulfilment of the requirement for the Degree  
DOCTOR OF PHILOSOPHY**

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**March 1999**

## Abstract

This thesis is a study of China's changing approach towards multilateral arms control since the end of the Cold War. In the wake of the end of the bipolar confrontation, China emerged as a major concern in the international arms control arena. It appeared that the nation lagged far behind the international momentum of post-Cold War multilateral arms control aspirations. Consequently, China came to be seen as less than cooperative in most of the on-going arms control processes. Yet over time, positive changes in Chinese arms control policy did occur, characterised by a series of integrative steps taken by Beijing. Through these integrative steps, China has been moving increasingly closer to accepting international norms in arms control. But so far there has been no major scholarship yet that addresses the above development in a more systematic manner. This thesis is an attempt to fill this gap. It proposes to examine systematically China's approach to post-Cold War multilateral arms control issues. The primary purpose is to identify and explain the development of Chinese integrative steps. It examines the four most controversial issue areas in recent Chinese arms control policies, namely, China's accession to the nuclear non-proliferation treaty (NPT); its participation in negotiations for a comprehensive nuclear test ban (CTBT); its ambivalence towards the Missile Technology Control Regime (MTCR); and its attitude towards confidence and security building measures (CSBMs) with regard to the South China Sea territorial disputes. The main research task in each case study is three-fold. First, it analyses China's unilateral national interests and the various negative dynamics that were unfavourable to the development of the multilateral arms control regime concerned. Second, it examines Beijing's subsequent approach and policy change which occurred during encounters with the main parties involved. In doing so, it will identify integrative steps made by Beijing and to assess whether there is any compromise in Beijing's approach and policy change. And third, it explores the main reasons for the development of Beijing's compromise (or the relative lack of it). Based on both published research material

and interview fieldwork in China, it is argued that to varying degrees, Beijing has made compromises in its traditional independent and hard *realpolitik* state interests. It was by these compromises from Beijing that post-Cold War Chinese arms control policy has been significantly different even from that in the 1980s. It is also argued that there has been a combination of so-called domestic and external factors that have served to enlist compromise from Beijing. Among them, some are relatively stable, others are in flux. It is suggested that in analysing the likely cooperation from Beijing to a multilateral arms control issue, one would need to pay more attention to those relevant variables that are in constant change. A closing observation is offered on the likely movement of China's future approach towards multilateral arms control.

## **Acknowledgement**

In this brief space, it is not possible to thank properly the many persons and institutions from which I was so fortunate to receive the benefit of wisdom, encouragement and support. The completion of this thesis has been a lengthy journey, and my greatest debt is to Professor Dov Bing, formerly Head, Department of Political Science & Public Policy, University of Waikato. Professor Bing kindly introduced me into this journey, and, as my Chief Supervisor, has offered great suggestions for me to start the journey, for which I will always remain grateful. Here, closely linked to the completion of this journey, I would like to extend a special and sincere thank to Dr. Ingyu Oh, the latest member of my supervisory committee. My time of work under his guidance has been short, but my benefit from it has been invaluable.

My appreciation is also extended to my other supervisors at various stages of this work: Dr. Wayne Robinson, Dr. Robert Ayson, and Mr. Mark Rolls. I am especially grateful to Dr. Robinson. The benefits I have gained from his careful review of and constructive comments on the many drafts of this thesis in the early stage are immeasurable. I am also grateful to many other staff members in the Department for their great encouragement and valuable support in one way or another. They include Associate Professor John Beaglehole, Dr. Alan Simpson, Dr. Michael Goldsmith and Dr. David Neilson. Special thanks are due to Annie Muggeridge, who offered me valuable assistance for my research; and Raewyn Emett, for her prompt proof reading and language polishing of the thesis. Financial support for the completion of this study, for which I am deeply grateful, were kindly offered by, among others, the Peace and Disarmament Education Trust (PADET) in Wellington and the New Zealand Ministry of Foreign Affairs and Trade.

During the period of research, I conducted fieldtrips to Beijing and Canberra. Sincere thanks are to the many individuals and organisations that have generously received me. They include the more than forty individuals in Beijing with whom I conducted interviews and had personal communications. Most of them are security analysts and arms control experts from various research institutes affiliated with the PLA or the government ministerial departments. I also conducted valuable interviews with several officials from the Ministry of Foreign Affairs. Here, I would like to extend a great thank to them all. In Australia, I was fortunate to gain the expert knowledge and suggestions from Dr. Kevin P. Clements, the then Head of the Peace Research Centre of the Australian National University; Professor Andrew Mack; Dr. Greg Austin; and Dr. Mohan Malik. In particular, Dr. You Ji has been a constant inspiration for me throughout the study.

A deep gratitude is expressed here to my parents, brothers and sisters. I gladly owe them very much for their constant support, great care and a never ending love.

Most of all, my heart-felt thanks to my wonderful husband Bernd -- a great partner and my best friend. It would not be possible for me to complete this Ph.D endeavour without his compassion, understanding, skilful co-ordination and abiding affection. Xie xie ni.

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## Acronyms and Abbreviations

<b>ACD</b>	Arms control and disarmament
<b>APEC</b>	Asia-Pacific Economic Cooperation
<b>ARF</b>	ASEAN Regional Forum
<b>ASAT</b>	Anti-satellite
<b>ASEAN</b>	Association of Southeast Asian Nations
<b>BM</b>	Ballistic missile
<b>BMD</b>	Ballistic missile defense
<b>BR</b>	<u>Beijing Review</u>
<b>CPAPD</b>	Chinese People's Association for Peace & Disarmament
<b>CASS</b>	Chinese Academy of Social Sciences
<b>CATIC</b>	China Aero-Technology Import-Export Corporation
<b>CD</b>	Conference on Disarmament
<b>CISS</b>	China Institute for International Strategic Studies
<b>CCP</b>	Chinese Communist Party
<b>C<sup>3</sup>I</b>	Command, Control, Communications and Intelligence
<b>CEP</b>	Circular error probable
<b>CFE</b>	Conventional Forces in Europe
<b>CISAC</b>	Centre for International Security and Cooperation (California)
<b>CMC</b>	Central Military Commission (of the CCP)
<b>CNNC</b>	China National Nuclear Corporation
<b>COCOM</b>	Co-ordinating Committee for Multilateral Export Controls
<b>CONMILIT</b>	<u>Contemporary Military</u> (Beijing)

<b>COSTIND</b>	(China) Commission of Science, Technology and Industry for National Defense
<b>CPMIEC</b>	China Precision Machinery Import-Export Corporation
<b>CRS</b>	(U.S.) Congressional Research Service
<b>CSBM</b>	Confidence and security building measures
<b>CSY</b>	<i>China Statistical Yearbook</i>
<b>CTBT</b>	Comprehensive Test Ban Treaty
<b>CWC</b>	Chemical Weapons Convention
<b>DF</b>	<i>Dong Feng</i> (east wind) series of Chinese intermediate range and inter-continental ballistic missiles
<b>DFI</b>	Direct foreign investment
<b>EEZ</b>	Exclusive Economic Zone
<b>FEER</b>	<u>Far Eastern Economic Review</u>
<b>GATT</b>	General Agreement on Tariffs and Trade
<b>GNP</b>	Gross National Product
<b>GPS</b>	Global Protection System
<b>HNE</b>	Hydro-nuclear experiment
<b>IAEA</b>	International Atomic Energy Agency
<b>IAPCM</b>	Institute of Applied Physics & Computational Mathematics (Beijing)
<b>ICBM</b>	Inter-continental ballistic missile
<b>IHT</b>	<u>International Herald Tribune</u>
<b>INF</b>	Intermediate-Range Nuclear Forces
<b>IIS</b>	Institute for International Studies (Beijing)
<b>IISS</b>	International Institute for Strategic Studies (London)
<b>IMS</b>	International monitoring system

<b>ISODARCO</b>	International School on Disarmament & Research on Conflicts (Italy)
<b><i>JDW</i></b>	<u>Jane's Defence Weekly</u>
<b>JL</b>	<i>Ju Lang</i> (mountainous waves) Chinese submarine-based missiles
<b>MFA</b>	(Chinese) Ministry of Foreign Affairs
<b>MFN</b>	Most-favoured nation
<b>MRV</b>	Multiple re-entry vehicle
<b>MIRV</b>	Multiple independently targetable re-entry vehicle
<b>MTCR</b>	Missile Technology Control Regime
<b>NDU</b>	(PLA) National Defense University
<b>NFU</b>	Non-first-use (of nuclear weapons)
<b>NORINCO</b>	(China) North Industries Corporation
<b>NPC</b>	National People's Congress
<b>NPT</b>	Nuclear Non-Proliferation Treaty
<b>NSA</b>	Negative security assurances
<b>NSG</b>	Nuclear Suppliers Group (the so-called London Club)
<b>NTM</b>	National technical means (of verification)
<b>NWS</b>	Nuclear-weapon state
<b>NNWS</b>	Non-nuclear weapon state
<b>ODA</b>	Overseas development assistance
<b>OE</b>	Overseas edition
<b>P-5</b>	The five declared NWSs
<b>PLA</b>	People's Liberation Army
<b>PLAN</b>	PLA navy

<b>PMC</b>	(ASEAN) Post-Ministerial Conference
<b>PNE</b>	Peaceful nuclear explosion
<b>PRC</b>	People's Republic of China
<b>PTBT</b>	Partial Test Ban Treaty
<b>R &amp; D</b>	Research and development
<b>RMRB</b>	<u>Renmin Ribao</u> (People's Daily)
<b>SAM</b>	Surface-to-surface missile
<b>SEZ</b>	Special economic zone
<b>SDI</b>	Strategic Defense Initiative
<b>SIPRI</b>	Stockholm International Peace Research Institute
<b>SMF</b>	Strategic Missile Force (China)
<b>SLBM</b>	Sea-launched ballistic missile
<b>SLOC</b>	Sea lanes of communication
<b>START</b>	Strategic Arms Reduction Talks
<b>Su-27</b>	Twin-engined multi-role aircraft
<b>TMD</b>	Theatre missile defense
<b>UNCLOS</b>	UN Convention on the Law of the Sea
<b>WMD</b>	Weapons of mass destruction
<b>WTO</b>	World Trade Organisation
<b>ZGTJNJ</b>	<i>Zhongguo Tongji Nianjian</i> (China Statistical Yearbook)

## CHAPTER 1. INTRODUCTION

Broadly speaking, this thesis is a study of China's changing approach to international arms control after the end of the Cold War. In recent years, China has emerged as a focus of attention in the international security arena. This can be set against the drastic change that took place in the international strategic landscape in the late 1980s and early 1990s. The winding down and eventual ending of the bipolar confrontation changed both the agenda and modalities of international arms control.<sup>1</sup> On the one hand, not only the U.S.-Soviet bilateral nuclear arms control, but also some of the long-standing regional and global arms control issues, achieved rapid progress. The progress was evinced by the signing of the Intermediate-range Nuclear Forces (INF) Treaty in 1987, the Conventional Forces in Europe (CFE) Treaty in 1990, the Treaty on the Reduction and Limitation of Strategic Offensive Arms in 1991 (START I) and the Open Skies Treaty in 1992. By 1993, with the signing of the Treaty on Further Reduction and Limitation of Strategic Offensive Arms (START II) and the Chemical Weapons Convention, the traditional arms control agenda --

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<sup>1</sup> The term "arms control" was introduced, against the background of the disillusionment over nuclear disarmament in the late 1950s, to connote a less ambitious goal to deal with the problem of accelerated nuclear arms race between the two nuclear superpowers. The concept of nuclear deterrence, which played a central role in nuclear arms control, gave a strong connotation that arms control was a defense strategy based on the balance of terror. Subsequently, however, the concept of arms control has been extended to embrace a variety of procedures and methods and to apply to the conventional as well as the nuclear level. As explained by Jozef Goldblat, an internationally established arms control expert, the term "arms control" was originally meant "to denote rules for limiting arms competition (mainly nuclear) rather than reversing it. The term had a connotation distinct from arms reduction or disarmament. Subsequently, however, a wide range of measures have come to be included under the rubric of arms control, in particular those intended to: (a) freeze, limit, reduce or abolish certain categories of weapons; (b) prevent certain military activities; (c) regulate the deployment of armed forces; (d) proscribe transfers of some militarily important items; (e) reduce the risk of accidental war; (f) constrain or prohibit the use of certain weapons or methods of war; and (g) build up confidence among states through greater openness in military matters." (Goldblat, *Arms Control: A Guide to Negotiations and Agreements*, London: SAGE Publications, 1994, p.1)

negotiations carried out in the Cold War years -- had virtually run its course.<sup>2</sup> On the other, and parallel to the above achievement, was the rise of global arms control initiatives in the form of multilateralism. In other words, the removal of the divisive influence of the bipolar structure has enabled a vigorous development of multilateral arms control.<sup>3</sup> The broad convergence of international security values and norms has re-animated multilateral endeavours aimed at achieving international stability and mutual confidence among states at the lowest possible levels of armaments and of the likely use of force. Consequently, there has been a rising global demand towards the nuclear-weapon states (NWS) for further nuclear arms control and disarmament, in parallel existence to the U.S.-led Western major powers' initiatives to prevent the proliferation of weapons of mass destruction (WMD) in the Third World.

Against this background, China, as a nuclear-weapon state (NWS) with a complex national identity, appeared lagging far behind the dynamic international momentum of arms control aspirations. In fact, in the early 1990s Chinese behaviour seemed to be out of tune with almost every development in the international arms control arena. Its missile transfer to, and nuclear cooperation with, some of the Third World countries ran into sharp conflict with an emerging view that, with the rise of regional conflicts, attempts by countries like Iran and Pakistan to acquire weapons of mass destruction (WMD) constituted a most serious threat to international peace and stability in the post-Cold War era.<sup>4</sup> Its continued nuclear testing, as part of a nuclear modernisation programme, posed a serious challenge to

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<sup>2</sup> *Strategic Survey* (published by the IISS, the London-based International Institute for Strategic Studies), 1993-1994, p.50. See also *SIPRI Yearbook* 1993, p.549.

<sup>3</sup> There is no specific definition of the term "multilateral arms control". In its general usage, it refers to the type of arms control which involves three or more countries and is pursued in a multilateral forum of a regional, functional, or global character. It is widely agreed that multilateral arms control was rather weak during the Cold War period. Cf. Edward C. Luck, *Arms Control: The Multilateral Alternative*, New York: New York University Press, 1983, p.3.

<sup>4</sup> See, for example, Peter van Ham, *Managing Non-Proliferation Regimes in the 1990s: Power, Politics, and Policies*, New York: Council on Foreign Relations Press, 1994, pp.1-2.

efforts to reach a comprehensive nuclear test ban treaty (CTBT). The negotiations for a CTBT became high on the international arms control agenda following the Fourth Review Conference of the Treaty on the Non-Proliferation of Nuclear Weapons (also known as the Non-Proliferation Treaty -- the NPT) in 1990. Added to that, China's increasing military build-up, combined with assertive territorial claims over the Spratly Islands in the South China Sea, has produced a "security dilemma"<sup>5</sup> in the region, both necessitating and obstructing the development of regional confidence and security building measures (CSBMs). Consequently, China has come to be seen as less than cooperative, or more bluntly, a stumbling block in substantial achievement in multilateral arms control. The PLA's military manoeuvres and missile tests in the Taiwan Strait in early 1996 further heightened the widely perceived "China threat" to regional stability and security.

Over time, however, normatively positive changes from Beijing -- regardless of its willingness or not -- by which China moved increasingly closer to multilateral security regimes<sup>6</sup> and accepting international norms in arms control *did* occur despite her general

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<sup>5</sup> Seen as one of the most significant and pervasive features of interstate relations, "a security dilemma exists when the military preparations of one state create an unresolvable uncertainty in the mind of another as to whether those preparations are for 'defensive' purposes only (to enhance its security in an uncertain world) or whether they are for offensive purposes (to change the status quo to its advantage)." (Nicholas J. Wheeler and Ken Booth, "The Security Dilemma", in John Baylis and N.J. Rengger (eds.), *Dilemmas of World Politics*, Oxford: Clarendon Press, 1992, p.30) For some of the original writings on the concept, see Herbert Butterfield, *History and Human Relations*, London: Collins, 1951, pp.9-36; John Herz, "Idealist Internationalism and the Security Dilemma", *World Politics*, Vol.2, No.2, 1950, p.157 in particular; also, Herz, *Political Realism and Political Idealism*, Chicago: University of Chicago Press, 1951, Chapter 1, "Psychological Bases", pp.1-16; and Robert Jervis, "Co-operation under the Security Dilemma", *World Politics*, Vol. 30, No.2, 1978, pp.167-214.

<sup>6</sup> A commonly adopted definition of regimes in the studies of international relations goes as "sets of implicit or explicit principles, norms, rules, and decision-making procedures around which actors' expectations converge in a given area of international relations." Stephen D. Krasner, "Structural Causes and Regime Consequences: Regimes as Intervening Variables", in his (ed.) *International Regimes*, Ithaca: Cornell University Press, 1983, p.2. A definition by Oran Young also provides a useful reference for this study. It says "Regimes are social institutions governing the actions of those involved in specifiable activities or sets of activities." (Oran Young, *International Co-operation: Building Regimes for Natural Resources and the Environment*, Ithaca: Cornell University Press, 1989, p.12.)

image. If China's linkage with multilateral arms control regimes could be defined as "non-substantial" (in terms of the relevance of binding principles that would significantly limit China's military autonomy or potential capability) as of the end of 1989, then by the end of 1996, that definition was certainly not applicable any more. In a period of seven years, China joined, albeit slowly and reluctantly, a series of concrete multilateral arms control regimes. Among these are its accession to the NPT in March 1992, membership of the ASEAN Regional Forum (ARF) in July 1993, and most of all, its signing of the CTBT in September 1996. Although not a member, the government in Beijing also agreed to abide by the norms of the Missile Technology Control Regime (MTCR) in 1992. (For a glimpse of China's connection with multilateral arms control regimes in the period between 1959 and 1996, see attached Table 1-1 on page 10). Needless to say, these policy changes from Beijing served to enable the further moving on of international arms control in the concerned area. More relevant to this study, the development signifies a composition of the post-Cold War Chinese arms control that is significantly different even from that of the 1980s.

There has been a flowering of Western literature in recent years on the newly emerged conspicuous Chinese arms control behaviour.<sup>7</sup> But most of the studies are, as I will show in Chapter 2, of article length and confined to investigation of one specifically delimited subject. So far there has been no major scholarship yet that attempts to address the above development in a more systematic manner. Moreover, models applied and propositions advanced in the existing literature privilege the explanation of the various negative aspects of Chinese arms control behaviour unfavourable to the development of international arms control. To a considerable extent, changes in Beijing's policy that have served to integrate China with the international arms control system are yet to be more sufficiently explained.

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<sup>7</sup> It should be clarified here that the expression "Chinese arms control behaviour" is used in this study to include both Chinese actions that contribute to the development of arms control and actions that directly affect the related arms control pursuance.

This study proposes, therefore, to fill some of the gap by examining in a systematic way China's approach to major multilateral arms control issues since the end of the Cold War. The primary purpose of the study is to explain the development of Chinese integrative steps that have served to move China closer to accepting international norms and agreements in arms control. In an effort to provide a thorough analysis of China's approach, the study combines two models, namely, the systemic-level approach and domestic politics approach, in its investigation. This is based on a premise that while external/systemic factors, such as strategic threat perception and national security interests (narrowly defined), are, supposedly, the major causes of Beijing's arms control policy, Chinese domestic politics represents a key intervening variable which affects how the systemic factors influence the making and implementation of Beijing's arms control policy. It will be argued that, due to a combination of so-called domestic and external factors, the leadership in Beijing has made compromises in Chinese security interests linked to traditional hard *realpolitik* power politics in its approach to multilateral arms control issues.

In building the thesis of this study, the four most controversial issue areas in Chinese post-Cold War arms control policies in the period between 1990 and 1996 are taken as four case studies. They are, China's accession to the NPT; its participation in negotiations for a CTBT; its ambivalence towards the MTCR; and its attitude towards regional CSBMs centred around the Spratly territorial disputes.<sup>8</sup> The year 1990 is taken here as the beginning of the post-Cold War era signified by the rapid dissolution of the communist bloc in Eastern Europe; whereas the year 1996 is used to indicate that the empirical data under investigation does not go beyond 1996.<sup>9</sup> There are occasions when I have departed from

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<sup>8</sup> The CWC is an important multilateral convention reached in 1993. But due to its relatively universal character, it will not be included in the case studies. China had long been a participant of its negotiations, and China's national interests tended to concur with the basic version under negotiations at the time and, thus, the role China had played in the development of the regime was not very controversial.

<sup>9</sup> This is made so for two reasons. First, it is for the purpose of being precise. For many comprehensive data compilations, there is usually a time lag ranging from several months to a year between the most recent data they provide and the date of their issue.

the established limit of 1990-96, however, which has been in order to bring certain analyses more up to date.

Two main research issues will be addressed by this study, one with a focus on the consequences of policy change, and the other on the sources of policy change. First and foremost, the study seeks to provide a more specific understanding of the Chinese realism as emerged during the arms control process. It will do so by exploring the elements of compromise in Beijing's policy change. Related research questions include: What kind of compromise has Beijing made? How flexible has it been? Answers to these questions can help one better assess the compatibility of contemporary Chinese realism with cooperative multilateral security. In a broad sense, research findings in this regard serve to complement the predominant view in the existing literature that changes in recent Chinese arms control policy are better seen as realist adaptive behaviour rather than as results of fundamental learning. But, different from the existing concept of "realist adaptation" or "instrumental learning" which tends to take a static perspective, this study suggests that one should pay more attention to the dynamic and direct effect impacted upon Chinese realism *per se* by Beijing's adaptive behaviour.

Second, and closely inter-related with the first area, the study will try to explore the sources of the development of Chinese integrative steps. What were the main influencing factors that have served to enlist compromise from Beijing? Has economic considerations been a main influencing factor contributing to the development of Chinese integrative step? What about other factors that have influenced post-Cold War Chinese foreign and security policies, such as human rights and Sino-U.S. relationship? And, to the extent that one can identify, what kind of political conditions that have been more conducive to the development of Chinese compromise? Answers to these questions may shed some light on

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Second, because of the word limit of a Ph.D thesis, I decide to leave out the new developments since the end of 1996. Needless to say, this has limited the analytical perspective of the study.

the debate about the relative weight of domestic/societal and external/systemic factors in shaping post-Cold War Chinese arms control policy.

Given the increasing influence of the economic factor in international politics in general and the growing globalization of the Chinese political economy in particular, this study attempts to shed some light on the possible integration of diplomacy and foreign trade in China's arms control decision-making, which remains today a central but under-researched area.<sup>10</sup> Specifically, when exploring the underlying factors contributing to or affecting the development of Beijing's integrative steps, special attention will be paid to the possible linkage between China's external economic interests and Beijing's arms control policy making. Under the leadership's economic reform policy, China's external economic interest grew substantially in the 1980s and 1990s as compared to the previous three decades. Characterised by the word "opening up", the external aspect of the economic reform policy is composed of three inter-related areas: inflows of foreign investment; foreign trade; and integration in international economic institutions. As these three areas of the economic development strategy are by nature outward-looking and internationally interdependent, presumably, the need of them would exert a modifying effect on China's pursuit of

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<sup>10</sup> Ross and Godwin observed in 1993 that "As China has become more active in international affairs, its interaction with its security partners has extended beyond strategic considerations. Trade issues are now at the forefront of China's relations with the United States, Japan, and other advanced market economies, ... Both in bilateral and multilateral contexts, China must reach agreements permitting it to reap the benefits of cooperation in international economics. ... [So] what is the balance between economic and strategic leverage in bilateral Sino-American and Sino-Japanese trade negotiations? ... Are the strategic and economic 'chessboards' kept separate in bilateral economic negotiations? If not, how do they interact and with what results?" (Robert Ross and Paul Godwin, "New Directions in Chinese Security Studies", in Shambaugh, *American Studies of Contemporary China*, p.146.) David Bachman made the following comments in 1998, "Most of the recent revelations about [Chinese] foreign policy decisionmaking have focused on diplomacy and the role of the Ministry of Foreign Affairs or on particular instances of the use of force. ... there is little systematic work done on the integration of diplomatic, military, and foreign trade-related decisionmaking." He further raised the question, "How are the diverse elements of China's interactions with the outside world integrated into a more or less unified whole?" (Bachman, "Structure and Process in the Making of Chinese Foreign Policy", in Kim, *China and the World*, 4th edition, 1998, pp.34-35.)

unilateral security interest. The study will show whether that has been the case and whether there has been a variant linkage between the two variables.

There will altogether be eight chapters for this study, including the two chapters of introduction and conclusion. Chapter 2 is devoted to an analysis of the main theoretical and methodological issues in the field of China's arms control study. It will first conduct a literature review. Apart from examining the main arguments and explanations contained in existing literature, the review will assess the relative strengths and weaknesses of the main works in the field and identify the research trend. Then it will explain the theoretical approach adopted by this study, followed by an evaluation of the sources of evidence that will be used to support the arguments contained in the thesis.

As arms control is generally approached by state leaders as an instrument of national security policy intended to contribute to the attainment of national objectives,<sup>11</sup> Chapter 3 is set to examine the main themes of post-Cold War Chinese national security conception. Both the leadership's internal security concerns and Chinese security elites' overall security outlook will be presented. After this, the Chapter will attempt to determine post-Cold War Chinese security objectives, followed by a discussion of the likely international implications of their pursuance by Chinese security policy makers. The Chapter would provide a basic reference framework for the subsequent examination of the interplay between relevant domestic and external variables and the resultant Chinese arms control policy.

The four most controversial issue areas in recent Chinese arms control policies chosen by this study as case studies constitute chapters 4, 5, 6 and 7 respectively. Chapter 8, the concluding part, will summarise the main elements of compromise Beijing has made and the main influencing factors that have contributed to generating compromises from Beijing. The

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<sup>11</sup> David V. Edwards, *Arms Control in International Politics*, New York: Rinehart and Winston, 1969, p.4.

two sets of conclusions based on the research findings will be presented. A special note is devoted to the linkage that can be identified by this study between China's external economic interests and change in Beijing's arms control policy. The Chapter will also make some comparison between the different political settings underlying the relations between China and the main negotiating parties involved and evaluate the different degrees of compromise Beijing has made under different conditions. Finally, the Chapter will conclude with a tentative observation regarding the possibility of a more cooperative Chinese approach to multilateral arms control issues in the foreseeable future.

**Table 1-1 China and Multilateral Arms Control Regimes, 1959-96**

1973	Signed Additional Protocol II of the Treaty for the Prohibition of Nuclear Weapons in Latin America and the Caribbean (Treaty of Tlatelolco)
1980	Joined the Conference on Disarmament (CD)
1983	Acceded to the Antarctic Treaty and the Outer Space Treaty
1984	Joined the Biological Weapons Convention (BWC); Joined the International Atomic Energy Agency (IAEA)
1987	Signed Protocols II and III of the South Pacific Nuclear Free Zone Treaty (Treaty of Rarotonga)
1991	Joined the Sea-Bed Treaty
1992	Acceded to the Non-Proliferation Treaty (NPT); Agreed to abide by the Guidelines of the Missile Technology Control Regime (MTCR)
1993	Signed the Convention on Chemical Weapons (CWC)
1994	Participated in the ASEAN Regional Forum (ARF) in the status Of a " guest "
1996	Ratified the United Nations Convention on the Law of the Sea (UNCLOS); Signed the Comprehensive Test Ban Treaty (CTBT)

## CHAPTER 2. ON THE STUDY OF CHINESE ARMS CONTROL

The study of post-Cold War Chinese arms control policy is made particularly challenging by two important factors. First, and most difficult, are the research obstacles presented by the dearth of primary solid data of Chinese security-policy making processes. A second problem relates to the study field itself. On the one hand, with the ending of the Cold War, multilateral arms control issues that involve China are extremely complex, both in terms of the modalities and the different political/military settings between China and the negotiating parties involved in different issues. On the other, due to the increasing globalization of China's political economic life as well as the specific effect impacted upon China's domestic politics and international relations, the conventional realist divide between domestic and external factors is substantially blurred. The factors that influence Chinese foreign policy behaviour no longer fall neatly into the dichotomous categories of domestic/societal and external/systemic variables.<sup>1</sup> Consequently, it is extremely challenging to provide a relatively sound general theory of China's changing arms control approach and policy.

But coming to a relatively satisfying explanation to change in recent Chinese arms control policy is as necessary as it is difficult. For one thing, a better understanding in this regard would help the outside world better forecast the prospect for China's integration with the global network of multilateral interdependent security regimes. This Chapter will first conduct a review of the literature in the field. Then it will explain the theoretical approach adopted by this study, and the sources of research that will be used to support the arguments contained in the thesis.

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<sup>1</sup> Samuel S. Kim, "Chinese Foreign Policy in Theory and Practice", in his edited volume *China and the World: Chinese Foreign Policy Faces the New Millennium*, Boulder: Westview Press, 1998, p.22.

### *Literature Review*

Historically, there was a sudden surge of interest in Chinese attitudes towards arms control following the first Chinese nuclear test in 1964. This first interest in Chinese arms control behaviour, which though soon receded as it became clear that Maoist China had no intention of participating in the arms control process, resulted in a number of pioneering studies published in the period from the mid 1960s to early 1970s. They include such works as *Communist China and Arms Control* by Morton H. Halperin and Dwight H. Perkins; "China's Attitude toward Arms Control" by Harold C. Hinton; *The Security of China* by Arthur Huck; and *China as a Nuclear Power in World Politics* by Leo Yueh-Yun Liu.<sup>2</sup> Though outdated by around three decades of changes in both China's domestic policies and external security relations, they remain useful reference material on the early Chinese attitudes towards nuclear weapons, arms control, and war and peace. The total alienation that characterised China's relationship with international arms control during the period was widely regarded as essentially due to China's vital national security interest as perceived by then leadership in developing an independent nuclear capability. To a lesser extent, some scholars contended that the Maoist communist ideology might have played a stronger role than national interest in the Chinese condemnation of nuclear non-proliferation sponsored by the two superpowers.

The early-to-mid-1980s saw a renewed interest in the study of China's arms control policy due to China's increasingly active participation in the UN arms control and disarmament (ACD) fora since the late 1970s. Valuable works on the subject published in the 1980s include David Salem's *The People's Republic of China, International Law, and Arms*

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<sup>2</sup> Morton H. Halperin and Dwight H. Perkins, *Communist China and Arms Control*, New York: Praeger, 1965; Harold C. Hinton, "China's Attitude toward Arms Control", in James E. Dougherty, et al., *Arms Control for the Late Sixties*, Princeton, N.J.: Van Nostrand, 1967; Arthur Huck, *The Security of China: Chinese Approaches to Problems of War and Strategy*, London: Chatto & Windus for the Institute for Strategic Studies, 1971; and Leo Yueh-Yun Liu, *China as a Nuclear Power in World Politics*, Basingstoke: MacMillan, 1972.

*Control*; Shao-Chuan Leng, *China's Nuclear Policy: An Overall View*; Robert Sutter, *China's Nuclear Weapons and Arms Control Policies: Implications for the United States*; and Gerald Segal, *Arms Control in Asia*.<sup>3</sup> Regarding the change in Beijing's attitude toward international arms control, there were two different schools of views. One emphasized elements of a kind of "new thinking" in Chinese arms control policy. Yolanda White's *The New Arms Control-Mindedness of the Chinese*, Gerald Segal's "China and Arms Control", and John Prados' "China's New Thinking on Nuclear Arms" fall largely into this category.<sup>4</sup> For them, China's increasing participation in the ACD fora was attributed to some Chinese new perspectives, such as a recognition of certain values of arms control for national security and a perceived need of arms control diplomacy for obtaining the open-door policy objectives<sup>5</sup>. However, analysts in the other school, like Alastair Johnston, saw no substantial change in Beijing's arms control policy on core issues.<sup>6</sup> For these analysts, although there was growing flexibility in the Chinese arms control approach, Beijing's behaviour in the 1980s was in effect only "hovering" around the international ACD arena, "seeking benefit from it without making many firm commitments" to reduce China's own military forces.<sup>7</sup>

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<sup>3</sup> David Salem, *The People's Republic of China, International Law, and Arms Control*, Baltimore: Occasional Papers, Contemporary Asian Studies, Inc., 1983; Shao-Chuan Leng, *China's Nuclear Policy: An Overall View*, Baltimore, Md.: School of Law, University of Maryland, 1984; Robert Sutter, *China's Nuclear Weapons and Arms Control Policies: Implications for the United States*, Washington, D.C.: Congressional Research Service, 1988; Gerald Segal, *Arms Control in Asia*, Hampshire: The MacMillan Press Ltd., 1987.

<sup>4</sup> Yolanda White, *The New Arms Control-Mindedness of the Chinese*, Thesis (Ph.D), Yale University, 1984; Gerald Segal, "China and Arms Control", *The World Today*, Vol.41, Nos.8-9, Aug.-Sept. 1985; and John Prados, "China's New Thinking on Nuclear Arms", *Bulletin of the Atomic Scientists*, Vol.45, No.5, 1989.

<sup>5</sup> See, for example, Segal, "China and Arms Control", p.163.

<sup>6</sup> See Alastair Iain Johnston, *China and Arms Control: Emerging Issues and Interests in the 1980s*, Aurora Papers 3, Ottawa: The Canadian Centre for Arms Control and Disarmament, 1986; Johnston, "China and Arms Control in the Asia-Pacific Region", Paper presented at the Conference on Maritime Security and Arms Control in the Pacific Region, Institute of International Relations, University of British Columbia, May 1988.

<sup>7</sup> Johnston, *China and Arms Control: Emerging Issues and Interests in the 1980s*, pp.70-71.

Over the past several years after the end of the Cold War, there has been a resurgence in academic interest in Chinese arms control behaviour, the movement of which now projects important direct implications for the development of regional as well as international arms control. But most of the writings are confined to one single issue-area study focusing on a specifically delimited subject, short of inferring a more general theory as regards China's arms control approach and policy. Perhaps part of the reason for this is because the content of post-Cold War Chinese arms control is much more diversified and complicated -- in terms of both the modality and the negotiating parties involved -- as compared to that in the Cold War period. As shown earlier in this chapter, the controversial issue areas in Chinese arms control policies in recent years can be grouped into three categories: i) nuclear policy *vis-à-vis* international nuclear arms control; ii) arms transfer *vis-à-vis* non-proliferation of WMD in the Third World; and iii) assertive territorial claims over the Spratly Islands *vis-à-vis* the development of related regional or subregional CSBMs. In terms of methodology, the diversification of the issues involved and the complexity of each issue area seem to make it now extremely difficult, if not entirely impossible, to provide a sound general theory with empirical rigor of Chinese arms control policy within the limit of an article-length study. Alastair Johnston's paper "Learning versus Adaptation: Explaining Change in Chinese Arms Control Policy in the 1980s and 1990s"<sup>8</sup> is an outstanding exception in this regard. There will be more discussions of his paper later.

Much of the literature falls into the above three categories respectively. Given that China's multilateral participation has often been overshadowed by its preference for unilateral actions advancing China's own national interests, understandably, most works in effect have a focus on explaining China's lack of arms control in the specifically concerned area. Various negative dynamics, domestic and/or systemic, that hinder the Chinese embrace of relevant multilateral arms control regime(s) are presented by these works.

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<sup>8</sup> Alastair Johnston, *The China Journal* (Canberra), No.35, Jan. 1996.

Most notably, related to China's lack of support of the CTBT negotiations, Alastair Johnston's study "China's New 'Old Thinking': The Concept of Limited Deterrence" published in International Security offers a well-researched perceptual theory of recent Chinese nuclear thinking; whereas Robert Norris' paper "French and Chinese Nuclear Weapon Testing" presents a convincing expert view that sees a systemic technological drive behind China's (and France's) continuing nuclear testing. Concerning China's controversial transfers of missiles and nuclear technologies, some see the Chinese economic profit-seeking as a main drive;<sup>9</sup> some argue that there is a combined political, economic and strategic motivations -- their relative importance depends on specific circumstances -- behind the Chinese lack of export control;<sup>10</sup> others emphasize the lack of effective central control from the government in Beijing over the PLA-run trade corporations' export activities.<sup>11</sup> As regards China's assertive territorial claims over the Spratly Islands in the South China Sea, many analysts proceed from a realist or neorealist perspective, applying such concepts as state sovereignty, the balance of power and strategic intentions in an effort to explain the Chinese behaviour destabilising for regional stability and security.<sup>12</sup>

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<sup>9</sup> See, for example, Nazir Kamal, "China's Arms Export Policy and Responses to Multilateral Restraints", Contemporary Southeast Asia, Vol.14, No.2, Sept. 1992.

<sup>10</sup> See, for example, R. Bates Gill, "Curbing Beijing's Arms Sales", Orbis, Vol.36, No.3, Summer 1992; and J. Mohan Malik, "Missile Proliferation: China's Role", Current Affairs Bulletin, Vol.67, No.3, Aug. 1990.

<sup>11</sup> Works with such a perspective include John W. Lewis, Hua Di, and Xue Litai, "Beijing's Defense Establishment: Solving the Arms-Export Enigma", International Security, Vol.15, No.4, Spring 1991; Zachary S. Davis, "China's Nonproliferation and Export Control Policies", Asian Survey, Vol.XXXV, No.6, June 1995; and Shirley Kan and Zachary Davis, Chapter 6, "China", in Mitchell Reiss and Robert S. Litwak (eds.), *Nuclear Proliferation after the Cold War*, Washington, D.C.: The Woodrow Wilson Center Press, 1994.

<sup>12</sup> Such as Denny Roy, "Hegemon on the Horizon? China's Threat to the East Asian Security", International Security, Vol.19, No.1, Summer 1994; Barry Buzan and Gerald Segal, "Rethinking East Asian Security", Survival, Vol.36, No.2, Summer 1994; and Mark J. Valencia, "China and the South China Sea Disputes", Adelphi Paper, No.298.

Overall, those writings constitute a powerful tool in explaining why China has been reluctant or unable to fully support the development of multilateral measure that put, or might put, constraints on China's potential national power and/or military capability. This, of course, does not mean there has been no attention paid in the existing literature to China's development of relevant multilaterally integrative steps. Some of the works, while offering a well-researched understanding of the Chinese less than cooperative behaviour, also provide some observations about the factors requiring or enabling China's moving closer to accepting international norms in the specifically concerned area. There are also a few article-length studies that focus exclusively on analysing elements conducive to China's moving closer to multilateral security cooperation.

In connection with this proposed study, there are several studies that are worth some more detailed discussion here. One is J. Mohan Malik's "China's Policy Towards Nuclear Arms Control: Post-Cold War Era".<sup>13</sup> While advancing his main argument that China would be unlikely to participate in the foreseeable future in any formal nuclear arms reduction talks due to considerations of national security interest, Malik also detects a diplomatic necessity for China to foster a peace-loving and responsible nuclear power image in the international ACD fora. He rightly points out that considerations of image and prestige have led China to abandon its erstwhile hostile and sceptical approach to ACD. But, he contends, considerations of image and prestige remain subordinate to security considerations in the making of Chinese nuclear arms control policy. For the purpose of understanding China's moving closer to international arms control, Malik's study is helpful in pointing out that there is a diplomatic factor in influencing China's nuclear arms control policy. However, his definition of China's diplomacy interests is a bit too narrow ("aimed at winning friends and influencing people in the Third World"<sup>14</sup>). In fact, China's arms control diplomacy since the economic reform policy began in the late 1970s has also been aimed at gaining trust

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<sup>13</sup> J. Mohan Malik, "China's Policy Towards Nuclear Arms Control: Post-Cold War Era", La Trobe Politics Working Paper, No.4, La Trobe University, Australia, July 1994.

<sup>14</sup> *Ibid*, p.25.

and confidence (from the legal perspective) from the Western world so as to contribute to its open-door policy objectives.<sup>15</sup> Any way, Malik's observation of the diplomatic factor is too short and brief (only one page); and its empirical data is outdated by the development of significant Chinese integrative steps in nuclear arms control since 1994.

If the diplomatic considerations of image and prestige as detected by Malik can be regarded as a systemic factor, then two studies by Banning Garrett and Bonnie Glaser serve to provide a domestic-level factor in explaining China's moving closer to interdependent multilateral security. With a joint interest in China's security studies, they co-authored two articles, "Multilateral Security in the Asia-Pacific Region and Its Impacts on Chinese Interests: Views from Beijing" and "Chinese Perspectives on Nuclear Arms Control".<sup>16</sup> Based largely on field interviews, the two articles are, as the titles suggest, a type of perceptual analysis that seek to provide insight into the thinking and debates among the Chinese security elite circles, instead of focusing primarily on China's strategic positions and interests as many Western writings in the field have done. But the significance of the two articles is not confined to merely presenting the Chinese views or debates. It lies more in trying to isolate and highlight elements in Chinese thinking that are receptive to international arms control practices.

They point out that there is growing support in China for the view that multilateral agreements to reduce mutual threats can provide meaningful complements to self-help measures to enhance Chinese security. According to them, there is also a growing recognition in Beijing that a self-help approach alone is inadequate -- as well as politically untenable -- for ensuring a peaceful and stable international environment in which China can pursue its top national priority of economic development and modernisation. While the

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<sup>15</sup> Segal, "China and Arms Control", p.163.

<sup>16</sup> Banning Garrett and Bonnie Glaser, "Multilateral Security in the Asia-Pacific Region and Its impacts on Chinese Interests: Views from Beijing", Contemporary Southeast Asia, Vol.16, No.1, June 1994, pp.14-34; Garrett and Glaser, "Chinese Perspectives on Nuclear Arms Control", International Security, Vol.20, No.3, Winter 1995/96, pp.43-78

term used by the authors regarding the regional context is "multilateralism" and the one in the context of nuclear arms control is "security interdependence", there is really no substantial difference between the two. The growth of their value as identified by the authors in the Chinese security thinking serve to indicate a perceptual change in the Chinese world view. Nonetheless, the authors acknowledge that the value of multilateralism in the Chinese security thinking is limited and their security interdependence perspective is still "nascent", which implicitly suggests that unilateral self-help impulse still dominates the Chinese security thinking.

Confined to the field of China's sensitive arms transfer, many analysts see a connection between changes in China's arms export policy and externally imposed restraints, especially political and economic pressures from the United States. But as regards to in what specific way the U.S. can play a better role in bringing China into its non-proliferation scheme, there are considerably different opinions. In his article "China's Arms Export Policy and Responses to Multilateral Restraints", Nazir Kamal, while attributing Beijing's accession to the NPT and its decision to respect the MTCR guidelines mainly to the U.S. political pressure backed by credible threats to withdraw the MFN status to China, nonetheless argues that if Washington really withdraw the MFN status from China, it would lose its leverage and China could resume an unbridled policy on missiles sales.<sup>17</sup> In other words, an ambiguous linkage between China's MFN status and its export control records may serve best Washington's objective of improving China's non-proliferation credentials. Zachary Davis, however, maintains that Washington should practice targeted sanctions and discontinue vague linkage between the MFN status and undefined progress on multiple issues.<sup>18</sup> Whereas R. Bates Gill suggests that the punitive option of imposing economic and technical sanctions may have an effect just opposite to the one desired by Washington. In his view, a clear and highly focused policy of persuasion might have a better chance for

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<sup>17</sup> Kamal, "China's Arms Export Policy and Responses to Multilateral Restraints", p.135.

<sup>18</sup> Zachary Davis, "China's Nonproliferation and Export Control Policies", p.601.

Washington to achieve some successes.<sup>19</sup> These arguments and points of views, despite their relative soundness, are virtually policy recommendations rather than theoretical explanations based on rich empirical analysis.

In view of China's behaviour in the context of regional CSBMs centred around the Spratly disputes, Michael Leifer's paper "Chinese Economic Reform and Security Policy: The South China Sea Connection" offers the best analysis of the widely perceived linkage between China's exercise of military restraint and limited participation in regional multilateral security cooperation on the one hand and China's regional economic interests on the other.<sup>20</sup> Well elaborated in the paper, Leifer observes both a "positive" and a "negative" linkage between Chinese economic reform and Beijing's security policy in the South China Sea context.

More specifically, he argues that Beijing's economic reform policy has produced both a "supply" and a "demand" effect on Chinese security policy in the South China Sea. While success in economic reform has enhanced Beijing's ability to increase defense expenditure, to accelerate military modernisation and thereby facilitated an assertive security policy in the South China Sea, as Leifer argues, the government's pursuit of economic reform has at the same time introduced a constraint on the robustness with which it pursues territorial and maritime claims. This is because, as Leifer comes to the heart of the issue, "Chinese economic reform has been predicated on international cooperation -- involving inward investment as well as trading ties -- with states in South-east Asia."<sup>21</sup> Territorial and maritime ambitions could bring China into direct conflict with regional states, so threatening trade and investment. In other words, Beijing has been facing a dilemma in seeking to reconcile the priorities of economic reform with those of security policy. Subsequently, as Leifer reveals the picture, China has, in its actual behaviour, limited its

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19 Gill, "Curbing Beijing's Arms Sales", pp.392-3.

20 See *Survival*, Vol.37, No.2, Summer 1995.

21 *Ibid*, p.45.

military assertiveness and registered a series of conciliatory gestures in its managing the regional environment.<sup>22</sup>

The importance of Leifer's observation lies in his identification of the linkage *per se* between China's economic reform and security policy, particularly in his outline of the constraint exerted by China's need of foreign trade and investment on China's military assertiveness. In the context of China's growing economic dependence and interdependence with the world economy, the country's external security issues have become increasingly bond with its political economic life. But, due to the limit of an article-length study, Leifer's observation of the economics - politics nexus in China's security policy is confined to the single case context of China's approach to the South China Sea territorial disputes.

One can see that, despite their relative strengths, these studies are all confined to investigation of one specifically delimited subjects. They either stop short of or cannot offer inferences about China's general arms control approach and policy. Moreover, many of the analyses fall into the theoretical approach of either-or (either internal or external) causality choice, which means the author sees either domestic-level factors or externally imposed conditions as the determinant force moving China closer to accepting international norms and agreements in the specifically concerned area.

Perhaps it is Johnston again who has taken the lead in the field of China's arms control study by undertaking more systematic theoretical explorations.<sup>23</sup> This statement is made in

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<sup>22</sup> *Ibid*, pp.52-54.

<sup>23</sup> Johnston's 1986 monograph, *China and Arms Control: Emerging Issues and Interests in the 1980s*, was, in my view, the most systematic and insightful study amongst the scholarship of the 1980s on the evolving behaviour of Chinese arms control. It contrasted Beijing's attitude towards arms control issues of the 1980s with that of the 1960s and 70s. Moreover, it looked at not only the growing Chinese participation in multilateral arms control and disarmament (ACD) fora but also the development of a small but professional Chinese ACD community, which many other writers failed to follow.

the sense that his paper "Learning versus Adaptation: Explaining Change in Chinese Arms Control Policy in the 1980s and 1990s"<sup>24</sup> constitutes, arguably, the only systematic and most sophisticated explanation to date about change in Chinese arms control policy since the 1980s.

Intending to contribute to the general understanding of the nature of contemporary Chinese arms control behaviour, Johnston constructed a "learning versus adaptation" model and proceeded to see whether changes in Chinese arms control policy in the 1980s and 1990s are more consistent with adaptive or learning explanations.<sup>25</sup> The main criteria for judging is to see whether there is a shift along the central paradigm, i.e. basic assumptions about national goals and about the nature of the international system as held by security policy-makers. At the two extreme ends of the paradigm, termed "hard *realpolitik*" and "*idealpolitik*" respectively, are actors' ideal-type understanding of the world. As defined by Johnston, at the *idealpolitik* end, an actor should have a preference for arms control agreements that reduce incentives to use force; the space for unilateral disarmament or relatively "unequal" arms control agreements should be relatively large; and arms control processes will be viewed as valuable arenas in which to communicate cooperative intentions and to ameliorate the security dilemma. In contrast, at the hard *realpolitik* end, the primary goal of an actor's strategy should be to develop superior military capabilities and the offensive doctrines suited to their use. Arms control will be seen primarily as zero-

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<sup>24</sup> Alastair I. Johnston, *The China Journal* (Canberra), No.35, Jan. 1996.

<sup>25</sup> Johnston constructed the model by drawing attention to studies on Gorbachev's "new thinking". He explained that in regard to the origins of Gorbachev's new thinking, there is considerable debate among the analysts of Soviet foreign policy. For the sake of simplicity, Johnston reduced those arguments under two very different sets of explanations, one is called "adaptation" and the other, "learning". Views that regard the new thinking as a rational adaptation to the Soviets' declining relative capabilities are placed in the "adaptation" category, whereas those that maintain the new thinking was due to a process more fundamental than tactical adaptation are placed in the "learning" category (see pp.27-29). Johnston noticed that there has been considerable debate over the above two sets of explanations but he claimed that there was general agreement that the new thinking had been instrumental in causing the dramatic breakthroughs in arms control and disarmament in the 1980s and 1990s (p.29).

sum; and arms control policy will be aimed at minimising any constraints on one's own capabilities and maximising constraints on other players. "Any arms control regime that does not meet these two criteria will be opposed."<sup>26</sup> "Learning", as defined by Johnston, would be the product of a perceptual rejection of the basic assumptions about national goals and about the nature of the international system, i.e. a shift in the central paradigm as held by security policy-makers; whereas adaptation occurs when there is no movement along the central paradigm.<sup>27</sup> The conclusion Johnston has reached through the testing of the model is that changes in Chinese arms control policy in the 1980s and 1990s are more consistent with the adaptive rather than the learning explanation. In other words, the same relatively hard *realpolitik* assumptions that had guided Chinese security policy in the late 1970s continue to be relevant in the 1990s and the defect/free-ride norm which characterised Chinese arms control behaviour in the early 1980s persists into the 1990s.<sup>28</sup>

Johnston's study is theoretically significant. In a general sense, it serves to suggest that it is realism instead of, say, idealism that characterises recent Chinese arms control behaviour. However, while this general inference remains valid today, some other arguments advanced by Johnston in the study deserve some questioning. For example, his argument that the defect/free-ride norm continues to characterise Chinese arms control behaviour in the 1990s can be refuted by the development of a series of concrete integrative steps taken by Beijing since the early 1990s. Also, due to the broad connotation and ambiguity of the

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<sup>26</sup> *Ibid*, pp.32-33.

<sup>27</sup> *Ibid*, pp.31-33.

<sup>28</sup> *Ibid*, pp.46-48, p.58. For a better understanding of this conclusion of Johnston's, see also note 9 in this introduction on page 6. It is interesting to note the perceptual differences in Johnston's viewing of the Chinese arms control behaviour in the 1980s in 1996 as compared to that ten years ago. In his 1996 monograph, Johnston did notice that "all of China's ACD policies are 'safe': none commit China to reduce its military forces"; but he emphasized that the observation was "*not to suggest that China's intense interest in certain ACD issues is a giant ruse designed to cover up more sinister national security objectives.*" (Johnston, *China and Arms Control: Emerging Issues and Interests in the 1980s*, op cit., pp.70-1. Emphasis added) In comparison, this 1996 article conveys a strong notion that Beijing's approaches to international arms control in the 1980s were all guided by *pre-planned* strategies of defection and free ride.

word "adaptation", the definition "realist adaptation" does not really distinguish between normatively positive and negative policy changes.

A more recent but shorter study on China's arms control is contained in Mel Gurtov and Byong-Moo Hwang's book *China's Security: The New Roles of the Military*.<sup>29</sup> As the title suggests, the book is a study of the new security roles of the Chinese military. It analyses what China's rise has meant and is most likely to mean for its military forces. There are nine chapters in this major work (349 pages) on the Chinese military; and Chapter 7, "Armaments and Arms Control" is devoted to China's arms control-related issues. The first half of the chapter examines China's arms exports and imports, and the issues they have respectively raised for the development of relevant multilateral arms control regimes. This methodological organisation neatly frames in all the controversial aspects in China's arms control policies: discussions of arms exports inevitably involves China's sensitive arms transfers; whereas analysis of China's arms imports can lead naturally to discussions of the regional and international security implications of China's military modernisation programme, both nuclear and conventional. Subsequently, China's policies towards those issues are succinctly examined and the prospects for China's cooperation on arms control given in the second half of the chapter. In their view, in the foreseeable future, Chinese policy towards multilateral arms control issues will result mainly from the leadership's estimation of costs and benefits; external factors, for instance, the international community as a whole or a supranational regime, cannot hope to exert significant influence on Chinese policy making.<sup>30</sup>

Perhaps the most positive attribute of Gurtov and Hwang's study is their balanced assessment as regards the making of the Chinese arms control policy in the 1980s and 1990s. On the one hand, they note that there have been newer elements in the Chinese

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<sup>29</sup> Mel Gurtov and Byong-Moo Hwang, *China's Security: The New Roles of the Military*, Boulder: Lynne Rienner Publishers, 1998.

<sup>30</sup> *Ibid*, p.230.

security thinking. Their incorporation by Beijing in its arms control policies has led to increasing professionalization and specialisation in China's arms control community. And, due to a combination of reasons, they note, present Chinese government is inclined to support *some* kinds of formal restraints and provide *some* kinds of confidence-building measures. On the other, they try to emphasize that Chinese arms control policy has not departed in any fundamental way "from assessments of the world based on calculations of national interest."<sup>31</sup> This point shares with Johnston in his thesis that change in recent Chinese arms control policy can be better seen as realist adaptation instead of normative learning.

This well-organised study is quite valuable in its relative comprehensiveness and well-balanced point of view. It makes an informative overview of current issues and the various variables involved in Chinese arms control policy. However, due to the limit of space (the section on arms control has less than 20 pages), Gurtov and Hwang do not offer an in-depth analysis. Their points and arguments are made more as observations and grandiose generalisations than as propositions advanced from empirical examination. Although their analysis centres around the corollary that Chinese arms control policies result mainly from the leadership's costs and benefits calculations, the study does not offer detailed analysis of the costs and benefits involved in conjunction with Beijing's policy change.

In sum, despite the relative strengths of these and other studies, they are all relatively short works. Much of the literature is confined to studies of a specifically delimited subject, short of or cannot offer inferences as regards general Chinese arms control approach and policy. While the studies by Johnston and Gurtov and Hwang do provide some valuable general understanding, they also have certain limitations. Gurtov and Hwang's study does not present in-depth examination and analysis of Chinese leadership's costs and benefits calculations in conjunction with its policy change; whereas Johnston's study seems to raise

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<sup>31</sup> *Ibid*, p.244.

as many good questions as it answers. For one thing, if change in post-Cold War Chinese arms control policy can be defined as realist adaptive behaviour, in what specific way has Beijing been adjusting its policy in accordance with changed domestic and/or external conditions? Similarly, if the value of multilateralism and interdependence given by the Chinese in their security thinking has been very limited, how have they been reacting to the dilemma between state-centric self-help impulse and the external need of common security measures when the latter outgrows the "nascent" Chinese perspective of security interdependence?<sup>32</sup> It seems that a more in-depth analytical study with a wider coverage of policy change should be conducted to fill some of the gap in the existing literature and expand our knowledge of the making of Chinese arms control policy.

### *Towards a Helpful Theory on Post-Cold War Chinese Arms Control Policy*

#### **Analytical Tools**

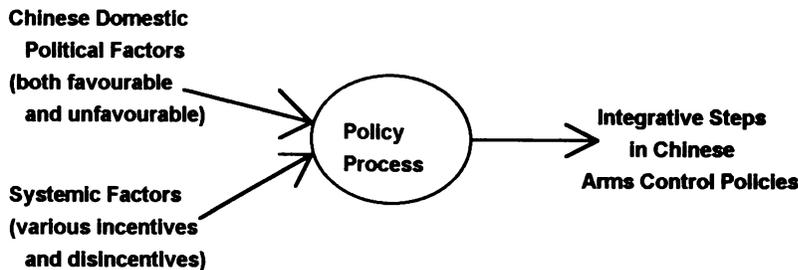
Based on the above review of the existing literature, this study chooses to adopt an approach that combines two models, namely, the systemic-level approach and the domestic politics approach, in its proposed systematic treatment of China's approach to post-Cold War multilateral arms control issues. This is based on a premise that, with the increasing impact of globalization dynamics on the state, there is an intensification of domestic and external linkages, and the conventional realist divide between domestic and external factors is substantially blurred, if not totally erased. As a result, neither systemic-level model nor domestic politics model alone can sufficiently explain contemporary Chinese arms control

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<sup>32</sup> This question is based on the understanding that perception theory alone cannot sufficiently explain Chinese arms control behaviour due to the "word/deed or perception/policy dichotomy" that exists in all state behaviour. For a useful explanation and assessment of the perception theory, see Samuel S. Kim, "China and the World in Theory and Practice", in his edited book *China and the World: Chinese Foreign Relations in the Post-Cold War Era*, 3rd edition, Boulder: Westview Press, 1994, pp.16-17.

policy. In the approach that combines the two models, it is assumed that the two sets of variables interact during the decision-making process. Chinese arms control policy here is seen as the outcome of a continuing interplay of the two sets of variables. The assumed relationships of these variables can be, simplistically, presented as follows:

**Figure 2-1 Central Paradigm**



The following is a brief examination of the main assumptions of the two models and their usefulness in the study of Chinese arms control, respectively; followed by a clarifying note on the approach adopted by this study that combines the two models.

### **Systemic-Level Approach:**

Basically, the systemic-level approach assumes that the foreign policy behaviour of states is primarily driven by national leaders' assessment of systemic-level considerations. It believes that in varying degrees, foreign policy is shaped by such external/systemic factors as national sovereignty, balance of power, imminent and long-term security threats, and advancement of power capabilities relative to other states. Essentially, the approach sees the state as a unitary and purposive actor, making consistent, value-maximising choices in international relations.<sup>33</sup> The international environment will "severely penalise states if they fail to protect their vital interests or if they pursue objectives beyond their means."<sup>34</sup> The

<sup>33</sup> Kenneth N. Waltz, "Reflections on Theory of International Politics: A Response to My Critics", in Robert O. Keohane (ed.), *Neorealism and Its Critics*, New York: Columbia University Press, 1986, p.331.

<sup>34</sup> Joseph M. Grieco, "Anarchy and the Limits of Cooperation: A Realist Critique of the Newest Liberal Institutionalism", in David A. Baldwin (ed.), *Neorealism and Neoliberalism: the Contemporary Debate*, New York: Columbia University Press, 1993, p.118.

national interest includes both material and normative power goals which are orderly ranked and persist over relatively long periods of time, though the defining of national interest goals does reflect the preferences of central decision-makers.

For analysts under the systemic-level approach, they emphasize that the state, being charged with the whole country rather than any particular social group, can independently set its agenda, defining the national goals and formulating policies that are intended to serve the national interest.<sup>35</sup> However, they do acknowledge that the ability of the state actor to carry out a policy is critically determined by the authoritative institutional resources and arrangements within a given political system. As the state actor strives to pursue the perceived national interest, it may confront resistance from its own society. Nevertheless, they believe that the state as an institutional entity in its totality has a high degree of centralisation of power at the national level and an authoritative state power *vis-à-vis* the society. It can dominate the policy process, and restrain domestic/societal resistance in its implementation of national interest.

In explaining China's attitude towards international arms control in the 1960s and early-to-mid 1970s, analyses with various systemic perspectives served to give a powerful understanding of the total rejection and alienation that characterised the Chinese arms control behaviour at the time. It was widely agreed that China's total rejection of the arms control process was primarily due to its vital national security interests as perceived by the leadership in developing an independent nuclear deterrence capability. China's increasing verbal support for international arms control and growing participation in the UN disarmament fora in the decade of the 1980s were also consistent with systemic/rationality explanations in that Beijing's defect/free ride strategy served to maximise China's relative military potential at a non-substantial cost of sovereignty interest.

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<sup>35</sup> Stephen D. Krasner, *Defending the National Interest*, New Haven: Princeton University Press, 1978, pp.6-10.

As arms control continues to be the most sensitive domain in international politics, the systemic-level approach which has an emphasis on national interest considerations remains a strong tool in analysing a state's arms control behaviour. However, in the context of the growing globalization of the Chinese political economy and the devolution of power at home, it has become more and more difficult for Beijing to co-ordinate all the domestic and foreign policy decisions and actions. Moreover, after Tiananmen, both the leadership structure and foreign policy making became rather vulnerable to the logic of domestic politics.<sup>36</sup> Thus, in terms of both the factors involved and the degree of unity and authority of the state, it has become increasingly difficult for systemic-level approach alone to sufficiently explain Chinese arms control policies.

### **Domestic Politics Approach:**

The domestic politics approach is a perspective that sees a foreign policy action or change as largely determined by domestic/societal factors rather than by external/systemic factors. Instead of seeing the state as a unitary and all powerful actor (*vis-à-vis* the society) in formulating and implementing policies, the domestic politics model emphasizes the governmental authority as constrained and political power fragmented. Under this perspective, the policy is, therefore, an extension of domestic politics and the outcome of political struggles.

In the study of Chinese foreign policy, many scholars focus on a variety of domestic factors in the search for an explanatory model.<sup>37</sup> In the existing literature, the term "domestic politics" is often used to refer to bureaucratic politics or intralite factional power strife. What needs to be clarified here is that the term has, in fact, a much wider connotation. As

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<sup>36</sup> Cf. Kim, *China and the World*, 3rd edition, 1994, pp.23-24.

<sup>37</sup> *Ibid*, p.21.

indicated by Bachman's study, the components of domestic politics include such major political categories as political leadership, the structure of the political system, and the nature of the political economy.<sup>38</sup> It comprises both horizontal struggles over power and principle between factional coalitions and vertical challenges from the society to the central authority.

The domestic politics approach was relatively insignificant in the search for explanations of Chinese arms control policy prior to the 1980s (though the model served to provide some insightful understandings in other areas of Chinese foreign policy, such as Chinese policy toward the superpowers<sup>39</sup>). The reasons for this may be found in the main features of China's strategic position and domestic political leadership at the time: i) serious national security threat from the superpowers; ii) the strategic priority of developing an independent nuclear deterrence capability; and iii) the unique authority exercised by paramount leader Mao in foreign policy decision making, which made factional strife and debates among his lieutenants marginal and tangential.<sup>40</sup>

During the decade of the 1980s, the above three conditions became weakened to a varying degree. The reduced military security threat from the superpowers was accompanied by an increasing Chinese nuclear confidence, as well as a shifted national focus on economic development and modernisation. In the meantime, there was a growing fragmentation of authority and decision-making structure at the apex in the post-Mao era. Consequently,

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<sup>38</sup> David Bachman, "Domestic Sources of Chinese Foreign Policy", in Kim, *China and the World*, 3rd edition, pp.46-54.

<sup>39</sup> See Robert S. Ross and Paul H.B. Godwin, "New Directions in Chinese Security Studies", in David Shambaugh (ed.), *American Studies of Contemporary China*, New York: M.E. Sharpe, 1993, pp.139-41.

<sup>40</sup> For this third point, see Robert S. Ross, "From Lin Biao to Deng Xiaoping: Elite Instability and China's U.S. Policy", *China Quarterly*, No.118, June 1989, pp.265-99; and "China Learns to Compromise: Change in U.S.-China Relations, 1982-1984", *China Quarterly*, No.128, Dec. 1991, pp.742-73.

there was an increasing linkage between domestic politics and the Chinese arms control behaviour.<sup>41</sup>

The utility of the domestic politics model was further highlighted by the Tiananmen massacre and the end of the Cold War. Arguably, the immediate aftermath of the new development in both domestic politics and international relations was an exacerbated threat perception and a gloomy security outlook of the Chinese elites as a whole and, thus, an added rationale for adopting systemic approaches in analysing Chinese post-Cold War foreign and security policies. But the new development has at the same time considerably weakened the social base for the Party-state political authority and its ruling legitimacy. Added to that was the seemingly less powerful Jiang leadership in the post-Deng era. As Jiang's authority is apparently less than Deng's was, it is suggested that Jiang is likely to be more consultative and consensual than Deng on policy issues including foreign policy issues.<sup>42</sup> This signals a likely increased chance for factional politics intervening in the foreign policy making process and thus, an increased relevance of the domestic politics approach for analysing the making of Chinese arms control policy.

It should be emphasized that for this study, the theoretical ideas embodied in the two models are not mutually exclusive. The application of the two contrasting perspectives could help clarify the growing interaction between domestic and external variables and direct the inquiry on the complex post-Cold War Chinese arms control policy-making process. Under this combined approach, each variable, whether domestic or external, is viewed in a relative and probabilistic rather than an absolute and deterministic manner to delineate the range of permissible and possible policy choices that can be made in a given

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<sup>41</sup> See a related argument advanced by Bachman in his "Domestic Sources of Chinese Foreign Policy", p.51.

<sup>42</sup> David Bachman, "Structure and Process in the Making of Chinese Foreign Policy", in Kim, *China and the World*, 4th edition, p.37.

period. Since each model offers an alternative theoretical explanation, the two serve to supplement each other in providing a fuller picture of Beijing's approach and policy.

Of course, this does not suggest that systemic-level approach and domestic politics approach are only two perspectives relevant to the study of post-Cold War Chinese arms control policy. The study proposed here only confirms that the two models can serve as useful tools to guide the analysis. It is possible that each theory can explain only part of policy decision and leave other parts unanswered. In case that the theories are not fully satisfactory, the study may stimulate further research and inquiry.

### **The General Arguments**

In addressing the two sets of research issues as set out in Introduction, the study will try to argue that the integrative steps taken by Beijing have contained, to a varying degree, compromises in Chinese traditional hard *realpolitik* state interests and China's potential power capabilities. While the essential purpose for Beijing to make those compromises was for the attainment of perceived more important national interests, those compromises *per se* serve to suggest a continuing retreat of the Chinese hard *realpolitik* realism during the arms control process. Elements of compromise include the Chinese traditional ideological views of a fair and just world; potential military capabilities; China's relative gains as compared to that of the negotiating parties involved; and even potential sovereignty interests (in terms of the acquisition of land). However, there is no evidence to suggest that the leadership has made any compromise of perceived national strategic security interests. In fact, when necessary, it would make no compromise in taking unilateral measures to protect existing strategic equation. This, in connection with the compromises Beijing has made in other areas in an effort to facilitate the development of relevant multilateral security regimes, may suggest that China feels just safe with existing strategic equation.

China's existing strategic security serves as a base line or a point of departure in the leadership's costs and benefits calculations when approaching an arms control issue.

There were a combination of domestic and external factors that have possibly served to enlist compromises from Beijing. But it is difficult to give across-the-board generalisations about their relative weight. On the one hand, post-Cold War Chinese domestic politics has been greatly intermeshed with China's international politics. Consequently, the boundary between domestic and external functions is substantially blurred. On the other, some of the factors did not necessarily appear in all the compromises, and some have played a more important role than others in generating a compromise. Some of the factors have had a multi-facet effect on Chinese arms control policy. They not only helped produce compromise from Beijing, but also affected development of Chinese compromise.

Nevertheless, the overall pattern seems to suggest that, based on the protection of China's existing strategic security, the leadership has been inclined to make compromise in security interests relating to traditional *realpolitik* power politics over foreign policy objectives centred around the national priority of economic development and modernisation. However, while the national priority of economic development through the reform and open-door policy has imposed a basic systemic requirement for China to engage and cooperate in multilateral security building, the study will argue, to what extent Beijing is willing to and can make compromise in Chinese unilateral national interest depend much on international conditions in general and China's external relations in particular.

The main research findings of the study, based on which the above general arguments are developed, can be briefly presented in the following table.

**Table 2-1 Development of Integrative Steps in China's Approach and Policy towards Multilateral Arms Control (1990-1996): Main Findings**

	<b>Integrative Steps</b>	<b>Elements of Compromise</b>	<b>Contributing Factors</b>
<b>NPT</b>	Accession to the treaty	<ul style="list-style-type: none"> <li>• Potential constraint on Chinese nuclear development;</li> <li>• Traditional foreign policy principle for a fair and just world;</li> <li>• Potential violation of Chinese sovereignty by major powers through manipulating the IAEA</li> </ul>	<p><b>Systemic:</b></p> <ul style="list-style-type: none"> <li>• Global embrace of nuclear non-proliferation;</li> <li>• France's decision to join the treaty;</li> <li>• Western pressure over the human rights issue (which was perceived as a serious threat to China's domestic stability);</li> <li>• Japan's political pressure through its economic assistance (the reduction of which could considerably affect China's economic modernisation drive);</li> <li>• Possible conditional renewal or withdrawal of the MFN trading status (with similar implications for China's economic development)</li> <li>• Perceived opportunity to increase Chinese influence as a NPT-member in the process of nuclear arms control</li> </ul> <p><b>Domestic:</b></p> <ul style="list-style-type: none"> <li>• Leadership's desire to maintain domestic stability;</li> <li>• The open-door economic policy</li> </ul>
	Reduced transfer of controversial nuclear technology/equipment	<ul style="list-style-type: none"> <li>• Potential financial gains;</li> <li>• Potential regional political influence</li> </ul>	<p><b>Systemic:</b></p> <ul style="list-style-type: none"> <li>• Global embrace of nuclear non-proliferation;</li> <li>• U.S. political pressure;</li> <li>• Potential damage to national image if being accused as violating the treaty;</li> <li>• Possible conditional renewal or withdrawal of the MFN trading status</li> </ul>
<b>CTBT</b>	Participation in treaty negotiations	<ul style="list-style-type: none"> <li>• Potential constraint on Chinese nuclear development</li> </ul>	<p><b>Systemic:</b></p> <ul style="list-style-type: none"> <li>• Global demand for nuclear arms control and disarmament;</li> <li>• Western pressure over the human rights issue;</li> <li>• Achievement in U.S.-USSR/Russia bilateral nuclear arms control;</li> <li>• U.S.'s abandoning of the SDI programme;</li> <li>• Perceived importance of economic strength in national security</li> </ul> <p><b>Domestic:</b></p> <ul style="list-style-type: none"> <li>• Leadership's desire to maintain domestic stability (vis-à-vis Western pressure over the human rights issue)</li> </ul>
	Gradual retreat from hard-line opening negotiation positions and signing the treaty	<ul style="list-style-type: none"> <li>• Perceived benefit of PNE to economic development;</li> <li>• Potential damage to national sovereignty during verification;</li> <li>• Relative gains in negotiations in comparison with other NWSs;</li> <li>• Legal constraint on developing national nuclear capability</li> </ul>	<p><b>Systemic:</b></p> <ul style="list-style-type: none"> <li>• The above systemic factors contributed to participation in treaty negotiations; and</li> <li>• The need to reduce the notion of "China threat" to avoid U.S. containment strategy;</li> <li>• Japan's economic sanction</li> </ul> <p><b>Domestic:</b></p> <ul style="list-style-type: none"> <li>• Security elite's general desire to concentrate on national economic construction;</li> <li>• The ascending role of the arms control-minded MFA;</li> <li>• Internal debate about the utility of nuclear weapons in the post-Cold War era</li> </ul>

**Note:** In the section "Contributing Factors", many of the factors do not fall neatly into the dichotomous categories of domestic political and systemic variables. The labeling of them is simplistic, for the convenience of analysis.

Table 2-1 (Continued)

Development of Integrative Steps in China's Approach and Policy towards Multilateral Arms Control (1990-1996): Main Findings

	Integrative Steps	Elements of Compromise	Contributing Factors
<b>MTCR</b>	Promise to abide by the regime's Guidelines	<ul style="list-style-type: none"> <li>• Traditional foreign policy principle for a fair and just world;</li> <li>• Perceived defects of the regime</li> </ul>	<p><b>Systemic:</b></p> <ul style="list-style-type: none"> <li>• U.S. economic sanctions;</li> <li>• Possible conditional renewal or withdrawal of the MFN trading status;</li> <li>• Western pressure over the human rights issue</li> </ul> <p><b>Domestic:</b></p> <ul style="list-style-type: none"> <li>• Leadership's desire to maintain domestic stability</li> </ul>
	Reduced transfer of controversial missile technology/equipment	<ul style="list-style-type: none"> <li>• Potential financial gains;</li> <li>• Potential regional political influence;</li> <li>• Perceived U.S. double-standard practice</li> </ul>	<p><b>Systemic:</b></p> <ul style="list-style-type: none"> <li>• The above factors</li> </ul> <p><b>Domestic:</b></p> <ul style="list-style-type: none"> <li>• Internal debate over the relative financial gains through missile transfer versus the importance of the MFN trading status;</li> <li>• Nascent Chinese arms export regulations</li> </ul>
<b>CSBMs</b>	The proposal of "carrying out joint explorations while shelving territorial disputes"	<ul style="list-style-type: none"> <li>• Potential <i>fait accompli</i> of existing status quo;</li> <li>• Chinese irredentist impulse</li> </ul>	<p><b>Systemic:</b></p> <ul style="list-style-type: none"> <li>• To break post-Tiananmen international diplomatic isolation;</li> <li>• To unite ASEAN states to counter Western pressure over China's human rights issue</li> </ul> <p><b>Domestic:</b></p> <ul style="list-style-type: none"> <li>• Leadership's need to improve its ruling legitimacy;</li> <li>• Leadership's desire to maintain domestic stability</li> </ul>
	Diplomatic reassurances and participation in multilateral discussions on the Spratly disputes	<ul style="list-style-type: none"> <li>• The above elements; and</li> <li>• Possible disadvantageous position in a multilateral diplomatic setting</li> </ul>	<p><b>Systemic:</b></p> <ul style="list-style-type: none"> <li>• To unite ASEAN states to counter Western pressure over China's human rights issue;</li> <li>• Perceived importance of good relations with neighbouring countries for national security in the post-Cold War era;</li> <li>• Perceived importance of regional strategic stability for regional economic development and integration</li> </ul>
	Membership of the ARF	<ul style="list-style-type: none"> <li>• Possible disadvantageous position in a multilateral diplomatic setting;</li> <li>• Limit on potential military options</li> </ul>	<p><b>Systemic:</b></p> <ul style="list-style-type: none"> <li>• The above systemic factors contributed to Beijing's diplomatic reassurances and participation in multilateral discussions</li> </ul> <p><b>Domestic:</b></p> <ul style="list-style-type: none"> <li>• Advocacy by the MFA</li> </ul>
	Acceptance of the UNCLOS as a basis for resolving the territorial disputes	<ul style="list-style-type: none"> <li>• Potential retreat from comprehensive Chinese claims over the entire South China Sea;</li> <li>• Potential sharing of economic resources with other claimants</li> </ul>	<p><b>Systemic:</b></p> <ul style="list-style-type: none"> <li>• The above systemic factors contributed to China's membership in ARF; and</li> <li>• To rally ASEAN support to counter an emerging U.S. containment strategy;</li> <li>• ASEAN states' less than confrontational attitude towards China</li> </ul> <p><b>Domestic:</b></p> <ul style="list-style-type: none"> <li>• Internal debate over the cost-effectiveness of the use of force in resolving the conflicting claims;</li> <li>• Beijing's national priority of economic development &amp; modernisation based on a relatively peaceful external environment</li> </ul>

### *Sources of Research: Triangulation*

To achieve the purpose of this study, the aforementioned theories -- the rational actor model and the domestic politics model -- will be used to guide the analysis of China's approach to major multilateral arms control issues since the end of the Cold War. The four most controversial issue areas in China's arms control policies in the period between 1990 and 1996 are taken as four case studies. They are: China's accession to the NPT; its participation in negotiations for a CTBT; its ambivalence towards the MTCR and its attitude towards regional CSBMs centred around the Spratly territorial disputes.

In each case study, the main research task will be three-fold. First, to identify China's unilateral national interests and the various inward-looking dynamics that were unfavourable to the development of the multilateral arms control regime concerned. Both China's historical inertia and post-Cold War new political and strategic incentives will be included in those inward-looking unfavourable dynamics. Second, to examine Beijing's subsequent approach and policy change which occurred during encounters with the main parties involved. In doing so, it will identify integrative steps made by Beijing and to assess whether there is any compromise involved in Beijing's approach and policy change. And third, to explore the main reasons for the development of Beijing's compromise (or the relative lack of it).

For the purpose of this study, the following signs on the part of China are taken as indicators of China's integrative steps: i) development of arms control discourse; ii) acceptance of certain existing rules; iii) participation in negotiations of an arms control measure that might put constraints on its potential military capability, and participation in a multilateral process that might limit its military options; and iv) signing of an agreement that put constraints on China's potential military capability.

As mentioned at the beginning of this chapter, both the nature of the topic and the relatively recent time framework I have chosen for this study make it a particularly challenging task. But, despite the difficulties posed by the limited evidence available for documenting Beijing's internal debates over security policy, all is not lost for a student in search of primary research material concerning Chinese security aims and policy motivations. And the important position China now occupies in the development of regional and international multilateral security regimes makes it all the more necessary for a deeper understanding of recent Chinese arms control behaviour.

The scope of available primary research material for the study and analysis of Chinese arms control policy has been expanding in the past two decades, in pace with the country's growing direct involvement in the international arms control and disarmament (ACD) process and the development of a Chinese ACD community. While it was limited almost exclusively to the Chinese government's policy announcement and periodic issue statement in the 1960s and 70s, it has expanded significantly since the late 1980s. This is manifested in several ways.

Most of all, there has been a considerable growth of the Chinese ACD community, albeit still limited as compared to, say, that in the United States. The expansion of the community is in terms of both the number of researchers and the institutions involved.<sup>43</sup> By 1996, there were about three to four scores of ACD experts and specialists attached to around ten different organisations and institutes, both civilian and military, and most of them were based in Beijing. Books and articles written by these experts and specialist serve to provide ample information useful for detecting Chinese security concerns and policy objectives on related arms control issues. And the expansion of the ACD community from civilian institutions to the military and defense industries has improved the exchange of ideas

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<sup>43</sup> For an excellent survey of the growing Chinese ACD community in the 1980s, see Johnston, *China and Arms Control: Emerging Issues and Interests in the 1980s*, pp.40-45.

between political scientists and technical scientists. It has consequently produced a more articulated and sophisticated Chinese arms control discourse, substantiated by certain military technical content. Secondly, apart from the growth of the ACD community *per se*, the Chinese military field in the meantime has become more open and transparent. This is in terms of revealing, through published materials, both the historical development of the PRC's military and defense industry and contemporary Chinese military thinking as well as defense strategy. Thirdly, with the increasing establishment of transnational linkages with external ACD specialist communities, the Chinese ACD community has become more open and accessible. Overseas researchers and scholars can conduct interviews with them, through which valuable insights and background policy information could be gained that are otherwise not available.

Still, due to the existing political structure, the much increased transparency (as compared to the past) has mediated the problems posed by secrecy only to a certain extent. There remain research difficulties that need to be dealt with at the outset. Mainly, on some issues, there is conflicting evidence about the basic components in Beijing's policy processes. In addition, more up-to-date military data are still very much compartmentalised, especially those regarding existing force modernisation programmes. Given this, in an effort to validate the general argument, the study will use three different sources of research material so as to achieve triangulation: published Chinese material, interview, and published English material.<sup>44</sup> While the first two will be the main sources of evidence, relevant English material could be utilised as a supplementary source to strengthen the argument when necessary.

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<sup>44</sup> For an explanation of the research technique of "triangulation", see Louis Cohen and Lawrence Manion, *Research Methods in Education*, London: Routledge, 1994, pp.233-51.

## Published Chinese Material

General information about Chinese official policy on an arms control issue is readily available in government pronouncements, editorials, policy papers, official publications and other relevant documentary data. Sources for such information include 人民日报 (*Renmin Ribao*, The People's Daily), the official national daily newspaper; 解放军报 (*Jiefangjun Bao*, The PLA Daily), the mouthpiece of the PLA; 北京周报 (*Beijing Zhoubao*, The Beijing Review), an authoritative weekly of news and views with an English version; and 瞭望 (*Liaowang*, Outlook), a news weekly that serves as the mouthpiece of the Chinese government. Essentially, however, through these sources (with perhaps the exception of *Liaowang*), much more is known in the way of policy outcome rather than in the way of policy formulation.

At a less official but much more informative level are books and journal articles written by military strategists, security analysts and arms control specialists. The late 1980s and early 1990s saw an influx of books written by military experts and strategic thinkers addressing Chinese security concerns and defense strategy. Most of these books were published by the PLA's National Defense University Press (*Guofang Daxue Chubanshe*) and the PLA's Publishing House (*Jiefangjun Chubanshe*). They include 国际环境与未来国防 (*Guoji Huanjing yu Weilai Guofang*, The International Environment and Future National Defense),<sup>45</sup> 威慑论 (*Weishe Lun*, On Deterrence),<sup>46</sup> and 现代战略思考 (*Xiandai Zhanlue Sikao*, Reflections on Modern Strategy).<sup>47</sup> These books, which were written at the turn of the world order, are surprisingly open and frank about perceived threats and Chinese national security aspirations. They usually also contain a small section on international arms control and China's arms control.

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<sup>45</sup> Lie Quanlin (chief ed.), Beijing: *Guofang Daxue Chubanshe*, 1989.

<sup>46</sup> Yang Xuhua, et al., Beijing: *Guofang Daxue Chubanshe*, 1990.

<sup>47</sup> Pan Shiyong, Beijing: *Shijie Zhishi Chubanshe*, 1993.

In addition to those books reflecting the Chinese military thinking, there is also a series of edited volumes outlining the historical development of the Chinese nuclear programme and other defense-related science and technology industries. They include 当代中国的航天事业 (*Dangdai Zhongguo de Hangtianshiye*, Contemporary China's Space Industry) (1986) and 当代中国的核工业 (*Dangdai Zhongguo de Hegongye*, Contemporary China's Nuclear Industry) (1987). These publications, though limited by their time framework, do provide an authoritative basis for the study of more contemporary Chinese force modernisation programmes.<sup>48</sup>

Relevant articles written by security analysts and arms control specialists can be found in journals published by the main social science research institutes based in Beijing. Such journals include 世界经济与政治 (*Shijie Jingji yu Zhengzhi*, World Economics and Politics) by the Institute of World Economics and Politics under the CASS; 国际问题研究 (*Guoji Wenti Yanjiu*, International Studies) by the Institute of International Studies (the main research arm of the Ministry of Foreign Affairs); 国际战略 (*Guoji Zhanlue*, International Strategy) by the China Institute for International Strategic Studies (CIISS); and 现代国际关系 (*Xiandai Guoji Guanxi*, Contemporary International Relations) by the Institute of Contemporary International Relations (affiliated with the Ministry of State Security). These journals contain ample articles detailing major international political, economic as well as military events. They provide a good window for a researcher to see the Chinese world view, overall security outlook, their understanding of the forces at work in international relations and thus their policy inclinations for China's own political, economic and military security. On the specific topic of arms control and disarmament, articles are not too many. But for major arms control issues and developments, one should be able find contributions by prominent arms control specialists in the concerned area,

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<sup>48</sup> Amidst the spread of the "China threat" theory since 1993, such open and informative books revealing Chinese force development have been less forthcoming in recent years. During an interview in November 1994, an analyst of nuclear weapons and arms control revealed that due to the unfavourable international situation, a planned book on China's nuclear programme had been withdrawn by their Centre.

reflecting Chinese views and positions and likely policies to be adopted by Beijing to deal with those issues. It should be mentioned here that the monthly journal 现代军事 (*Xiandai Junshi*, Contemporary Military)<sup>49</sup> published by the Defense Science & Technology Information Centre under the Commission of Science, Technology & Industry for National Defense (COSTIND) is indispensable for any studies on contemporary Chinese arms control. Here the Chinese follow closely international trends in military-related matters, including arms control. It contains ACD-related articles contributed by arms control specialists with professional technical background.

Being essentially aimed at disseminating the central government's policies or reflecting a more general (rather than individual) view, those books and articles written by Chinese security elites serve to substantiate Beijing's policy statements and act as a main source for detecting Beijing's security thinking and related arms control policy objectives. They will constitute the backbone of the research material for this study.

### **The Interview**

The interview is another main source of primary research for this study. I made two field trips to Beijing, one was from November 1994 to January 1995 and the other, September 1998. Apart from reviewing those journals and collecting arms control-related books, I conducted fruitful interviews. Those who were interviewed included a number of officials in the Ministry of Foreign Affairs (MFA) in charge of the work of arms control and disarmament; and about 40 security analysts including over ten of the most prominent arms control experts in Beijing.

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<sup>49</sup> The English version given by the Chinese themselves is CONMILIT.

Apart from the MFA's Disarmament Department headed by Sha Zhukang, those security analysts and arms control experts interviewed are affiliated to the following institutions respectively: the Arms Control Division in the Defense Science & Technology Information Center under COSTIND headed by Liu Huaqiu, a senior researcher; the Institute for Strategic Studies in the National Defense University (NDU) headed by Colonel Pan Zhenqiang; the arms control group in the Ninth Academy headed by Du Xiangwan, a leading nuclear physicist and deputy director of the Academy; the Chinese People's Association for Peace and Disarmament (CPAPD); the China Nuclear Information Centre<sup>50</sup>; the Department of Foreign Military Studies of the PLA's Academy of Military Science; the System Engineering Research Centre of the China Aerospace Corporation; and the arms control research group in the IIS headed by Ye Ruan, deputy director of the Institute.

The interviews conducted between November 1994 and January 1995 were mainly for the purpose of collecting information and developing hypotheses. Most of the interviews with those security analysts and arms control experts were conducted in a manner less than formal interviews, by which they were quite free in expressing their views. During the interviews, I would either raise a key issue on my concern and then let the respondent talk, or try to engage in discussions when I had doubtful points. I did not use a tape recorder so as to create a relaxed environment. Sometimes, I would take notes during the conversation or discussion. But every time after the interview, I would sit down and record the content of the interview in details when my memory was still fresh. These conversational style interviews helped me gain a general impression of the state of affairs and the main politics involved in those major arms control issues (from the Chinese perspective). More importantly, I acquired a first-hand understanding of the Chinese views and attitudes towards those issues. Such an understanding was most helpful for addressing the first main

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<sup>50</sup> Under the China National Nuclear Corporation (formerly the Ministry of Nuclear Industry).

research issue. It is partly against the findings from these interviews that compromises in Beijing's arms control policy development are identified and measured.

By September 1998, the thesis had developed substantially. The interviews conducted this time (with about 20 of those analysts and experts) were more for qualitative than for quantitative purposes. They were more structured and focused, mainly for the purpose of testing hypotheses and further clarifying variables and their relationships. During the interviews, I repeatedly raised a number of systematic questions for each of the four cases, such as what were the reasons for the government in Beijing to take the step (specifically under investigation) (this question was aimed at identifying the influencing factors involved in Beijing's policy process); what did the government try to achieve in its dealings with the related issue (this was aimed at determining the relative importance of those influencing factors); what was the relationship between the related arms control issue and China's economic modernisation; and in his or her (the respondent's) view, how successful was the government's approach and policy, in what specific way (this was aimed at identifying the influencing factors and their relative importance from a different angle).

Those two sets of interviews gave me valuable insights and more background policy explanations. The findings serve to either reconfirm the general points that can be found in the published material, or provide a deeper understanding of Beijing's policy motivations. Where there is a lack of evidence from available published material, the research will have to rely exclusively on relevant interviews. It should be noted here that among those analysts and experts, some of them are my old acquaintances (whom I got to know when I was working in CPAPD), others were introduced by friends and old colleagues. Moreover, I promised to keep the respondent anonymous or not to directly attribute what is quoted to him (or her) in the main text of the thesis (if he or she had shown such a preference). In other words, the information obtained from these interviews should be substantially reliable. Of course, what could be revealed depended much on how specific and sensitive my questions became.

To keep my promise and also for the purpose of facilitating future exchange of ideas, most of those interviewed have to remain anonymous in the study. Their views are either presented individually without giving specific details of their names and affiliated institutions, or summarised and presented as those of the Chinese security community. But a list of the main interviews is given in the bibliography with specific details of names, affiliated institutions and dates .

### **Published English Material: Comprehensive Data Compilations and Arms Control-Related Information Sources**

As mentioned earlier, although the Chinese have become more open in the military security field since the mid-to-late 1980s, more up-to-date relevant data are still very much compartmentalised. For this reason, English data compilations in the field and Western arms control-related information sources have to be utilised in order to construct a viable theory of recent Chinese arms control behaviour.

In this regard, the *SIPRI Yearbook: World Armaments and Disarmament* compiled by the Stockholm International Peace Research Institute,<sup>51</sup> which is the world's most exhaustive annual survey of military-related matters, will be an important reference material. It covers a wide range of issues concerning armaments and disarmament, including nuclear, chemical and biological weapons, the military use of the space, and major military R&D (research and development) trends, as well as the various measures intended for controlling their further development. In recent years, the yearbook has considerably expanded its coverage of global and regional security and conflict, while still maintaining its traditional in-depth

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<sup>51</sup> Published in Oxford by the Oxford University Press. *Yearbooks* before 1987 were published under title "World Armaments and Disarmament: SIPRI Yearbook [Year of publication]".

analyses of world armaments and disarmament.<sup>52</sup> It has extensive annexes on the status of the implementation of multilateral arms control agreements and a chronology of security- and arms control-related events. Over time, it has become the most reliable source of data and military statistics; and the political analysis contained in it is widely regarded as unbiased, sober and factual.

Apart from the *SIPRI Yearbook*, the works by the London-based International Institute for Strategic Studies (IISS) and Jane's publications are also important sources for arms control-related information. *Military Balance* and *Jane's Defence Weekly (JDW)* provide raw data on stocks and detailed descriptions of new development in weapons' production and acquisitions world-wide. The Australian *Asia-Pacific Defence Reporter (A-PDR)* is in the same category as *JDW* but with a focus on the Asia-Pacific region. *Arms Control Today* published by the Arms Control Association based in Washington, D.C. and *Pacific Research* by the Australian National University's (ANU) Peace Research Centre are good sources of information on significant moves made by China concerning multilateral arms control. The UN publications including its *Disarmament Yearbook* is another indispensable source of information for studies of China and international arms control, especially with regard to the evolution of Chinese official position in treaty negotiations and its stand on multilateral arms control initiatives addressed in the United Nations disarmament agencies. Finally, in order to follow the flow of events closely, major English newspapers, such as *The Washington Post* and *The New York Times*, are also very useful when carefully scrutinised.

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<sup>52</sup> Reflecting a welcome modest change of emphasis, the subtitle of the yearbook started to include the notion of international security from 1995. Also, with the demise of the Cold War, the East-West (USA-USSR) emphasis that was characteristic of past yearbooks is now a bit modified by the somewhat greater geographic spread in analytical case-studies.

### CHAPTER 3. CONCEPTIONS OF POST-COLD WAR NATIONAL SECURITY: MAIN THEMES

A detailed study of post-Cold War Chinese security strategies will not be presented here. Instead, the chapter will focus on exploring the main themes and key concepts of post-Tiananmen post-Cold War Chinese security conception, around which Chinese security policy is formed.<sup>1</sup> It will first examine the leadership's security concerns in the wake of the 1989 Tiananmen. Then it will analyse Chinese security elites' (defined here as security policy makers and the analysts who help them interpret national and international security affairs) overall security outlook around the time when the Cold War ended. This will be followed by a discussion of the Chinese security policy objectives, and their implications for post-Cold War Chinese arms control policy. The main purpose of this chapter is to provide a basic reference framework for the subsequent examination of the interplay between relevant domestic and external variables and the resultant Chinese arms control policy.

#### *Leadership Security Concerns in the Wake of Tiananmen: Emerging Linkage between Domestic Stability and National Security*

##### **Primary Security Concern: Domestic Social Stability and Unity**

In the study of post-Cold War Chinese security policy, the 1989 Tiananmen military crackdown should be taken as an important point of departure. This is because, as an expert on Chinese foreign policy commented, "At no time since the Korean War has Beijing

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<sup>1</sup> This assumption is based on the theory that state behaviour tends to be patterned on a few core values and dominant perceptions. See Samuel S. Kim, "China and the World in Theory and Practice", in his edited volume *China and the World*, Boulder: Westview Press, 1994, pp.16-17.

encountered a more daunting challenge in coping with the global political system in turbulent change than it has since 1989."<sup>2</sup> Indeed, the student demonstration and the subsequent Western reaction to Beijing's military crackdown have played an essential role in the shaping of the leadership's post-Cold War world view and national security conceptions. For the leadership in Beijing, the realisation of China's national priority of economic development and modernisation depends on two basic conditions: "a peaceful international environment and political stability and unity at home."<sup>3</sup> What happened in and after Tiananmen Square exacerbated the issue of domestic stability and subsequently elevated it to the top of Beijing's post-Cold War national security agenda. Thus, there has emerged a crucial linkage between China's domestic problems and Beijing's national security policy since the end of the Cold War.

Even before Tiananmen, towards the late 1980s the primary security concern for the leadership in Beijing had already largely shifted away from the protection of the heartland against external aggression to the maintenance of domestic social stability and unity (社会的安定与团结, *shehui de anding yu tuanjie*). The maintenance of domestic social stability and unity hold a general consensus among the post-Mao leadership despite differences between different factions over the speed and extent of reform and opening up to the outside world. The Dengist regime believed that if China wants to shake off poverty and modernise, domestic stability is of crucial importance. It is the precondition for the four-modernisation drive to succeed. Indeed, the leadership was convinced that nothing could be accomplished without a stable domestic environment. In the wake of Tiananmen crackdown, Deng reiterated:

"We cannot tolerate turmoil, and whenever it arises in future we shall impose martial law. ... The purpose ... is to maintain stability; only with stability can we carry on economic development. The reason is very simple. In China, which has a huge population and a

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<sup>2</sup> Ibid, p.4.

<sup>3</sup> Deng, *Selected Works of Deng Xiaoping*, Vol.III, p.210.

poor economic foundation, nothing can be accomplished without good public order, political stability and unity. Stability is of overriding importance."<sup>4</sup>

Unfortunately, the strategy taken by the leadership to keep domestic stability was basically a static strategy in a changing world. By believing that political coherence is the key point for maintaining social stability in China's effort to catch up with the more developed countries, the strategy adopted by the leadership was essentially aimed at striving for political coherence. Among the key decisions made at the Third Plenary Session of the Eleventh Central Committee of the Party in December 1978 was the one "To shift the emphasis of the Party's work to socialist modernisation" and "away from enervating, repetitive mass campaigns" promoting class struggles or other abstract ideological objectives.<sup>5</sup> As Deng later put it more directly,

"If people are busy staging demonstrations today and airing their views or writing big-character posters tomorrow, they cannot concentrate on economic construction."<sup>6</sup>

Naturally, to achieve social stability viewed in this way, the leadership has been prone to opt for the strengthening of one-party leadership rather than to relax it or to introduce a multi-party political system. In 1978 when Deng started the reforms to meet the pressing challenge of modernity, he also promoted a nation-wide debate on "the criterion of truth", which emphasised that the ultimate criterion of truth should be people's social practice rather than the founding father's theory. The campaign was aimed at minimising the ultra-leftist legacy of the "Cultural Revolution" and theoretically justifying the economic restructuring. However, the nation-wide debate prompted the "Peking Spring"--the first

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<sup>4</sup> Deng made the remarks during a talk with former American President Richard Nixon when he visited Beijing in Oct. 1989. See *Selected Works of Deng Xiaoping*, Vol.III (1982-1992), Beijing: Foreign Language Press, 1994, p.321.

<sup>5</sup> Cf. James M. Ethridge, *China's Unfinished Revolution*, San Francisco: China Books & Periodicals, Inc., 1990, p.20.

<sup>6</sup> *Selected Works of Deng Xiaoping*, Vol. III, p.322.

democracy movement which demanded that the Maoist totalitarian heritage be repudiated and that democracy be established.<sup>7</sup> The movement was immediately suppressed on the charge that the quest for democracy was being used to obscure counter-revolutionary intentions. Immediately after that, Deng enunciated the "Four Cardinal Principles of Socialism", which were quickly added to the country's constitution in June 1979.<sup>8</sup>

For Deng, the paramount leader, China is just not suitable for ideological freedom in the process of economic reconstruction. As he put it, "In a big country like ours, it is inconceivable that unity of thinking could be achieved among our several hundred million people, or that their efforts could be pooled to build socialism in the absence of (the Party) ..."<sup>9</sup> Even for more liberal thinkers like Zhao Ziyang, then Party Secretary General,<sup>10</sup> China is not yet ready for Western-style democracy not only because of the large number of strongly conservative leaders who remain in power, but also the low education level of the population as a whole (particularly of the farmers who account for 70-80 % of the total population). Zhao once told U.S. President George Bush that China was opposed to introducing "a multi-party political system and the parliamentary system of Western countries", arguing that it was not appropriate and that "there are a lot of people not mentally prepared for [political] reform" yet.<sup>11</sup> Due in part to this belief, the country's

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<sup>7</sup> Wei Jingshen, now an internationally famous Chinese dissident, made his debut during this first democracy movement. In his article "The Fifth Modernisation", Wei argued, "If the Chinese people wish to modernise, they must first establish democracy, they must first modernise China's social system." And "Without this 'fifth modernisation' all other 'modernisations' are nothing but lies." See Simon Leys, *The Burning Forest: Essays on Chinese Culture and Politics*, London: Paladin, 1988, Appendices, "The Fifth Modernisation: Democracy" (by Wei Jingshen), pp.220-1.

<sup>8</sup> The Four Cardinal Principles are: Adherence to 1) the socialist road; 2) the people's democratic dictatorship; 3) the leadership of the Communist Party; and 4) Marxism-Leninism and Mao Zedong Thought.

<sup>9</sup> See *Renmin Ribao* (People's Daily) (*RMRB*), Sept. 9, 1987, p.1

<sup>10</sup> Zhao was dismissed following the Tiananmen crackdown for his relatively liberalist approach toward the students' pro-democracy movement.

<sup>11</sup> Remarks by Zhao during a talk with the American President George Bush during his visit to Beijing in early 1989. Quote in Ethridge, *China's Unfinished Revolution*, p.81.

development has resulted in the eye-catching imbalance between economic restructuring and the relative stagnation of political development.

What the Dengist regime probably did not realise or underestimated in the late 1970s is that the implementation of the new policy of reform and opening up to the outside world would in essence inaugurate an erosion of the Party's supreme authority and its ideological control over the populace.<sup>12</sup> On the one hand, various social and political problems accompanying the economic reforms have increased the populace's dissatisfaction and thus demands. On the other, the leadership has been unable to develop a more forceful theoretical justification for the Party's quest of economic integration with the capitalist world.<sup>13</sup> The Party's rigid adherence to the Marxist ideology in an effort to keep the social-political system intact<sup>14</sup> only made the populace become more and more cynical and defiant.

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<sup>12</sup> For a discussion of this, see John R. Faust and Judith F. Kornberg, "Chinese Politics and Ideology", in their co-authored book *China in World Politics*, Boulder: Lynne Rienner Publishers, 1995, especially pp.43-61.

<sup>13</sup> Not only the leftist conservatives have stuck to the old conceptions of Marxism, Leninism and Mao Zedong Thought, but even advocates of change have attempted to fit reform strategies into a socialist framework, arguing that Marxism is not immutable, for example; and that some practices, such as using market forces rather than attempting to regulate the entire economy, are not in themselves capitalistic but merely rational utilisation of historical human experience. This attempt has led to Deng Xiaoping's rather vague concept of "Socialism with Chinese Characteristics" and Zhao Ziyang's theory about "the primary stage of socialism". For more information on the two concepts, cf. the Mini-Encyclopaedia in Ethridge's *China's Unfinished Revolution*, op cit.

<sup>14</sup> As He Xin, a leading orthodox intellectual in China in the 1980s, once stated, "In China, Marxism is not just an academic school. It is the political bedrock of the nation, it is the spiritual pillar that binds together the morals, ethics, and beliefs, the value system of hundreds of millions of people. It is the spiritual source for social cohesion and action. It is the ideological guarantee for social stability and peace. In a massively populated country like China, where there is such a disparity and complexity in attitudes and even languages, a country is which there is no other belief system or religious authority with which to replace Marxism, if it were to be downgraded to the point of being merely one school among many (let alone rejected altogether), it would without doubt announce the dawn of massive social unrest." Quoted in Geremie Barme, "Travelling Heavy: The Intellectual Baggage of the Chinese Diaspora", *Problems of Communism*, Jan.-Apr. 1991, p.106.

The leadership's emphasis on social stability by way of political cohesion within the existing political system could easily be seen as a protection of the Party's vested interest and the resultant reluctance to make the required power restructuring. That such a factor was impeding the country's political development in the late 1980s cannot be ruled out. Yet the leadership's fear that once they lost political control the country could be plunged again into social turmoil which in turn would seriously set back China's quest for modernisation deserves a proper weighting taking into account China's recent history. China, a traditionally self-perceived "Middle Kingdom" with one of the oldest civilisations in the world, has been in a continuous struggle for modernity ever since the mid 19th century. The repeated failure to become a rich and strong country has left an immense impact on the nation's psychology and culture.

It is in this connection that the words by a pre-eminent scholar Derk Bodde need to be kept in mind: "In China more perhaps than in any other country a knowledge of the past is essential for an understanding of the present."<sup>15</sup> Conventional Chinese political wisdom regards the country's repeated failure to achieve modernity as due to various domestic turmoil and foreign aggressions (内忧外患, *neiyou waihuan*). If the "one-hundred year humiliation" at the hands of major foreign powers explains the failure to modernise before 1949, then, for the Communist Party of China, a series of major mistakes made during Mao's time -- mostly, the ten years' Cultural Revolution -- were to blame for the country's further lagging behind.<sup>16</sup> It was the reach of this understanding that served to hold the general consensus on the primary importance of political cohesion and social stability. Partly

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<sup>15</sup> Quoted in Harrison E. Salisbury, *The New Emperors Mao and Deng: A Dual Biography*, London: Harper Collins Publishers, 1993, p.1.

<sup>16</sup> The post-Mao leadership publicly acknowledged those major mistakes made by the Party during the previous three decades in 1981 in a document called *Guanyu Jianguo yilai Dang de Ruogan Lishi Wenti de Jueyi* (Resolution on Certain Questions in the History of our Party Since the Founding of the People's Republic of China). The Resolution was unanimously adopted by the Sixth Plenary Session of the 11th CPC Central Committee on June 27, 1981. For details of the Resolution, see *Major Documents of the People's Republic of China (December 1978-November 1989)*, Beijing: Foreign Languages Press, 1991, pp.203.

due to these beliefs and empirical evidence, the CCP regime security has been made a precondition for national security, which reduces the usual distinction between national security and regime security applicable to the more developed industrialised countries.<sup>17</sup>

### **Western Advocacy of Democracy and Human Rights--"A War Launched by the West without Gunsmoke": The Question of State Sovereignty**

The shift of Beijing's primary security concern from external military aggression to domestic stability has in turn changed the nature of the perceived national threat. In Beijing's view, the collapse of the Soviet Union has created the conditions allowing a few Western countries led by the United States to seek world hegemony via a so-called "new world order". The leadership was concerned that under such an order, not only China, but the majority of non-Western countries would be denied room for foreign policy choices. And the primary reason for this was because the Southern countries were considerably weaker economically and militarily.<sup>18</sup> Thus, the U.S.-led Western attempt initiated by the Bush administration to build a "new world order" was seen by Chinese leaders as "staging a third world war without gunsmoke".<sup>19</sup> In a talk with the former President of Tanzania Nyerere in November 1989, Deng expressed his disappointment over this tendency of international political development:

"The United States and the Soviet Union have held talks that showed an encouraging tendency towards disarmament. ... I looked forward to the end of the Cold War, but now I feel disappointed. It seems that one Cold War has come to an end but that two others have already begun: one is being waged against all the countries of the South and the Third World, and the other against socialism. By

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<sup>17</sup> Cf. David Shambaugh, "Growing Strong: China's Challenge to East Asian Security", *Survival*, Vol.36, No.2, Summer 1994, p.46; and Denny Roy, "China's Threat Environment", *Security Dialogue*, Vol.27, No.4, Dec. 1996, pp.442-3.

<sup>18</sup> See Du Zheng and Ni Liyu (eds.), *Zhuanhuan zhong de Shijie Geju* (The Changing World Order), Beijing: *Shijie Zhishi Chubanshe*, 1992, pp.280-8.

<sup>19</sup> Deng, *Selected Works of Deng Xiaoping*, Vol.III, p.333.

that I mean they want to bring about the peaceful evolution of socialist countries towards capitalism."<sup>20</sup>

As mentioned earlier, Beijing's attempt to keep social stability within the existing political system was basically a static strategy in a changing world. But the heart of the problem here was that Beijing has shown its concern about the effect of Western ideas of democracy and human rights on China's domestic stability, yet there was an apparent indifference to this concern in Washington's China policy. Naturally, this has led to Beijing's suspicion about the Western intention, and the U.S.-led Western advocacy of democracy and human rights which are the central notions underlying the "war without gunsmoke" is seen as nothing else but intended to bring turmoil to China. Half a year later after the June Tiananmen crackdown, Deng made the following remarks to a Japanese delegation visiting Beijing:

"Western countries, particularly the United States, set all their propaganda machines in motion to fan the flames, to encourage and support the so-called democrats or opposition in China, who were in fact the scum of the Chinese nation. ... In inciting unrest in many countries, they are actually playing power politics and seeking hegemony. They are trying to bring into their sphere of influence countries that heretofore they have not been able to control."<sup>21</sup>

These remarks touched the key issue of national autonomy and sovereignty. Any China expert would know that the concepts of sovereignty and national territorial integrity had occupied a special priority place in Chinese traditional national security thinking. It is not difficult to see that the concept of state sovereignty has re-emerged as the core of Beijing's post-Tiananmen post-Cold War security values. During his talk with Nyerere, Deng made the following remarks:

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<sup>20</sup> Remarks made during a talk with Julius Kambarage Nyerere, former President of Tanzania during his visit to Beijing in Nov. 1989. *Ibid*.

<sup>21</sup> Remarks made during a talk on Dec. 1, 1989 with Sakurachi Yoshio and other leading members of delegation from the Japanese Association for the Promotion of International Trade. See *ibid*, pp.335-6.

"We used to say that the United States and the Soviet Union were seeking hegemony. Now at their summit meeting the Group of Seven have been seeking hegemony and playing power politics too. ... the Group of Seven summit meeting issued a declaration imposing sanctions on China. What qualifies them to do that? Who granted them the authority? Actually, national sovereignty is far more important than human rights, but they often infringe upon the sovereignty of poor, weak countries of the Third World. Their talk about human rights, freedom and democracy is only designed to safeguard the interests of the strong, rich countries, which take advantage of their strength to bully weak countries."<sup>22</sup>

And Deng reiterated, "This turmoil has been a lesson to us. We are more keenly aware that first priority should always be given to national sovereignty and security".<sup>23</sup> Some scholars in Western academic circles maintain that the Chinese concept of sovereignty is obsolete because "state sovereignty has been overtaken by an era of interdependence in which national boundaries are highly permeable."<sup>24</sup> However, the issue of state sovereignty is complex, differing from time to time and from state to state. A recent article published in *Shijie Jingji yu Zhengzhi* (World Economics and Politics, a think-tank journal by the CASS' Institute of World Economics and Politics) entitled "Lianheguo Xianzhang he Guojia Zhuquan Wenti" (The UN Charter and the Issue of Sovereignty)<sup>25</sup> gives a good illustration of the Chinese view on the issue of state sovereignty.

The author Qian Wenrong is the former director of the branch of Xinhua News Agency in the United Nations. The article carries out a critical review of the historical evolution of the concept of sovereignty dominated by Western countries. Qian first of all points out that the concept came into being under certain historical conditions. Naturally, he states, the concept

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<sup>22</sup> *Ibid*, p.334.

<sup>23</sup> *Ibid*, p.335.

<sup>24</sup> See, for example, David Shambaugh, "China's Security Policy in the Post-Cold War Era", *Survival*, Vol.34, No.2, Summer 1992, pp.92-93.

<sup>25</sup> Qian Wenrong, *Shijie Jingji yu Zhengzhi* (World Economy and Politics), No.180, Aug. 1995, pp.3-12.

develops together with the development of history. However, he argues the evolution of the concept is not merely the result of economic and social development but rather closely linked with international political struggles. In his view, the initial emphasis of the concept on the absoluteness and indivisibility of state sovereignty was due to the need of a unified domestic market and the correspondent need of a central political authority in 16th century Europe. Later, in the late 19th and early 20th century at the peak of capitalist overseas expansion, the Western countries advocated the "obsolescence of national sovereignty" to justify their imperialist and colonialist activities. After the Second World War, the Americans argued for the "obsolescence of state sovereignty" to suit the U.S.'s goal of world hegemony. Simultaneously, the Soviets advanced the theory of "limited sovereignty" to justify Moscow's invasion and interference in the internal affairs of the Eastern European countries.

Based on this historical review of the concept, Qian draws attention to the rising negation of state sovereignty prevailing in Western newspapers and journals since the end of the Cold War, and the subsequent emergence of two opposite views between the Western developed countries and the developing countries as manifested in the UN General Assembly. He concludes that all these developments prove that "the debate on state sovereignty is not simply an academic issue but more essentially an international political issue."<sup>26</sup> The central argument Qian makes is that the evolution and development of the concept should not serve to negate the existence of the sovereign state and thus state sovereignty. Mutual respect for state sovereignty should continue to be the basic norm for inter-state relations. Indeed, many Chinese security elites continue to argue that inter-state relations should be based on the Five Principles of Peaceful Coexistence.<sup>27</sup>

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<sup>26</sup> Ibid, p.4.

<sup>27</sup> Among the numerous sources for this view, see "Qian Qichen on Major International Issues", *BR*, Oct. 11-17, 1993, pp.8-11; and Li Shaojun, "Wanlong Jingshen de Lishi Qishi" (The Historical Revelation of the Bandung Spirit), *Shijie Jingji yu Zhengzhi*, No.177, May 1995, pp.52-54.

The Five Principles which were first proposed by Chinese delegation led by Zhou Enlai at the 1955 Bandung Conference in Indonesia and have been consistently promoted by

In connection with this proposed study on China's arms control, it pays to note here that the Chinese concept of sovereignty has also been evolving over time. Prior to the 1990s, "sovereignty" was simply defined as "the supreme authority possessed by a state within its national boundaries. With this authority, the state determines its domestic and external policies as well as handles its domestic and external affairs according to its own will, without being interfered by any external forces."<sup>28</sup> By the 1990s, the concept has come to be defined as composing two distinctive parts: domestic sovereignty (国内主权, *guonei zhuquan*) and external sovereignty (国外主权, *guowai zhuquan*). Though the Chinese claim that they are two indivisible parts, the two at least receive different emphasis in both theory and practice. In a 1994 Chinese definition, while "domestic sovereignty" carried on the meaning that was traditionally given to "sovereignty" -- which was extremely close to the Westphalian model, the new dividend "external sovereignty" was defined rather close to Waltz's explanation. It was in a way more liberal to the extent that "the state enjoys international rights *as well as international obligations*", but with an emphasis on equality among all nations.<sup>29</sup>

Moreover, over time, Chinese security elites do recognize the fact of increasing interdependence due to the globalization of national economy and the development of modern communication technology, and its effect on individual state's behaviour. This partly explains the recent development of an embryonic village democracy at China's lowliest

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China since then are: 1) mutual respect for territorial integrity and sovereignty; 2) non-aggression; 3) non-interference in each other's internal affairs; 4) equality and mutual benefit; and 5) peaceful coexistence.

A review of the Chinese political discourse in recent years tends to confirm this point. The year 1995 was the 40th anniversary of the Bandung Conference. The so-called Bandung Spirit based on the Five Principles of Peaceful Coexistence was revisited and paid a special tribute by Chinese political commentators and writers.

<sup>28</sup> A definition given by *Xiandai Hanyu Cidian* (Modern Chinese Dictionary), Beijing: *Shangwu Yinshuguan*, 1985, p.1511.

<sup>29</sup> See Lu Jingzheng (chief ed.), *Dangdai Zhanlue Zhinan* (A Guide to Contemporary Strategic Studies), Beijing: *Guofang Daxue Chubanshe*, 1994, p.291. Emphasis added.

grass-roots level. Based on a law called the Organic Law of Villagers' Committee (村民委员会, *cunmin weiyuanhui*) which was passed in the National People's Congress in 1987, Chinese village leaders began to be elected by village residents in 1990.<sup>30</sup>

The birth of village self-government is a very encouraging development in China, offering a hopeful prospect for democracy in the country. But the development itself also suggests that the leadership prefers a measured and self-controlled way to politically liberalise the country. In this regard, as far as the leadership is concerned, high-pressured Western promotion of human rights and democracy represented a serious threat to China's domestic stability and, thus, China's national security. And Beijing would have a serious stake in its relations with the U.S.-led Western countries.

***Security Elites' Overall Security Outlook:  
The Importance of National Economic Strength***

The end of the Cold War has had a multiple-faceted effect on the Chinese overall security outlook. First of all, as seen from the Chinese perspective, there is an inevitable trend that the world is developing towards a multipolar one. Secondly, the collapse of the Soviet bloc and the emerging two poles of Japan and Germany highlighted the essential importance of economic security in determining a nation's power in international affairs. Thirdly, the outbreak of the Gulf War has set off an alarm among Chinese top leaders and military officials. On the one hand, it has exacerbated Beijing's concern about the rise of the West's interventionist tendencies due to the collapse of the Soviet bloc that altered the global military balance in favour of the West. On the other, the form of the Gulf War and the highly sophisticated weaponry used during "Desert Storm" forced Chinese strategists to

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<sup>30</sup> For a study of this, see Daniel Kelliher, "The Chinese Debate Over Village Self-Government", *The China Journal*, Issue 37, Jan. 1997, pp.75-78.

update their military thinking and develop ways to deal with the emerging patterns of armed conflict in the 1990s and beyond.

### **The Trend Towards a Multipolar World**

As early as the second half of the 1980s, the Chinese saw the development of a multipolar world as a growing trend in the evolution of the international system. Needless to say China itself was seen as a would-be pole in this multipolar configuration. This belief originally saw a multipolar system emerging within the dominance of the U.S.-Soviet bipolar structure. Apart from China, the other two centres of the new global order were likely to be Japan and Western Europe. This conception was based on the observation of a decreasing capability by the U.S. and the Soviet Union to manipulate their respective allies, and in controlling the international situation in general. The formation of the two economic power centres of Japan and Western Europe and the rise of China were seen as important causes of the relative weakening of the U.S. power.<sup>31</sup> In fact, in economic terms, the multipolar pattern was seen as already existing though China was not counted yet as such a pole. A 1989 book argued: "Japan has become an economic superpower since the 1970s. ... It is now the biggest creditor country in the world. ... Western Europe's per capita GNP has surpassed that of the United States, ... West Germany has replaced the United States as the biggest exporter in the world. Japan and Western Europe have become two major economic power centres in the same ranking with the United States."<sup>32</sup> It was held that on the basis of their

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<sup>31</sup> This general view of a multipolar world can be found in books about national defense published during the period 1987-1989 and articles in such journals as *Xiandai Guoji Guanxi* (Contemporary International Relations) and *Guoji Wenti Yanjiu* (International Studies) published in the same period. Those books include Yang Dezhi, Huan Xiang, et al., *Guofang Fazhan Zhanlue Sikao* (Thinkings on National Defense Development Strategy), Beijing: *Jiefangjun Chubanshe*, 1987; Mi Zhenyu, et al., *Zhongguo de Guofang Gouxiang* (Concept for China's National Defense), Beijing: *Jiefangjun Chubanshe*, 1988; and Nie Quanlin, et al., *Guoji Huanjing yu Weilai Guofang* (International Environment and Future National Defense), Beijing: *Guofang Daxue Chubanshe*, 1989.

<sup>32</sup> Chen Kehou (chief editor), *Zhanzheng, Heping yu Guofang* (War, Peace and

respective economic strength Japan was rapidly advancing towards a political and military great power, while Western Europe was becoming politically and militarily more independent of the United States. Whereas, for China itself, the confident view that China should and could become a pole came from the country's economic achievement since the late 1970s and China's political success gained through the U.S.-China-Soviet Union Strategic Triangle, in addition to China's own assets of size and resources.

Another important reason for the Chinese belief in an emerging multipolar world was the rise of the Third World in general in the international political arena. As a self-ascribed member of the Third World,<sup>33</sup> China had always seen the Third World having an important influence on international politics. In Beijing's realist central paradigm, the Third World countries *together* constituted the strongest force to fight against major powers' hegemony and power politics. In terms of forming a multipolar world, the force of the Third World was important as a brake on the U.S.-Soviet dominated bipolar security pattern. In Beijing's public rhetoric, the Third World countries were credited as the most essential force for peace in the contemporary world.<sup>34</sup>

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National Defense), Beijing: *Guofang Daxue Chubanshe*, 1989, p.5.

<sup>33</sup> China formally declared itself a member of the Third World in 1974. In the late 1980s and early 1990s, more than a decade of economic reorientation towards the Western market economy had not in any significant way reduced China's view that it was a member of the Third World. Third World reaction to the 1989 Tiananmen crackdown reinforced this connection by which the Third World represents a force that China could "rely on". Cf. an article by Qian Qichen (the then Minister of Foreign Affairs), "Bianhuan de Guoji Xingshi he Zhongguo de Weijiao" (The Changing International Situation and China's Foreign Diplomacy), *Qiu Shi* (Truth Seeking), No.24, 1990, p.4. In a speech in July 1991 celebrating the 70th anniversary of the Chinese Communist Party, the Party's General Secretary Jiang Zemin said, "...the world is now in an uncertain transitional period from the old pattern to a new one. We will continue to uphold our independent foreign policy of peace and actively develop friendly relations with all countries. We will in particular maintain and develop good-neighbour relations with regional countries and *strengthen our solidarity and cooperation with Third World countries.*" See *RMRB*, July 2, 1991, p.1. Emphasis added.

<sup>34</sup> See, for example, Chen Kehou, *op cit.*, p.7.

Coming into the 1990s, contrary to the American ambition for a monopolar new world order based on the U.S. leadership, the collapse of the Soviet pole did not change the Chinese belief that the world was developing toward a multipolar system. Chinese security analysts questioned the U.S. capability to maintain its status as the world predominant leader, as well as its ability to make the 21st century continue to be the "American century". They noticed Western European countries' aversion to the American leadership posture and Japan's increasing disobedience of "Uncle Sam".<sup>35</sup> The U.S. economic recession in the 1980s and its requirement of significant financial contribution from its Western allies during the Gulf War made Chinese leaders believe that the existing American economic strength could no longer support the Americans to manipulate global affairs unilaterally and unlimitedly.<sup>36</sup>

Nonetheless, as viewed by the Chinese, it would be a fair while before a multipolar system would be established. Furthermore, against the backdrop of the U.S. economic improvement since 1993 after Bill Clinton came to power, Chinese analysts came to see that the American economy would likely continue to maintain its relative superiority for some time, at least for the foreseeable future. In other words, the U.S. as the existing single superpower will remain worldly influential for a considerable period.<sup>37</sup> During the

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<sup>35</sup> See, for example, Pan Shiyong, *Xiandai Zhanlue Sikao: Lengzhan hou de Zhanlue Lilun* (Reflections on Modern Strategy: Post-Cold War Strategic Theory), Beijing: *Shijie Zhishi Chubanshe*, 1993, pp.35-36. Pan is the Head of China's Foundation for International Strategic Studies.

<sup>36</sup> Among other sources, a report by then Chinese Prime Minister Li Peng to the National People's Congress in March 1991 just after the Gulf War well illustrates this view. For his report, see *RMRB*, Mar. 22, 1991, p.3.

<sup>37</sup> Tao Jian, et al., "Meiguo Jingji Jinru Chixu Shidu Zengzhangqi" (The U.S. Economy Has Entered an Appropriate and Sustainable Growth Period), *Xiandai Guoji Guanxi*, Jan. 1994, pp.6-10; Chen Qilin, "Zhuanxingqi de Dongdang Genyuan he Guoji Xingshi Tezheng" (Sources of Destability and Characteristics of the International Situation during the Transitional Period), *ibid*, Apr. 1994, p.5-6; Chen Dezhaoh, "Lun Shijie Jingji Duzhongxing Geju de Xingcheng he Fazhan" (On the Formation and Development of a Multi-Centre Structure in the World Economy), *Shijie Jingji yu Zhengzhi*, No.188, 1996, pp.5-9.

In a comparative study of Chinese and American economic development since 1978, a Chinese analyst mentioned that China's 1993 GNP accounted for only 8.5 % of that of the

transitional period, there would be fierce competition for the top position among the existing as well as the potential major powers. Thus, it was believed, the post-Cold War international environment presents China both opportunities and challenges.

### **Reasons for the Absence of Major War since WWII**

In the process of contemplating the reasons for the more than four decades of overall stability since the end of the Second World War, security leaders in Beijing identified several factors that had helped to check war and promote peace. Most important among them were the roles played by nuclear deterrence and inter-state economic interdependence.

#### **The Bipolar Balance of Nuclear Deterrence:**

A point worth noting is that in its theories of international relations before the 1990s, China had never openly endorsed the thesis that international relations are mainly decided by relations between the major powers. Yet its discourse on international peace and security was almost without exception explicitly based on the assumption that peace among the major powers in the world (it was not clear whether China was included or not) amounted to the overall stability in the world. Almost all military officials argued that the strategic nuclear force balance between the U.S. and the Soviet Union played a most decisive role in the post-WWII avoidance of a major war. The following remarks under the sub-title "The Main Theme of The Times" clearly illustrates this point: "... Though the danger of world war cannot be totally excluded, the development of nuclear weapons and some other weapons of mass destruction has made the means of war all the more difficult to be used

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United States (calculated in the 1993 exchange rate). He concluded that based on the two countries' average speed of economic growth in the past more than ten years, "it will take China 38 years before it could catch up with the U.S. economy." See Wei Wei, "Zhongmei Jingji Zhuyao Zhibiao Bijiao", *Meiguo Yanjiu* (American Studies), Vol.9, No.4, 1995, p.81.

between the major powers. ... Therefore, war is no longer an inevitable, nor the most effective means, for the imperialists to partition the world and solve international economic, political and ideological problems. Peace and development have already become the main trend of our age."<sup>38</sup>

Here they acknowledged the paradox of nuclear weapons: For the first time in human history, nuclear weapons constitutes a contradiction between the means of war and the objectives of war, i.e. the more destructive a weapon is, the less likely it was to be resorted to. In this connection, Chinese strategic analysts share with some Western scholars like Kenneth Waltz that it was under this contradiction that mankind had won a few decades' peace.<sup>39</sup> In their view, nuclear weapons had served in an important way to prevent a major war. But the perceived importance of nuclear deterrence did not prevent Chinese strategic thought from exhibiting some convergence with popular anti-nuclear-terror feeling around the world. It agreed that peace under the context of nuclear deterrence was at best a kind of negative "peace". It was the most unsecure peace ever experienced by the international society.<sup>40</sup>

By the end of the 1980s, at a lesser theoretical level, security discourse in Beijing already publicly acknowledged that the increasing proliferation of nuclear weapons constituted a great threat to international peace. The negative effect of nuclear proliferation that Beijing came to acknowledge was similar to the Western perspective in this regard. Chinese security analysts came to see that nuclear proliferation increased the possibility of accidental

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<sup>38</sup> Peng Guangqian and Wang Guangxu, et al.(by the Department of Strategic Studies of The Academy of Military Science), *Junshi Zhanlue Jianlun* (A Brief Discussion on Military Strategy), Beijing: *Jiefangjun Chubanshe*, 1989, p.24.

<sup>39</sup> Mi Zhengyu, et al., *Zhongguo de Guofang Gouxiang*, pp.6-8. Mi is Vice President of the Academy of Military Sciences.

For such a view by Waltz, see Kenneth Waltz, "The Spread of Nuclear Weapons: More May Be Better", *Adelphi Paper*, No.171, 1981.

<sup>40</sup> Nie Quanlin, et al. (eds.), *Guoji Huanjing yu Weilai Guofang*, pp.46-47. At the time of his writing, Nie was Director of the Political Department of the Fujian Military Region.

nuclear war due to the increased chances of a breakdown in the chain of command or misperceptions.<sup>41</sup> They also pointed out that nuclear proliferation increased the likelihood of escalation from intensive conventional war to the use of nuclear weapons. Regarding this, it may be stated that Chinese nuclear thinking has contained the same contradiction evident in the West due to the specific nature of nuclear weapons. The following reflection by Huan Xiang, a prominent strategist in Beijing, easily betrays this contradiction: "The nuclear era is an era mostly lacking in the sense of security. But conversely, it is also an era with security most sufficiently guaranteed."<sup>42</sup> He did not define the term "security", but we may at least interpret the latter one as more appropriately referring to national security.

### **The Role of Economic Integration and Interdependence:**

The above mentioned strategist made the following remarks in 1987:

"It is about 40 years now since the end of World War Two. During this period of time, some very strange phenomena have appeared in the world. For instance, the contradiction between socialist countries and capitalist countries should, according to traditional theories, be a very acute contradiction. But there has been no major war between the two during these 40 years. ... Moreover, in a region where there are more concentrated military forces, the economy there would be more developed and the situation would be quite stable without any out-break of war. In contrast, in a region where there are not many military forces, and the societies as well as the economies are less developed, there have constantly been wars breaking out. ... What are the reasons for these phenomena?"<sup>43</sup>

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<sup>41</sup> See, for example, Chen Kehou, "Hewuqi de Kuosan shi Dui Heping de Juda Weixie" (The Nuclear Proliferation is a Serious Threat to Peace), in *Zhanzhen, Heping yu Guofang*, pp.46-49. This reference serves in part as a counter-argument against Alastair Johnston's claim that the Chinese globalist argument for nuclear non-proliferation appeared *after* the Chinese decision to join the NPT in 1991. See Johnston, "Learning versus Adaptation", pp.50-51.

<sup>42</sup> Huan Xiang, "Weilai Guoji Huanjing he Women de Guofang Jianshe" (Future International Environment and the Construction of Our National Defense), in Yang Dezhi, Huan Xiang, et al., *Guofang Fazhan Zhanlue Sikao*, p.13. Yang is a senior PLA general and Huan, a prominent foreign policy expert as well as a strategist.

<sup>43</sup> *Ibid*, pp.6-7.

Obviously Chinese security analysts felt a need to develop new theories to explain those "strange" phenomena which could not be sufficiently explained by traditional Marxist-Leninist theories on international relations that had predicted exactly the opposite scenario. One main factor as seen to explain the phenomena was the role played by inter-state economic connection. As Huan suggested: "What we used to understand is that when there are crises in all the economic, political and ideological aspects, war is likely to break out. ... But today's real situation is quite contrary. The more the Soviet Union and the U.S. argue with each other, the more economic contacts they carry out. In 1960, the Soviet trade with the West accounted for only 19 % of its total trade; in 1970, 21 %; in 1980, it increased to 33 %. This suggests economic exchange does not go hand in hand with struggles in political, ideological and military fields. They are developing towards opposite directions." He further noted that "The Soviet Union has proposed to undertake long-term cooperation with the West in production and it hopes the West could build factories in the Soviet Union by way of either investment or joint ventures." He concluded that "Under this kind of situation, it is very difficult for the two sides to go to war with each other."<sup>44</sup>

The concept of economic interdependence was soon incorporated into the understanding of the role of inter-state economic connection in checking war and promoting peace. In this regard, the Chinese "realist" central paradigm of the late 1980s and early 1990s contained to a considerable degree some elements of neo-liberalism that see the peace effects of international economic interdependence. A study in 1988 took the view that:

"With the development of productive forces, there is an increasing economic interdependence in the world. ... The mutual intersection and penetration of national economic interests between countries have resulted in an interrelated political network. *One country's security interest would often be inter-connected with that of other countries.* And war actions have become a 'double-edged sword': it would certainly do no good to the side being aggressed, but it

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<sup>44</sup> Ibid, p.14.

would be harmful to the economic development of the aggressor side, too. These economic inter-connections and mutual dependencies have weakened the growth of the confrontational forces on both sides, which is conducive to international stability and detente."<sup>45</sup>

It is interesting, but not surprising, to note the way the Chinese have interpreted the absence of war in "the developed capitalist countries" in the post-WWII era as compared to that of Western scholars. Instead of seeing any substantial connection between the two factors of democracy and peace, Chinese security analysts saw the absence of war in the Western developed world as mainly due to the role of economic interdependence by means of multilateral regimes and transnational corporations, "though the political factor did play a role."<sup>46</sup> One analyst commented: "In the past, countries in Western Europe would hardly give way to each other: Britain and France were engaged in defence against each other; whereas Germany would always advance towards and invade Western Europe or Eastern Europe. Things have changed now. ... The unitary factors have overtaken the contradictory factors during the process of integration. The much inter-connected national economy has made them relatively easier to compromise with each other politically."<sup>47</sup>

These observations have entailed a much more benign Chinese perspective on the possible avoidance of major war. As is well known to China experts, during most of the Cold War period China saw a large-scale nuclear war involving China as a high possibility. Mao's prediction "*Zaoda, dada, da hezhan*" (早打, 大打, 打核战)<sup>48</sup> was a description of the above worst-case scenario seen as looming large in the horizon. That this highly pessimistic perception began to give way to a relatively benign security outlook in the mid-1980s was

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<sup>45</sup> Mi Zhengyu, pp.10-11. Emphasis added.

<sup>46</sup> Qin Chaoying, "2000 Nian Guoji Zhanlue Huanjing de Jiben Tedian" (Basic Features of the International Strategic Environment in the Year 2000), *Guofang Daxue Xuebao* (The Journal of the PLA National Defense University), No.2, 1991, pp.20-21. By saying this, it implicitly acknowledged the linkage between democracy and peace.

<sup>47</sup> Huan Xiang, "Weilai Guoji Huanjing he Women de Guofang Jianshe", pp.17-18.

<sup>48</sup> It means "an early, large-scale major war with nuclear involvement".

also widely observed and well studied by analysts of Chinese defense policy. More than a decade of Sino-American detente since 1972 resulted in Deng announcing a historic thesis to the Chinese people in 1985 that world war could be postponed.<sup>49</sup> At a less noticed and addressed level was Deng's further development of his 1985 thesis in 1988. As Gorbachev's foreign policy initiatives based on his "new thinking" started to reduce the bipolar confrontation and produce global detente, Beijing's security outlook became further optimistic. This resulted in Deng developing his thesis a step further stating that world war would not only be postponed, but also avoided. In disseminating this new central thinking, a book published in Beijing in January 1989 argued that: "Due to the existence of war-checking factors, there is little likelihood that a world war would break out in the remaining part of this century, and even beyond that. With war-checking factors increasingly growing, it is hopeful that mankind may be able to obtain a relatively enduring peace."<sup>50</sup> The eventual complete collapse of the Soviet Union which altered the global military balance in favour of the West has exacerbated Beijing's concern since Tiananmen about the rise of the West's Third World interventionist tendencies. But it did not change Beijing's view that a major war was not likely for the foreseeable future.

### **Competition of Comprehensive National Strength with Economics Taking Precedence as a Main Feature of Post-Cold War International Affairs**

According to Chinese strategic thinking, within the context of overall post-Cold War global stability, most of the major powers in the world have started to engage in long-term

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<sup>49</sup> During a speech at an enlarged meeting of the central military commission on June 4, 1985, Deng said, "We used to believe that war was inevitable and imminent. Many of our policy decisions were based on this belief, ... However, the world forces for peace are growing faster than the forces for war. ... we can conclude that it is possible that there will be no large-scale war for a fairly long time to come and there is hope of maintaining world peace." (See *Selected Works of Deng Xiaoping*, Vol.III, pp.131-2.) This changed view was part of the reason for the 1985 central decision to reduce the PLA by one million men.

<sup>50</sup> Chen Kehou, "Heping shi Renlei Shengcun he Fazhan de Biyao Tiaojian" (Peace is an Essential Condition for Mankind's Survival and Development), in Chen, *Zhanzheng, Heping yu Guofang*, p.26.

competition for comprehensive national strength. The Chinese concept of "comprehensive national strength (综合国力, *zonghe guoli*)" refers to the sum-total of a country's material and spiritual forces (real ones as well as potential ones). Specifically, all the three dimensions of politics, economy and military are regarded as important constituent factors (albeit with different weight), in addition to diplomatic capability, the level of science and technology, and the quality of the society. As perceived by the Chinese, in today's international affairs, comprehensive national security reflects a country's degree of comprehensive capability to act freely and exert influence on international affairs. A country's degree of national security is in direct proportion to its comprehensive national strength.<sup>51</sup>

Needless to say, the national economy was regarded by Beijing as the most essential part in the composition of comprehensive national strength. To Beijing, the Cold War was most obviously ended on the battlefield of the national economy. The fundamental reason for the Soviet Union's loss in the Cold War was, to use the Chinese description, because of the erosion of "*huangyou*" (黄油) by "*dapao*" (大炮).<sup>52</sup> In this regard, as seen by the Chinese, the U.S. national economy was also seriously affected by the Cold War. As perceived by Beijing, Washington too seemed to realise that its concentration on arms race with the Soviet Union had greatly reduced its economic strength, allowing countries like Japan, West Germany and even some small newly industrialising countries to gain relatively

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<sup>51</sup> "Zhenduo Quanmian Youshi de 'Zhanzheng': Zonghe Guoli yu Guofang" ("War" Striving for Overall Superiority: Comprehensive National Strength and National Defense), in Nie, *Guoji Huanjing yu Weilai Guofang*, pp.238-9.

<sup>52</sup> "*Huangyou*" means "butter", referring to the national economy and people's living standard in general; "*dapao*" means "artillery", "cannon", referring to national defense as narrowly defined. As perceived by the Chinese U.S.S.R experts, Gorbachev's "new thinking" was closely related to the Soviet economic situation. According to them, the Soviet Union had caught up in a substantial manner with the American economy in the period 1950-75. This catch-up virtually stagnated in the period 1975-83. If Gorbachev's targets raised at the Soviet Communist Party's 27th Congress in 1986 could be materialised, its annual GNP growth rate could at best be 4%. With this growth rate, it would take the Soviets two hundred years before it could really catch up with the United States, and "that is why Gorbachev feels anxious now." See Huan Xiang, op cit., pp.7-8.

greater international competitiveness. For China itself, it was seen as the same problem, the erosion of "*huangyou*" by "*dapao*" had undermined China's modernisation programme prior to the 1980s, and caused China to fall behind the developed and some developing countries.

China's practical experience after Tiananmen has served directly to reconfirm the Chinese post-Cold War belief in the critical importance of national economic strength. After Tiananmen, in order to break the U.S.-led Western isolation of China, Beijing carried out a series of omni-directional diplomatic initiatives ( 周边外交 , *zhoubian waijiao*). Characterized by pragmatism with a fair degree of elasticity, this good-neighbour foreign policy which was originally aimed at near neighbours but soon flowered into a global diplomacy has been rather successful.<sup>53</sup> The removal of the socialist "moralism" from its foreign policy enabled Beijing to establish and normalize relations with such countries like Indonesia, Malaysia, Saudi Arabia, Israel and South Korea. By 1992, Beijing had established formal diplomatic relations with all nations in the Asia Pacific except Taiwan, which Beijing regards as a province of China. More substantially was Beijing's success on the economic front. Domestic economic reform was resumed in 1991 after two years' retrenchment and subsequently yielded good results. The national economy since has expanded rapidly at an average 9.5 per cent growth rate annually. With China's continuing high economic growth looming large on the horizon, foreign capital began to pour into the Chinese market in an unprecedented way and China's foreign trade skyrocketed to a historical high.

By 1993, China seemed to be relatively poised on a rising course, awash with such labellings as the "next superpower", the "second largest economy in the world" and the notion of an emerging "Greater China" composing South China, Taiwan and Hong Kong.<sup>54</sup>

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<sup>53</sup> For an excellent study of this, see James C. Hsiung, "China's Omni-Directional Diplomacy: Realignment to Cope with Monopolar U.S. Power", *Asian Survey*, Vol. XXXV, No.6, June 1995, pp.573-86.

<sup>54</sup> Cf. Nicholas D. Kristof, "The Rise of China", *Foreign Affairs*, Vol.72, No.5, Nov./Dec., 1993; and "The Next Superpower", a special issue of *Time* magazine, May 10,

The purpose of international political propaganda aside, these labellings at least indicate in a way the prestigious status China's economic success could bring for Beijing. It in turn served to improve the leadership's ruling legitimacy among its populace. Consequently, Chinese security elites became ever more convinced that economics takes precedence in national development and it is the main trend of world development. In their view, after the end of the Cold War, every country has come to recognize that the survival and prosperity of a country is most fundamentally determined by its economic power. That whether a country could survive and exert powerful influence in the 21st century would depend on its comprehensive national power based on economic strength.

Despite the substantial elevation of the economic factor, the military remained an important dimension in the Chinese national security conception. As a Chinese military strategist bluntly stated, China desires both "*huangyou*" and "*dapao*".<sup>55</sup> What, then, are the Chinese threat perceptions and what are the supposed role for the Chinese military forces? This will be discussed in the following section.

## **Issues of National Defense**

### **Threat Perceptions:**

As part of the central security paradigm held by Chinese security analysts and policy makers about the international strategic environment of the late 1980s and early 1990s, most Chinese strategists perceived the increasing strategic importance of the Asia-Pacific region. This perception has been closely related to such notions as the "Pacific Century" and with it, the perception of increased rivalry between the major powers in the region. It was seen that

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1993.

<sup>55</sup> Nie, *Zhanzhen, Heping yu Guofang*, p.245.

while the Soviet Union was anxious to develop Siberia along with the growth of the regional economy; the U.S. was trying to penetrate more deeply into the region, with its operational focus comprising South Korea, Taiwan, Hong Kong and the ASEAN countries.<sup>56</sup> Japan was also seen as pursuing an international political power status by strengthening and expanding its economic influence in the region. All these efforts were seen as indications that the region was likely to become a centre of global strategic importance in the next century.

More importantly, accompanying the perceived increasing strategic importance of the Asia-Pacific region was a prediction that future local wars were more likely to take place in this region. This was because, as one author argued, that as compared with other regions, say Europe, the Asia-Pacific region had the most complicated social and political conditions with widely differing social systems. Moreover, the region maintained significant contradictions in terms of not only domestic problems but also inter-state ethnic and territorial disputes, not to mention complex historical antagonisms. Finally, the spheres of influence in the region were in a process of transition and in this sense the region constituted a "power vacuum".<sup>57</sup> Empirically, what had happened in the region in the last four decades served to confirm the validity of this thesis. One analyst argued that local wars which had taken place in the region since the end of WWII manifested three prominent features as compared with those in other areas in the world: First, they were greater in number; second, they were larger in scale and third, higher in intensity. The increasing strategic contention between the major powers in the region, though not likely to cause major war, would be likely to prompt certain limited military conflicts.<sup>58</sup>

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<sup>56</sup> Mi Zhengyu, *Zhongguo de Guofang Gouxiang*, pp.16-17.

<sup>57</sup> Pan Shiyong, *Xiandai Zhanlue Sikao*, pp.30-55; Chen Kehou, et al., Chapter 3, "Local War -- The Main Form of Contemporary War", pp.101-7.

<sup>58</sup> An Tian, *Xiandai Zhanzhen Lilun yu Zhanlue* (Theory and Strategy of Modern Local Wars), Beijing: *Jiefangjun Chubanshe*, 1989, pp.12-14.

Understandably, with the above two strategic assumptions, Chinese military strategists did not feel much at ease since China was a major country in the region and was seen as surrounded by such local "flash points" as the Korean Peninsula, South Asia and South East Asia. It was believed that an out-break of war in any of those "flash points" would inevitably affect China's security since they were all closely linked with Chinese territory. Of course China's own territorial disputes with neighbouring countries by no means escaped Chinese military strategists' concerns. In fact, wars related to the defense or recovery of China's territorial sovereignty were seen as the most likely wars facing China in the near future.<sup>59</sup> During the late 1980s and early 1990s, India, Vietnam and Japan were normally identified as enemies in the sense that they were countries which had border disputes with China. Japan in particular caused much concern as the bilateral territorial disputes were compounded with Chinese historical suffering from Japanese atrocities. Japan's rising military expenditure was seen as an indication that the country was striding forward toward not only a major political power status but also a military one.<sup>60</sup> This was attributed to a certain extent to "the continuing existence of the militarist mentality".<sup>61</sup> With regard to China's relations with the Soviet Union and later Russia, it was argued that there remained a large amount of disputed area along the border yet to be settled. Nevertheless, it seemed that Beijing was now much less worried about the threat coming from the North due to the USSR's domestic crisis and the improvement in Beijing's political relations with Moscow.

Improved relations with its northern neighbour largely explains why Beijing's strategic focus and attention were actually shifting from the land to the ocean from the second half of the

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<sup>59</sup> Chen Kehou, "Local War -- The Main Form of Contemporary War", pp.109-12; Cao Jizhen, "Woguo Yiri de Jubu Zhanzhen" (Our Country's Future Local Wars), Guofang Daxue Xuebao, No.3, 1992, pp.11-14; An Tian, *ibid*; and Jia Wenxian, Zhang Shouqi, et al.. "Guanyu Zhongguo Weilai Jubu Zhanzhen Tebie Yuanze de Tantao" (A Tentative Discussion of Special Principles of Future Chinese Limited War), Guofang Daxue Xuebao, No.11, 1987.

<sup>60</sup> In 1987, Japan surpassed the 1% limit on military expenditure (which was introduced by the Miki Government in 1976), and its annual military spending has ranked third in the world (using NATO criteria) since 1986.

<sup>61</sup> Chen Kehou, *op cit.*, p.110.

1980s,<sup>62</sup> and that it was the South China Sea's territorial disputes that had become the focal point of concern. For Chinese military strategists, the concern over the Spratly Islands compromised two major considerations: the increasing importance of maritime resources and the fact that the area was traditionally regarded -- though mostly by the Chinese themselves -- as belonging to China.<sup>63</sup> Most strategists observed that as a consequence of the increased importance of the economic dimension in national security as well as the growing depletion of land resources, maritime resources had already become a focal point of strategic contention for most naval countries.<sup>64</sup> For example, it was noted that for some countries like the U.S. and France, while the growth of their military expenditure had overall been reduced in recent years, their budget for the navy had been, on the contrary, increased.<sup>65</sup> Japan's effort to protect two small islands in the Pacific Ocean 1700 km south of the Japanese islands was seen as strongly suggestive of the importance of ocean

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<sup>62</sup> In a paper addressing the PLA navy's maritime strategy in the 1990s, You Xu and You Ji mentioned that the Chinese navy's modernisation efforts did not bear fruit until well into the 1980s because the threat of Soviet land invasion had dominated the PLA's strategic thinking. See You Xu and You Ji, "In Search of Blue Water Power: The PLA Navy's Maritime Strategy in the 1990s and Beyond", *Working Paper No.222*, Strategic and Defense Studies Centre, Australian National University, Canberra, 1990, p.1.

<sup>63</sup> Most Chinese sources convey these two points. The most representative ones among them are: Pan Shiyong, *Xiandai Zhanlue Sikao*, refer especially pp.244-304; A Sen (ed.), *Zhongguo Haijiang Fengyunlu* (Important Events Related to China's Coastal Areas and Territorial Seas), Beijing: *Luyou Jiaoyu Chubanshe*, 1993. An inner-circulated volume compiled by the Chinese Academy of Social Sciences (CASS) in 1996, *Nansha Wenti Yanjiu* (Studies on the South Sea Archipelago Question) is perhaps the most comprehensive source so far reflecting the Chinese views on the Spratly disputes.

<sup>64</sup> There are serious studies about the importance of maritime resources for China's long-term survival. One study pointed out that China's population accounted for 20% of the world population, but had only 2% of the world arable land; and still, the arable land in China was being reduced every year by 5% whereas the population was growing every year by more than 10 million people. See Peng and Wang, *Junshi Zhanlue Jianlun*, p.45.

<sup>65</sup> One source took the year 1988 and the two countries, France and the U.S., as examples. It was noted that while France's budgets for the army and the air force increased respectively 0.78% and 0.61%, the one for the navy was in contrast 4.6%. For the U.S., among the financial budgets appropriated for purchasing military equipment, those for the army and the air force were reduced respectively by 3% and 13%, whereas the one for the navy was on the contrary increased by 11.5%. See Nie Quanlin, *Guoji Huanjing yu Weilai Guofang*, p.286.

territory.<sup>66</sup> There was a strategic consensus that if the use of the ocean in the past could be regarded as giving access to land, then today's use of the ocean *per se* had become an end in itself.<sup>67</sup>

With this view in mind, the South China Sea was perceived as constituting both strategic importance and economic relevance. One strategist noted:

"The Spratly Islands are the outpost of the southern sea lane for our country's opening to the outside world. It links directly with the security of naval communication between our country and the South East Asian countries as well as between our country and Europe and Africa. It also links with the security of our country's southern continent. ... The South China Sea is rich not only in aquatic resources but also in oil and gas. It is regarded by the world as a 'very promising area with oil potential'. Our country's geologists maintain that the *Zengmuansha* Island (曾母暗沙, James Shoal in English)<sup>68</sup> itself contains about 20 billion ton deposits of oil and gas, and it is estimated that about 2-4 billion tons of it are exploitable. In the world of today where land resources are increasingly shrinking, the strategic significance of the South China Sea is self-evident."<sup>69</sup>

As mentioned earlier, the South China Sea has all along been regarded by the Chinese as part of Chinese territory.<sup>70</sup> Yet the PRC's sovereignty over the Spratly Archipelago has been a historical dispute ever since the PRC was born in 1949. To the Chinese, the three decades since 1949 was a process by which the Archipelago was "[as part of the Chinese territory] being occupied, being carved up and being plundered".<sup>71</sup> As of the late 1980s,

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<sup>66</sup> See Zhang Zhi, *Guofang Yishi yu Minzhu Jingshen* (National Defense Consciousness and National Spirit), Beijing: *Guofang Daxue Chubanshe*, 1989, pp.71-72.

<sup>67</sup> See, for example, Nie Quanlin, *Guoji Huanjing yu Weilai Guofang*, p.282.

<sup>68</sup> The Island is traditionally regarded by the Chinese themselves as the Chinese territory's southernmost post.

<sup>69</sup> Peng and Wang, *Junshi Zhanlue Jianlun*, p.46.

<sup>70</sup> China claims an ocean territory of more than 3 million m<sup>2</sup>--about one third of its land territory--which includes most of the South China Sea. See, for example, *Zhanlue Xue* (Strategic Studies) (Academy of Military Science, PLA), Beijing: *Junshi Kexue Chubanshe*, 1987, 108.

<sup>71</sup> Quoted in Peng and Wang, p.46.

most of the main islands had been "occupied" by Vietnam, the Philippines and Malaysia except for the *Tai ping* Island ( 太平岛, "Itu Aba" in Bahasa Malay) which was under the control of the Taiwan military. There were also signs, as perceived by the Chinese, to suggest that the Japanese navy might advance into the South China Sea by the year 2000 to undertake the task put forward by the United States to protect the 1000-mile sea lane in the West Pacific.<sup>72</sup>

Consequently, a consensus emerged from the above perceived threats to China's naval rights and interests that China should possess a "respectable" naval defense force. The assumption underlying this Chinese belief was that although the coming maritime competition might not necessarily lead to war, the result of the competition would be directly determined by the naval power of concerned countries. Along this line of thinking, the Chinese believed that without a powerful "respectable" naval force as a support or a backing, "to protect national naval rights and interests would only be an empty word," be it the exploration of the Antarctica or the legitimate use of the open sea.<sup>73</sup>

### **The Trend Toward Limited High-Tech War: Concern over China's Obsolete Weaponry:**

As examined earlier, there had emerged in the late 1980s a Chinese view that major war could be avoided. However, the emergence of this view did not mean that Beijing saw no danger of war at all, or that it envisaged the abandonment of force as a possible means to an end in pursuit of state policy. Chinese military scientists continued to maintain that "... war as an instrument of and a backing for politics and foreign affairs has not become totally obsolete." "When necessary," it was argued, "it could still be a workable way to solve international problems."<sup>74</sup> Military officials and security analysts in China kept reminding

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<sup>72</sup> Chen Kehou, *Zhanzheng, Heping yu Guofang*, p.111; also Peng and Wang, *Junshi Zhanlue Jianlun*, p.37.

<sup>73</sup> Nie Quanlin, *Guoji Huanjing yu Weilai Guofang*, pp.284-5.

<sup>74</sup> Peng and Wang, *Junshi Zhanlue Jianlun*, p.50.

the people that the threat of war still existed though peace had become the main trend of world development. Before 1990, security analysts viewed the U.S.-Soviet contention for global hegemony as the main potential threat to world peace, and regional "hot spots" as the most practical threats. After 1990, with the end of the Cold War, analysts saw two outstanding features regarding international peace and security. One was the contrast between the overall tendency of global detente *vis-à-vis* increasing regional tensions. The other was the contrast between the relaxation of East-West relations *vis-à-vis* the strained North-South relations.<sup>75</sup> Chinese analysts argued that the increasing exacerbation of the economic situation in developing countries was a serious potential threat to regional and international peace. In general, regional conflict and local war had replaced possible major war as the immediate threat to international peace and stability.

Two points are worth noting concerning the Chinese understanding of the possibility of limited local war. The first point relates to the possible sources of war *per se*. Similar to military thinking in most other countries in the world, Chinese strategists believed that the likelihood of war remained a part of international relations. This was based on the observation of, among other factors, the existence of i) unresolved territorial disputes; ii) ethnic problems; and iii) the "North-South" social, economic and military gap which creates and exacerbates international tensions. The second point concerned the "legitimacy" of war in the form of *limited, local* conflict. This was based mainly on observations of the more than one hundred military conflicts that have taken place since the end of World War Two. According to Chinese observations, those conflicts took place mainly in the regions of Asia, Africa and Latin America; and the two superpowers had "appeared" in most of them, some were even plotted by the two superpowers. This had made security elites in Beijing assume that local war in the area of the Third World would be inevitable because of historical legacies as well as structural hegemonic interference by major powers. But, those local conflicts would not likely give rise to world war because if they came to a situation which

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<sup>75</sup> Pan Shiyong, *Xiandai Zhanlue Sikao*, pp.37-38.

might cause a head-on clash between the major powers involved, the major powers would normally give way to each other. Therefore, future wars would most likely be *limited, local* wars, limited in the sense of being controllable.<sup>76</sup>

Though the importance of highly sophisticated science and technology in national defense building had always been part of Beijing's central paradigm, a clear conceptualisation of a linkage between limited local war and high technology defense emerged in the wake of the Gulf war, which gradually developed into a new military doctrine called "high-tech war".<sup>77</sup> In a sense, the 1991 Gulf War introduced a historic shift in China's military doctrine in favour of "high-tech" warfare. If the word "high tech" had been a more or less grand concept in the Chinese long-term strategic planning in the past, then it was the Gulf War that substantially sharpened the concept and lifted it to a more immediate picture for the national defense establishment.<sup>78</sup> Following the Gulf War, the CCP's Central Military

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<sup>76</sup> For more information on the Chinese understanding of the concept of "limited war", see Nie Quanlin, Chapter Four, "Controllable War", pp.89-121.

<sup>77</sup> Theoretically speaking, China's military doctrine had been rather slow in accepting as well as developing new concepts. Mao's "People's War" concept had characterised Chinese military thinking throughout Mao's period. The term "People's War under modern conditions" sort of explained the PLA's modernisation drive for most of the 1980s. This phenomenon has been changing in recent years to the extent that military strategists in Beijing are now much more responsive to outside military trends and quicker in developing new concepts.

For the shift from "People's War" to "People's War under Modern Conditions", there are many studies in the Western academic field. Among them, the 1984 book *Chinese Defense Policy* edited by Gerald Segal and William T. Tow (London: The MacMillan Press Ltd.) is one of the earliest observation of the coming strategic shift, though the author as well as the editors themselves were not quite sure about the shift. Ngok Lee's *China's Defence Modernisation and Military Leadership* (Sydney: Australian National University Press, 1989) and Rosita Dellios' *Modern Chinese Defence Strategy* (Hampshire: The MacMillan Press Ltd., 1989) were two comprehensive studies of the more developed strategic thinking of "People's War under Modern Conditions", though by the time the two books were published, the concept had already largely disappeared from Chinese security discourse.

<sup>78</sup> One Chinese analysis on the effect of the Gulf War argued, under the sub-title "The Might of High-Tech Reflected in the Gulf War": "The Gulf War, a typical high-tech war, has some marked differences and striking features compared with past conventional wars. The American-led multilateral army has applied a hexad comprehensive strategy of air raid, missile warfare, electronic warfare, landing warfare, tank warfare and psychological

Commission (CMC) called for a serious study of high-tech warfare in the armed forces. General Liu Jingsong stated that "modern warfare has forced us to reset our war preparation from an ordinary conventional war to a high-tech conventional war. To this end, all the officers at middle and high command posts must earnestly learn the law of high-tech warfare and create a new way of fighting for the PLA."<sup>79</sup>

Along with the formation of the concept of "high tech" war that was based on a "Gulf War" learning campaign, Chinese military strategists as well as top Chinese leaders became increasingly concerned over China's obsolete weaponry. During the previous four-decade period, the Chinese had concentrated on developing a nuclear capability to deter the superpowers with limited financial resources. Also, under the old concept of "People's War", attention had been paid to the development of the army while neglecting more advanced conventional weaponry. This had subsequently resulted in a force structure which was relatively strong at the two ends, at the top and the bottom, but had a very weak middle section.<sup>80</sup> As a key lesson drawn from the Gulf War, Chinese strategists reached the conclusion that future wars would be characterised by electronic warfare; whereas for the

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warfare. The American high tech being applied has redoubled the troops' military power. By putting into use almost all types of high-tech military equipment, the U.S. and the other participating countries have not only attacked the Iraqi military force, but also taken the Gulf region as a many-sided testing ground for the latest military weapons for the purpose of their further improvement." See Yang Lizhong, et al., *Gaojishu Zhanlue: Kuashiji de Tiaozhan yu Jiyu* (High-Tech War Strategy: Challenges and Opportunities at the Turn of the Century), Beijing: *Junshi Kexue Chubanshe*, 1991, Section 1, Chapter 4, pp.535-6. The Section contains a detailed study of the advantages of high tech as played by the multilateral troops (pp. 536-45).

Reflected in practical work, the Gulf War "learning" process in the Chinese military circle as well as among security elites resulted in the appropriation of financial resources to support the carrying out of some high-tech research projects in a number of military and dual-use research institutes. Those projects had been in suspension prior to the 1991 Gulf War due to the army's overall financial constraints.

<sup>79</sup> Quoted in You Ji, *In Quest of High Tech Power: The Modernisation of China's Military*, a monograph published by the Australian Defense Studies Centre, Canberra, 1996, p.7.

<sup>80</sup> See the analysis by Chong-Pin Lin, in Liu Ying's "Zhongguo Junli de Qiangdian yu Ruodian" (The Strengths and Weaknesses of the Chinese Armed Forces), an interview of Lin by Liu published in *Zheng Ming* (Hong Kong), Aug. 1992, pp.52-55.

existing PLA armed forces, the electronic C<sup>3</sup>I system (command, control, communication and intelligence) was regarded as the weakest link in the PLA's preparation for a high-tech war.<sup>81</sup> Apart from the electronic C<sup>3</sup>I system which was to be the top priority of equipment upgrading, the development of more high-tech hardware for the modernisation of the PLA Navy (PLAN) and Air Force (PLAAF) was also to be quickened in the PLA's quest of post-Cold War high tech power.

### *Objectives and Implications for Post-Cold War Chinese Arms Control*

Within the broad framework of states' realist behaviour, arms control is approached by state leaders as an instrument of national security policy, intended to contribute to the attainment of national objectives.<sup>82</sup> Indeed, as viewed by Chinese security analysts, "Every state's disarmament and arms control policy is determined by the state's military and security interests."<sup>83</sup> So what have been the Chinese post-Cold War national security objectives? For this question, there seems to be no direct answer in Beijing's policy statements or Chinese security discourse as Chinese security elites appear to be reticent to explicitly spell out their national security objectives. But there are ample sources reflecting Chinese grand national objectives and interests, which, in connection with the foregoing examination, should give us a fairly good suggestion about the national security objectives that have likely been pursued by Chinese security policy makers.

For modern time Chinese leaders, from Dr Sun Yat-sun to Deng Xiao-ping, a primary goal of their domestic and external policy making has been to revitalise the Chinese nation, once more asserting itself as one of the leading nations in the world. This has been a consistent

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<sup>81</sup> You Ji, *In Quest of High Tech Power*, pp.21-23.

<sup>82</sup> David V. Edwards, *Arms Control in International Politics*, New York: Rinehart and Winston, 1969, p.4.

<sup>83</sup> Pan Zhenqiang, Xia Liping and others, *Guoji Caijun yu Junbei Kongzhi*, p.8.

theme in modern Chinese politics. Over the years, however, elements and their relative importance perceived by Chinese leaders as linked with a major power status varied, so did the means adopted to achieve the grand national goal, due to specific domestic and external conditions as well as leadership's preferences. For example, the leading slogan in Dr Sun's time was "富国, 强兵" (*fuguo, qiangbing*, rich country and strong army). But the major task Sun was engaged was to overthrow the Qing dynasty and unify the country. Mao's China was characterised by international isolation and a central-planned economy, whereas the Deng leadership decided to adopt an economic reform and open-door policy in an effort to speed up China's modernisation process. The Deng leadership, freed of the Maoist ideology "independence and self-reliance" (独立自主, 自力更生, *dulizizhu, ziligengsheng*), promoted integration with the world economy dominated by capitalist countries as a preferred way to rapid national economic growth and technological modernisation.

At the decision to reform and open up to the outside world in December 1978, the Party has formulated three major tasks for the country to achieve during the new development period. First of all, to speed up the modernisation process; second, to strive for national unification including the return of Taiwan; and third, to oppose hegemony in an effort to safeguard world peace.<sup>84</sup> Over the years, there were some different interpretations by Chinese security elites about Chinese national interests centred around the three grand national objectives as regards the elements involved and their relative importance. By the late 1980s and early 1990, linked with the pursuance of a major power status, Chinese security elites generally regarded the following three components as the core of China's national interests: i) the development of the productive forces and vitalisation of the

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<sup>84</sup> For an early enunciation of these three major tasks, see a speech by Deng Xiaoping at a Central Committee meeting in January 1980, "Muqian de Xingshi he Renwu" (Present Situation and Tasks), in *Deng Xiaoping Wenxuan (1975-1982)*, Beijing: *Renmin Chubanshe*, 1983, pp.203-4.

economy; ii) national unification and the integrity of territorial sovereignty; and iii) the establishment of an international position commensurate with China's major power status.<sup>85</sup>

The third component referred to gaining influence and respect among the international community, including such elements as image and prestige. It should be noted that despite their recognition of the reduced efficacy of the use of force, national military force continued to be regarded by the Chinese as an important instrument for protecting and obtaining national interests when necessary. Apart from being a tool to defend foreign aggression and protect national territorial integrity, the military as a last resort could be used as an effective back-up for state's diplomacy.<sup>86</sup> In other words, in the Chinese military perspective, China should possess a modern military not merely for the purpose of protecting national territorial integrity but also for gaining prestige supporting a major power status.

Based on the above analysis, and in keeping with the examination of the Chinese conception in the earlier two sections, one can confidently suggest that post-Cold War Chinese security

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<sup>85</sup> These three points come from a review of those above referred books which were mostly written by high-ranking military officials and strategists as well as military scientists in such security think-tanks as the Academy of Military Science in Beijing. Sometimes the studies reviewed are somewhat confusing with regard to the order of importance between the three components in the Chinese thinking. Some writers put state sovereignty and territorial integrity as the first priority of national interests giving the impression that territorial interest overrides the economic interests. See, for example, Peng Guangqian and Wang Guangxu, *Junshi Zhanlue Jianlun*, pp.45-48. But a more careful analysis of Peng and Wang in comparison with other military elites shows that in terms of territorial interests, two different layers should be distinguished, namely, the existing territorial status mostly concentrated on the land and the desired recovery of the "lost" territory mostly in the area of islands and sea waters. Chinese strategic thinkers tend to converge on the point that the first layer is the most fundamental national interest as well as the basic guarantee of national economic development. As for the second layer, it could be subjected to national economic interest.

<sup>86</sup> Among other sources, see PLA General Political Department, "Do a Good Job of Supporting the Government and Cherishing the People in the New Situation of Reform and Opening Up", *Qishi* (Seeking Truth), No.15, Aug. 1, 1992, p.12; and "Guojia Liyi dui Junshi Zhanlue de Yaoqiu" (Requirements of National Interests to Military Strategy), in Peng and Wang, *Junshi Zhanlue Jianlun*, p.56.

policy has contained the following objectives (please note the ranking of their number does not suggest the order of their relative importance as perceived here):

- i) maintenance of domestic stability and control;
- ii) preservation of a relatively benign external environment;
- iii) external economic integration;
- iv) protection of the heartland;
- v) development of a high-tech military power in dealing with possible limited, local war;
- vi) development of a modern military commensurate with a major power status;
- vii) national unification including the return of Taiwan;
- viii) safeguarding China's maritime rights and interests;<sup>87</sup>
- ix) state sovereignty and equality with the major powers; and
- x) international respect and prestige.

These objectives, and the steps required to achieve them, often overlap. Each affects, and is affected by, the others. More relevant to this study, some of the objectives contain conflicting national security interests with each other. Most notably, despite the Chinese long-term perspective that the world was developing towards a multipolar system, in reality, for achieving China's national priority of economic development and modernisation, improvement of relations with the United States has become all the more important for Beijing in the post-Tiananmen post-Cold War international environment. For one thing, a cordial bilateral relationship with the U.S. had played a significant role in China's modernisation drive in the 1980s. The benefit China had gained from the relationship was not only in terms of a more secure strategic environment contained in the subtle U.S.-China-Soviet Union "strategic triangle", but also in respect to China's increasing access to Western advanced science and technology as well as the U.S. market itself.<sup>88</sup> Now, after Tiananmen and at the ending of the Cold War, the strategic and economic necessities for

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<sup>87</sup> In some writings, the authors explicitly use the word "recover" regarding China's "lost" territory. See, for example, Huan Xiang, "Weilai Guoji Huanjing he Women de Guofang Jianshe", p.24.

<sup>88</sup> For a helpful overview of China's relations with the U.S., see David Shambaugh, "China's Security Policy in the Post-Cold War Era", *Survival*, Vol.34, No.2, Summer 1992, pp.89-96.

Beijing to maintain a healthy relationship with the remaining single superpower was added a new imperative: the maintenance of domestic stability and control *vis-à-vis* the U.S.-led Western promotion of democracy and human rights.

From the list of post-Cold War Chinese national security objectives, however, one can see that some of the objectives, a modern military commensurate with a major power status for example, have a close connection with interests related to traditional hard *realpolitik* power politics. Chinese efforts to pursue them would very much likely produce international effects unfavourable to the achievement of those interests centred around the national priority of economic development and modernisation. To achieve a modern military capability supporting China's major power status, naturally, the Chinese would prefer to narrow instead of widening the gap between Chinese potential military capability and the more superior ones, especially that of perceived potential enemies. While the pursuit of international respect and prestige -- perceived to be underscoring a major power status -- might promote China to exercise military restraint, it would also affect China's achievement of its historical mission of national unification and territorial integrity.

Obviously, these conflicting national security objectives have represented a serious challenge for Chinese arms control policy makers. How has Beijing been co-ordinating those conflicting national objectives and security interests? What are their relative importance and pertinence for the achievement of China's grand national goal of a major power status? While the general principle is that economic development and modernisation is the national priority, in real practice, where to draw the lines?<sup>89</sup> The following four chapters of case studies attempt to provide an answer to these important and intriguing questions.

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<sup>89</sup> For this question, cf. footnote 85 in page 78..

The above discussion of post-Cold War Chinese security objectives and the international implications of their pursuance is briefly but more rigorously presented in Table 3-1. This is for the purpose of helping identify relevant factors in the case studies that have possibly influenced Beijing's arms control policy making and their relationships to China's security objectives. Please note that the table is constructed from a view in the early 1990s. While items in the first three groups can be seen as relatively stable covering a considerably long time span, those listed in the fourth category only serve as indicative examples of the possible factors involved that have been in flux.

**Table 3-1. Post-Cold War Chinese National Security Objectives and International Implications (simplified)**

<b>Grand National Goal</b>	<b>National Objectives</b>	<b>Security Objectives</b>	<b>International implications</b>
<b>A major power status</b>	Economic development and modernisation	Domestic stability and control	Friendly and cooperative relations with Western countries especially the U.S. necessary
		A benign external environment	Require friendly relations with major powers; Require friendly relations with neighbouring countries
		External economic integration	Cooperative relations with major economic powers helpful; Domestic stability preferred; International image and prestige helpful
	National unification and territorial integrity	Protection of the heartland	Striving for protecting existing strategic balance of power
		Unification with Taiwan	A cooperative relationship with Washington necessary
		Protection of maritime rights and interests, especially in regard to the Spratly Islands	Likely to constrain relations with disputant countries, especially with the ASEAN countries
	Military power	A high-tech power in dealing with possible local, limited conflict	Likely to cause regional fear and concern
		A modern military commensurate with a major power status	Prefer to narrow the gap with advanced military powers
	Normative power	State sovereignty and equality with the major powers	Impulse or perceived necessity to challenge U.S.' "hegemonic" power
		International respect and prestige	Required to exercise military restraint; contribute to regional as well as international peace and stability; Need to promote regional influence

## **CHAPTER 4.      ACCESSION TO THE NUCLEAR NON-PROLIFERATION TREATY**

China's approach to the NPT is the first case study for this research. The NPT, although signed as early as 1968, remained a central instrument for the post-Cold War objectives on nuclear non-proliferation. For more than two decades, until as late as 1991, China had maintained a non-participation public stance towards the regime. This chapter will focus on analysing the process and the significance of China's reversal of that long-established policy upon the ending of the Cold War. The main questions to be answered are: did the reversal constitute any compromise in China's perceived unilateral interests? What were the factors that had contributed to Beijing's decision to formally accept the long-standing international norm? Did Beijing's consideration of China's economic interests play any role in influencing its approach to the issue? China's alleged transfers or intended transfers of nuclear technologies and/or components of nuclear weaponry to Iran and Pakistan in recent years will also be examined in an effort to fully explore the implications of China's accession to the Treaty.

### *The Issue Being Raised*

#### **Traditional Policy**

Before the 1990s, China had registered first an anti-NPT public stance and then a non-participation policy. In the 1960s and 70s, it was highly critical of the regime, denouncing it as an attempt by the two nuclear superpowers to maintain their nuclear monopoly. Perhaps it is worthwhile here to mention that the Chinese public denunciation of the NPT originated

from China's extreme hostility towards the first multilateral nuclear non-proliferation regime set up by the two superpowers, the 1963 Partial Test Ban Treaty (PTBT).

Having experienced the U.S. nuclear threat at various times during the 1950s -- for example, the 1950-53 Korean War and the 1958 Taiwan Strait Crisis, the then Chinese leadership felt an urgent need to obtain a Chinese nuclear deterrent.<sup>1</sup> The Chinese nuclear programme was launched initially with the assistance of the Soviet Union. However, this assistance was soon withdrawn by Moscow. The exact reason for Moscow's withdrawal has never been very clear to the outside world. The explanation given by Moscow to Beijing was that it was intended to facilitate its on-going negotiations with the U.S. and Britain on a test ban treaty.<sup>2</sup> The change in Moscow's policy came as a heavy blow to China's nuclear programme given its substantial dependence on Soviet technical assistance. Beijing's concern was further exacerbated when Soviet Union agreed with its Western negotiating partners to exempt underground testing from the test ban while banning other forms of nuclear weapon tests (atmosphere, outer space and under water). A partial test ban would allow the then four nuclear-weapon states (NWSs) not only to possess, but also to continue, to improve their nuclear capabilities, while at the same time make it difficult for China to develop a nuclear capability. The then four NWSs all started their nuclear explosions in the atmosphere -- the least complicated form of nuclear testing as compared with the other

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<sup>1</sup> See Li Jue, Lei Rongtian, Li Yi and Li Yingxiang (chief eds.), *Dangdai Zhongguo de He Gongye* (The Nuclear Industry of Contemporary China), Beijing: *Zhongguo Shehui Kexue Chubanshe*, 1987, pp.3-18. Li Jue is one of the first generation leaders of the Chinese nuclear programme.

For a Western academic confirmation of U.S. intended nuclear attacks on China during the period, see Roger Dingman, "Atomic Diplomacy During the Korean War", *International Security*, Vol.13, No.3, Winter 1988/89; pp.50-91.

<sup>2</sup> On June 20, 1959, the Soviet Central Committee sent a letter to their Chinese counterparts, unilaterally suspending the 1957 Sino-Soviet agreement. Moscow's explanation was that the suspension was on account of its on-going negotiations with the U.S., Britain and other Western countries on a nuclear weapon test ban treaty; whether the agreement was going to be resumed or not would depend on the development of circumstances in two years. See Nie Rongzhen, *Nie Rongzhen Huiyilu* (Memoirs of Nie Rongzhen), Beijing: *Jiefangjun Chubanshe*, 1984, 714-23.

forms. Not surprisingly, Beijing became very suspicious and hostile to the partial test ban treaty negotiations. They were seen as a joint plot against China between the Soviet Union and the West.<sup>3</sup>

From this time on Beijing developed an inherent hostility to superpower-initiated nuclear arms control measures. Such hostility gave birth to an official Chinese nuclear policy which lasted for more than twenty years: China saw a difference between nuclear weapons in socialist and capitalist hands; nuclear weapons in the hands of a socialist state were acceptable since they were only for self-defense; and China opposed any agreement that limited the freedom of action of the non-nuclear weapons states (NNWSs) while giving an unfair advantage to the superpowers.<sup>4</sup> As Deng Xiaoping, then Vice Premier, proclaimed in 1979 that the nuclear powers have no right to prevent non-nuclear countries from possessing nuclear weapons unless the nuclear-armed nations disarmed.<sup>5</sup>

During the 1980s, China's improved relations with the West in general and with the United States in particular saw a softening of the Chinese criticism of the NPT. In fact, the decade witnessed the development of a Chinese behaviour gradually converging with the theme of nuclear non-proliferation, though more so in form than in substance. The earliest sign was a significant increase in the volume of Chinese support in multilateral forums like the United

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<sup>3</sup> Han Nianlong (chief ed.), *Dangdai Zhongguo de Waijiao* (Contemporary China's Foreign Affairs), Beijing: *Zhongguo Shehuikexue Chubanshe*, 1987, pp.112-6.

To assess the Chinese perception at the time, it is useful here to cite Jozef Goldblat, a senior expert on international arms control based in Geneva, "As confirmed by subsequent events, the conclusion of the PTBT was prompted less by an urge to turn the time of arms competition than by the need to improve US-Soviet relations, which had been severely strained by the 1962 Cuban Missile Crisis, ... An additional incentive may have been the desire shared by the United States and the Soviet Union to make it more difficult for France and China to build their own nuclear arsenals." Goldblat, *Arms Control: A Guide to Negotiations and Agreements*, London: SAGE Publications, 1994, p.40.

<sup>4</sup> Beijing's statement issued on the day when China exploded its first nuclear device typically reflects these themes of then Chinese nuclear policy. For the statement, see *Zhonghua Renmin Gongheguo Zhengfu Shengming* (Statement by the Government of the People's Republic of China), *RMRB*, Oct. 17, 1964, p.1.

<sup>5</sup> *RMRB*, Feb. 14, 1979, p.3.

Nations for nuclear arms control. Other illustrative examples include its 1984 entry to the IAEA and the subsequent declaration in 1986 that from then on it would stop nuclear testing in the atmosphere. By 1987, Beijing could publicly declare that China "does not advocate or encourage nuclear proliferation, nor does it help other countries develop nuclear weapons."<sup>6</sup>

Here it is worth noting the discrepancy between China's declaratory and operational nuclear policies as developed in the 1980s in comparison with that in the earlier two decades. During the 1960s and 70s, despite Beijing's public statement that all countries should enjoy equally the benefits of the peaceful use of nuclear energy, in practice, China probably had been no less cautious than other NWSs when it came to the real issue of nuclear assistance. As one Western analyst commented in 1985, "in practice China, like France (the other non-signatory nuclear power), observes the rules of the NPT on abstinence from direct assistance to other states with the acquisition of nuclear weapons."<sup>7</sup> The examples he gave in support of this argument included China's refusal of an Egyptian request for help with their nuclear armament programme in 1969, and a similar rejection to Libya in 1970. After China embarked on the economic process of market orientation in the late 1970s however, the discrepancy between Chinese declaratory and operational nuclear policies appeared, ironically, to develop drastically towards the opposite side. In contrast to its increasing volume supporting international arms control and nuclear non-proliferation, reports of Chinese nuclear assistance to Third World countries also much increased. Apart from Pakistan which had been a consistent recipient of Chinese arms since the 1960s -- both conventional and non-conventional, countries reported to have received Chinese nuclear

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<sup>6</sup> See, for example, statement by Wu Xueqian, Chairman of the Chinese delegation to the 42nd Session of the United Nations General Assembly, New York, Sept. 23, 1987; speech by Vice-Foreign Minister Qian Qichen at the U.N. Regional Conference for the World Disarmament Campaign, Beijing, Mar. 23, 1987; and *China and Disarmament*, Beijing: Foreign Languages Press, 1988, p.35, 39, 41.

<sup>7</sup> Reinhard Drifte, "China", in Jozef Glodblat (ed.), *Non-Proliferation: the Why and the Wherefore*, London: Taylor & Francis Ltd., 1985, p.48.

assistance in the 1980s included Iran, Algeria, Brazil, Argentina and Syria.<sup>8</sup> Some Western analysts saw this Chinese development as primarily driven by economic profit seeking,<sup>9</sup> others saw it as due to a combination of political, economic and strategic motivations.<sup>10</sup>

### Post-Cold War New Challenges

Despite the growing Chinese public acknowledgement of the value of NPT for international security, for a number of reasons (which will be analysed in the next section), the leadership in Beijing was nonetheless reluctant to make a more solid move by officially joining the regime. Over time, China's non-participation policy appeared to become more and more problematic in the wider context of the development of international attitudes towards the NPT regime. One of China's original aims behind its anti-NPT public stance was to win friends and influences among the Third World countries, especially the non-aligned countries. At its inception, the NPT was widely criticised by the non-aligned countries as discriminative against NNWSs.<sup>11</sup> But as time went by, many Third World countries, including the non-aligned countries, came to embrace the idea of nuclear non-proliferation.

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<sup>8</sup> Among other sources, see "Hydrogen Bomb being Developed, Warns CIA", The Sydney Morning Herald, May 20, 1989, p.23; "Nuclear Deal on Han", FEER, Sept. 6, 1990, p.20; Elaine Sciolino, "China A-Aid to Algeria: U.S. Knew but Didn't Act", IHT, Nov. 16-17, 1991, p.12; Eye on Supply (published by the Monterey Institute of International Studies, California), No.6, Spring 1992, pp.47-48; and R. Jeffrey Smith, "Officials Say Iran Is Seeking Nuclear Weapons Capability", Washington Post, Oct. 30, 1991, p.A32.

<sup>9</sup> For instance, Nazir Kamal, "China's Arms Export Policy and Responses to Multilateral Restraints", Contemporary Southeast Asia, Vol.14, No.2, Sept. 1992, pp.112-24; and Richard A. Bitzinger, "Arms to Go", International Security, Vol.17, No.2, Fall 1992, pp.84-86.

<sup>10</sup> For instance, Robert Bates Gill, *Fire of the Dragon: Arms Transfers in Chinese Security Policy* (Ph.D Dissertation), University of Virginia, 1991; and Zachary S. Davis, "China's Nonproliferation and Export Control Policies: Boom or Bust for the NPT Regime?", Asian Survey, Vol.XXXV, No.6, June 1995.

<sup>11</sup> Jozef Goldblat, *Arms Control: A Survey and Appraisal of Multilateral Agreements*, London: Taylor & Francis Ltd., 1978, p.12-14.

By 1990, there were 141 countries that had joined the NPT. Clearly, this served to suggest a nearly global recognition of the value of the regime for international security.

On the other hand, by 1990, the prospect for a continuing existence of the global non-proliferation regime had become precarious. During the NPT's Fourth Review Conference held in August that year, the NWSs were heavily criticised for their failure to implement their commitment (contained in Article VI of the treaty) to negotiate on nuclear disarmament. Many NNWSs, especially the non-aligned states, raised demands that the NWSs carry out solid nuclear disarmament measures in exchange for their commitment to nuclear non-proliferation.<sup>12</sup> The Conference cast a serious doubt on the prospects of the NPT regime in its 1995 Review/Extension Conference.<sup>13</sup> An indefinite extension of the treaty was favoured by the U.S. and other Western states. While the majority of the Third World countries -- including the non-aligned states -- wished the treaty to continue into the future, a number of them had favoured a limited extension of the treaty (say an extension of 25 years) still based on regular reviews in order to maintain the leverage of the NNWSs over the NWSs. There was a possibility that disagreements over the precise conditions

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<sup>12</sup> Article VI of the NPT goes as follows: "Each of the Parties to the Treaty undertakes to pursue negotiations in good faith on effective measures relating to cessation of the nuclear arms race at an early date and to nuclear disarmament, and on a treaty on general and complete disarmament under strict and effective international control." This nuclear disarmament clause is generally considered to be of particular consequence. In signing the NPT, the parties agreed that the self-imposed arms denial of one side -- the non-nuclear-weapon states -- was to be matched, eventually, by corresponding acts of the other side -- the nuclear-weapon powers. In other words, by signing the Treaty, a nuclear-weapon state has acquired the legal obligations to pursue nuclear disarmament.

<sup>13</sup> The 1968 NPT permitted review conferences to be held every five years once the Treaty had entered into force and required one extension conference 25 years from that date (Article VIII.3 and X.2). It did not stipulate that at the end of 25 years the extension and review conferences should be held together, but neither did it prohibit such a combined conference. At the end of 1992, the UN General Assembly accepted the decision of the parties to the NPT to hold one conference in 1995 both to review the functioning of the Treaty and decide on its extension. Therefore, there were two main tasks for the 1995 Conference: first, to decide how long the Treaty should be extended; and second, to review the Treaty's implementation. For a more detailed analysis on this, see John Simpson and Darryl Howlett, "The Future of the Non-Proliferation Treaty", in their co-edited volume *The Future of the Non-Proliferation Treaty*, New York: St.Martin's Press, 1995, p.8.

under which the treaty should continue might lead to a collapse of the NPT regime. With this implication, China's policy toward the NPT, together with that of France -- another non-NPT-member NWS -- subsequently became a spotlight in the international arms control arena.

During the 1980s, the U.S. had indicated a desire for China's joining the NPT and its commitment to nuclear non-proliferation; though it remained a less than high issue in the overall bilateral relationship prior to the late 1980s. China and the U.S. signed an initial agreement on peaceful nuclear cooperation -- the "Agreement between the People's Republic of China and the United States of America on Peaceful Nuclear Cooperation" -- during Reagan's visit to China in April 1984.<sup>14</sup> But the agreement was opposed by the U.S. Congress due to suspicions over China's nuclear assistance to Pakistan. The agreement was formally signed in 1985, but as of 1990 it remained inactivated due to persistent Congressional argument that China had not yet provided a satisfying record of nuclear export control.<sup>15</sup> While in the 1980s the Americans concerned more about the Chinese arms export practices than about their joining the NPT in form, after the NPT Fourth Review Conference China's official participation in the NPT regime became an urgent concern for Washington. To ensure an extension, preferably an indefinite one, of the NPT, its endorsement by all the NWSs would, naturally, be a first step required. Yet Washington at the time was in no good position to raise the issue directly to Beijing as the bilateral relationship was still much shadowed by the aftermath of Tiananmen. This point was made clear by the case of Washington's fruitless effort in approaching Beijing in December 1989 for the issue of China's renewed drive of missile transfers to the Third World countries (this will be examined in more detail in Chapter 6). In this context, Japan emerged as a strong player to influence Beijing in a more favourable way.

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<sup>14</sup> See Chapter 21, "Hegongye de Duiwai Jiaowang" (The Nuclear Industry's Foreign Exchange), in Li Jue, et al., *Dangdai Zhongguo de Hegongye*, pp.532-5.

<sup>15</sup> The agreement did not go into effect until as late as March 1998. The lifting of the ban on the agreement was partly due to the Clinton Administration's effort to demonstrate his policy of "constructive engagement" with China.

For one thing, Japan's advantageous position in this regard was made possible by Tokyo's soft handling of the Tiananmen military crackdown. Though not uncritical of Beijing's actions, Tokyo's verbal response was rather reserved and lacked references to democratic values, which formed the basis of most other industrialised countries. For another, at the G-7 summit meeting in July 1990, Japan pushed successfully for relaxing the post-Tiananmen economic sanctions against China. It became the first of the industrialised group to unfreeze its economic aid to China, which was much appreciated by Beijing.<sup>16</sup> Indeed, this series of events in the wake of Tiananmen consequently made the leadership in Beijing start to pay a particular attention to strengthen its relationship with Tokyo. In September 1990, Li Ruihuan, a CPC Politburo member, told a Japanese agency reporter that Beijing now intended to anchor its diplomacy on its "special relationship" with Tokyo.<sup>17</sup>

Thus, with the serious implications presented by the NPT Fourth Review Conference for post-Cold War international nuclear non-proliferation, Japan began actively seeking for China's joining the NPT (including its adherence to the MTCR).<sup>18</sup> During his visit to China in September 1990, Japan's former Prime Minister Noboru Takeshita presented a personal letter from Prime Minister Toshiki Kaifu to Chinese Premier Li Peng. Behind closed doors, he conveyed the message to Chinese leaders. By referring to the limits set by the Paris-based Co-ordinating Committee for Export Control (COCOM), he hinted that future Japanese loans and economic aid to China could be affected by China's arms control record.<sup>19</sup> In the following several months, prior to Beijing's public indication in mid-1991 that it was considering the issue of joining the NPT, the topic was raised repeatedly by the

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<sup>16</sup> See Tian Huan (chief ed.), *Zhanhou Zhongri Guanxi Shinianbiao, 1945-1993* (A Chronology of Post-War Sino-Japanese Relations, 1945-1993), Beijing: *Zhongguo Shehui Kexue Chubanshe*, 1994, p.622.

<sup>17</sup> Cited in Christopher Howe, et al., Foreword, *The China Quarterly*, No.124, Dec. 1990, p.600.

<sup>18</sup> Seiichiro Takagi, "Eye-to-Eye?", *Look Japan*, Aug. 1992, p.10. Cf. Wang Dajun, "New Spring in Sino-Japanese Ties Herald", *BR*, Apr. 6-12, 1995, p.5.

<sup>19</sup> Personal communications with informative personnel from MFA, Beijing, Jan. 1995.

Japanese side during on-going bilateral diplomatic exchanges between Beijing and Tokyo. In April 1991, Tokyo publicly announced four guidelines for its ODA: the recipient countries were to be evaluated on 1) the extent of military spending; 2) the development and possession of weapons of mass destruction; 3) the degree of increase in arms exports and imports; and 4) the level of democracy.<sup>20</sup> All these served to exert more concrete pressures on Chinese security policy makers to reconsider the NPT issue.

### *Signing the Treaty: A Cost-Free Step?*

By mid-1991, Beijing started to send signals to the outside world that it might formally join the NPT. During his visit to Tokyo in June 1991, Chinese Foreign Minister Qi Qichen stated that China was studying the question of participating in the NPT, though it "has not decided yet whether or not to join it."<sup>21</sup> Two weeks later, on July 10 Premier Li Peng also signalled in Iran during an interview with Chinese and Iranian journalists that China was considering the NPT membership issue.<sup>22</sup> In August, Li Peng announced China's decision in principle to sign the NPT (in a style similar to the French wording when French President Mitterrand announced in June that France was ready in principle to sign the NPT). Then, on October 25, the State Council submitted a bill to the 22nd Session of the Seventh NPC (National People's Congress) Standing Committee, proposing that China accedes to the NPT.<sup>23</sup> Two months later in December, the 23rd Session of the Seventh NPC Standing

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<sup>20</sup> Takagi, "Eye-to-Eye?", p.10.

<sup>21</sup> Qian Qichen, interview with reporters in Tokyo, June 27, 1991, in *Chinese Statements on Proliferation Issues -- 1979-1991*, FBIS, Special Memorandum, Dec. 1991, p.6.

<sup>22</sup> Li Peng, cited in T.R. Reid, "China Plans to Sign Pact on A-Arms", *Washington Post*, July 10, 1991.

<sup>23</sup> "Liu Huaqiu Fuwaizhang shou Guowuyuan Weituo Zuo Guanyu Jianyi Zhongguo Jiaru 'Bukuosan Hewuqi Tiaoyue' Yian de Shuoming" (On Behalf of the State Council, Deputy Foreign Minister Liu Huaqiu Explains the Proposal for China Joining the NPT), *RMRB*, Oct. 26, 1991, p.3.

Committee passed the NPT resolution and, in March 1992, China formally acceded to the Treaty.

Some Western scholars have asserted that signing the NPT was basically a cost-free step for Beijing that enabled it to gain legitimacy and status as a great power with little risk to its diplomatic, economic, and strategic interests.<sup>24</sup> Was that indeed the case?

### Chinese Concerns

Inside Beijing, upon the conclusion of the NPT Fourth Review Conference (though not a formal member, the Ministry of Foreign Affairs sent a delegation to observe the Conference), Chinese security analysts and arms control experts began to study seriously the implications of the rising demand from the Third World and non-aligned countries towards NWSs as manifested at the Conference. The issue of China's NPT membership further asserted itself to the top of the government's foreign policy agenda following Takeshita's trip to Beijing. It appeared to MFA officials that it was high time for China to make a new step. But among Chinese security analysts and arms control experts, especially a number of nuclear specialists, there were some serious concerns about the political and strategic implications of China's signing the NPT.<sup>25</sup> From what could be revealed, combined with analysis of Chinese traditional NPT policy, Chinese concern about signing the treaty centred around three factors: i) Possible effects on China's potential nuclear relative capability; ii) China's potential regional political, economic and strategic interests; and iii) China's foreign policy principles linked with the issue of export control *per se*.

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<sup>24</sup> See, for example, Zachary Davis, "China's Nonproliferation and Export Control Policies", p.592.

<sup>25</sup> These information are derived from interviews and personal communications with MFA officials, security analysts from the Institute of International Studies, and researchers from the Chinese People's Association for Peace & Disarmament, Beijing, Nov. 1994-Jan. 1995; Sept. 1998.

### **Possible Effects on China's Potential Nuclear Relative Capability:**

The central concern among Chinese security analysts about signing the NPT was related to a perceived effect on China's potential nuclear relative capability. Internationally, as is well known, ever since the birth of the nuclear age, China had all along advocated "general and complete" nuclear disarmament. Under Beijing's traditional public denunciation of the NPT and its criticism of the treaty's discriminative nature, the existence and further development of Chinese nuclear weapons were well justified, i) for self-defense; and ii) for breaking the superpowers' nuclear monopoly and pressing for general and complete disarmament. The second stand was strengthened by China's consistent pledge of non-first-use of nuclear weapons and non-use as well as non-threat-of-use of nuclear weapons against non-nuclear states and nuclear-free zones

One positive development in Chinese nuclear policy in the 1980s was that, under the grand slogan of general and complete disarmament, Chinese delegates to the United Nations began to present some more detailed proposals for the achievement of nuclear arms control and disarmament with China's participation. Those proposals enunciated some key principles in Chinese nuclear arms control policy. For example, in June 1982, then Chinese Foreign Minister Huang Hua put forward a Chinese proposal at the UN Second Special Session on Disarmament. It suggested that, "The Soviet Union and the United States should ... reduce by 50 per cent all types of their nuclear weapons and means of delivery. Thereafter, China would join all other nuclear states [in the reduction] of their respective nuclear arsenals according to agreed levels and procedures."<sup>26</sup>

While essentially aimed at promoting the two superpowers' nuclear arms control, the proposal was significant because it specified, for the first time, the conditions under which China would join the nuclear arms reduction process. Since then however, Beijing had kept

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<sup>26</sup> *BR*, June 21, 1982, p.5.

retreating from this original Chinese nuclear stand despite there was increasing progress in the U.S.-Soviet bilateral nuclear arms control, such as the 1987 INF Treaty and their negotiations towards substantial strategic arms reduction (START I) started in 1986. As seen by Chinese strategists and arms control analysts, the U.S.-Soviet nuclear arms control was characterised by reducing and deleting obsolete weaponry on the one hand, and racing for more advanced weaponry on the other.<sup>27</sup>

In particular, the U.S. "Strategic Defense Initiative" (SDI) launched by the Reagan Administration signalled to Chinese observers a new phase in the two superpowers' arms race expanding into outer space. The development and deployment of anti-ballistic missile defense systems by the more advanced nuclear powers could neutralise or severely undermine the limited deterrent capability possessed by China. This perceived new threat partially explains China's subsequent drop of its 50 per cent reduction commitment when the 50 per cent reduction (of strategic nuclear weapons) became the basis of U.S.-Soviet START I negotiations in 1986. In a working paper submitted to the Conference on Disarmament (CD), Fan Guoxiang, then Head of Chinese delegation to the CD, while without directly mentioning the U.S. SDI programme, argued that the U.S.-Soviet commitment to 50 per cent reduction did not include controls on the qualitative improvement of their strategic weapons. "Only when such steps to halt the U.S.-Soviet qualitative arms race are taken," he emphasized, "would the conditions exist for a broadly representative conference on further disarmament."<sup>28</sup>

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<sup>27</sup> Qi Xueyuan, *Shijie Youhe Guojia de Heliliang yu Hezhengce* (Nuclear Forces and Nuclear Policies of the Nuclear-Weapon States), Beijing: *Junshi Kexue Chubanshe*, 1991, pp.228-9; Huan Xiang, "Weilai Guoji Huanjin he Women de Guofang Jianshe" (Future International Environment and Our National Defense Construction), in Yang Dezhi, Huan Xiang, et al., *Guofang Fazhan Zhanlue Sikao*, Beijing: *Jiefangjun Chubanshe*, 1987, pp.21-22; and Wu Zhan, "Hecaijun de Qianjing" (Prospects for Nuclear Disarmament), paper presented to 2nd ISODARCO-Beijing Seminar on Arms Control, Beijing, Apr. 1990, pp.6-8.

<sup>28</sup> CD/PV.365, June 26, 1986, p.10.

Towards the late 1980s, at about similar time when the U.S.-Soviet negotiations for START I entered a substantial stage, China began officially expressing its concern over the "expansion of the arms race through high technology and its extension into outer space".<sup>29</sup> Zhuang Qubing, a senior analyst at the China Institute of International Studies, warned that "the arms race has not and will not stop, although its nature may alter from a stress on quantity to quality, and from nuclear weapons to space weapon."<sup>30</sup> Consequently, China developed a new nuclear arms control policy, with an aim to at least maintain the relative gap between potential Chinese strategic capability and that of the two major nuclear powers. Officially, the new policy was characterised by three principles: i) the United States and the Soviet Union must take the lead in halting the testing, production and deployment of all types of nuclear weapons, and drastically reduce and destroy the nuclear weapons that they had deployed anywhere inside and outside their countries; ii) vigorous measures must be taken to avert an arms race in outer space, and to check new tendencies in the arms race such as qualitative improvements in weapons and the extension of weapons technology to new fields; and iii) no bilateral agreements on disarmament should jeopardise the interests of other states.<sup>31</sup> The new policy, more briefly termed by the Chinese as "*San Ting Yi Jian*" (three stops and one reduction), raised further demands for the U.S.-Soviet bilateral nuclear arms control.

For Chinese nuclear analysts and security policy makers in the late 1980s and early 1990s, the nuclear arsenals possessed by the two superpowers amounted to over 97 per cent of the total nuclear weapons in the world. Even if the two could reach an agreement on the reduction of their strategic nuclear weapons before 1991, the nuclear weapons they possess would still make up more than 90 per cent of the world's total. And a 50 per cent reduction

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<sup>29</sup> Chinese then Premier Li Peng speaking to Yuri Maslyukov, first Vice-Chairman of the Soviet Council of Ministers, as reported in *BR*, June 20-26, 1988, p.6.

<sup>30</sup> Zhuang Qubing, "How Will US-Soviet Summit Fare in Moscow?", *BR*, May 30-June 5, 1988, p.26.

<sup>31</sup> CD/PV.525, Aug. 10, 1989, pp.10-18; also, *Disarmament and Development: China's Practice*, Beijing: Foreign Languages Press, 1990, p.35-39.

would be insufficient without a halt to the U.S.-Soviet qualitative arms race.<sup>32</sup> In less official occasions of conference and seminar discussions, Chinese nuclear analysts and arms control experts put forward more specific suggestions for desired much further reductions in the U.S. and Soviet nuclear arsenals (suggestions ranged from 2,000 to a few hundred warheads).<sup>33</sup> For example, Liu Huaqiu, a senior fellow in COSTIND (the Commission on Science, Technology and Industry for National Defense), argued that while China might not want "parity" with the two superpowers, it wanted to "ensure its security". He proposed that the U.S. "replace[s] the 50,000 existing nuclear weapons with 600-800 strategic warheads in [its] armoury, a similar number for the Soviet Union, and 200-300 each for Great Britain, France, and China."<sup>34</sup> Only after that could China consider participating in five-power nuclear arms control talks. In other words, in the late 1980s and early 1990s, China had a strong desire to stay outside the nuclear arms control process for the foreseeable future.

In this context, Chinese security analysts and arms control experts worried that signing the NPT could entrap China into the on-going nuclear arms control process. This was in terms of both the legal responsibility and China's international image. As the authors of an internally circulated paper analysed: "Article VI of the Treaty commits the nuclear weapon

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<sup>32</sup> Li Peng, "Zhengfu Gongzuo Baogao" (Report on the Work of the Government) delivered at the Seventh NPC, excerpt in *RMRB*, Mar. 26, 1988, p.3; Peng Guangqian and Gong Yide, "Meisu Hejunkong Tanpan de Fazhan Guocheng" (The Process of the U.S.-Soviet Nuclear Arms Control), in Qi Xueyuan, *Shijie Youhe Guojia de Heliliang yu Hezhengce*, pp.228-31; Qian Qichen, "Speech by Vice-Foreign Minister Qian Qichen at the U.N. Regional Conference for the World Disarmament Campaign", in *China and Disarmament*, Beijing: Foreign Languages Press, 1988, pp.39-40.

<sup>33</sup> During the "13th ISODARCO Summer Course on Disarmament" held in L'Aquila, Italy in July 1990 (in which I participated together with several Chinese nuclear physicists from the Institute of Applied Physics and Computational Mathematics -- the IAPCM), when asked about China's nuclear arms control plan given the achievement in the U.S.-Soviet strategic arms reduction negotiations, one physicist suggested that the two superpowers should reduce their nuclear forces to around two thousand warheads or lower. Only after that could other nuclear countries start to reduce their nuclear weaponry in a proportionate way.

<sup>34</sup> Liu Huaqiu, "Zhongguo yu Xuejian Zhanluewuqi Tanpan" (China and START), paper presented to 2nd ISODARCO-Beijing Seminar on Arms Control, pp.11-12.

states to pursue negotiations and make effective measures on the cessation of the nuclear arms race and on nuclear disarmament at an early date. If China accedes to the Treaty, it would make it possible that the U.S. and the Soviet Union require China to carry out nuclear disarmament concurrently with them." They argued that China's nuclear weaponry accounted for an extremely small percentage of the world total nuclear weapons. Only after the two superpowers reduced their nuclear arsenals to a reasonable level could China consider joining the nuclear arms control process. "But," they cautioned, "If China refuses to come to the negotiation table, the two could censure China on account of violating treaty obligations. China would then be blamed for destroying the nuclear disarmament process, which could make China the target of criticism by the international society."<sup>35</sup>

Indeed, Beijing's traditional NPT policy was underpinned by a well-constructed general argument with strong Chinese morality for a fair and just world. Moreover, China had long argued that successful nuclear non-proliferation (horizontal) lied ultimately within the context of nuclear disarmament.<sup>36</sup> Given these, it is understandable that, once signed the treaty, China would find it very difficult, if not entirely impossible, to conduct "free ride" any more. In other words, by deciding to sign the NPT, Beijing had made compromise in China's potential interests in further narrowing the gap between Chinese nuclear capability and that of the major nuclear powers. In other words, China's accession to the NPT had direct implications for international nuclear arms control in the sense of vertical nuclear non-proliferation. The significance of Beijing's signing the NPT should be assessed more in this perspective. Indeed, the linkage was to be later proven by the development of CTBT

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<sup>35</sup> "Lun Bukuosan Hewuqi Tiaoyue de Faluzhidu" (On the Legal Provisions of the Nuclear Non-Proliferation Treaty), Beijing: China Nuclear Information Centre, Dec. 1990, pp.5-7.

<sup>36</sup> See, for example, Pan Zhenqiang, "Zhongguo yu Caijun he Junbei Kongzhi" (China and Disarmament and Arms Control), in Pan Zhenqiang, Xia Liping and Wang Zhongcun (eds.), *Guoji Caijun yu Junbei Kongzhi* (International Disarmament and Arms Control), Beijing: *Guofangdaxue Chubanshe*, 1996, pp.434-5. Pan is the Director of the PLA National Defense University's (NDU) Institute for Strategic Studies.

negotiations. Among other factors, considerations of China's international image had contributed to enlist China's participation in negotiations towards a CTBT.

### **China's Potential Regional Interests:**

To sign the NPT, it would, naturally, exert certain effect on China's international nuclear activities. More exactly, it could both improve and affect China's nuclear exchanges and cooperations with other countries which had always been an important aspect of the Chinese nuclear activities. Traditionally, China had carried out nuclear exchanges and cooperations not only with a number of more advanced developed countries, but also with quite a few less developed (in terms of nuclear technology) and Third World countries.

In the 1950s and 1960s, China's nuclear exchange activities were largely confined within the socialist camp. As mentioned earlier, China's nuclear programme was launched in the mid-1950s with initial assistance from the Soviet Union. During the period between 1955 and 1965, apart from obtaining technical and financial assistance from the Soviet Union (which came to a stop in 1959), China participated in the Joint Institute for Nuclear Research set up in Moscow in 1956 by twelve then socialist countries.<sup>37</sup> Through the good facilities and better research conditions of the Joint Institute, China's participation in the Institute had helped train Chinese nuclear physicists; many of them, like Wang Ganchang and Zhang Wenyu, later played a significant role in the development of the Chinese nuclear programme. Following the Soviet withdrawal of its assistance, China's participation in the Joint Institute became increasingly difficult. It quitted the Institute in 1965.<sup>38</sup>

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<sup>37</sup> The twelve countries were Albania, Bulgaria, China, Czechoslovakia, the Democratic Republic of Germany, Hungary, Mongolia, North Korea, Poland, Romania, the Soviet Union and Vietnam.

<sup>38</sup> Zhang Zuowen, "Zhou Enlai yu Zhongguo Daodan Hewuqi" (Zhou Enlai and China's Missile Nuclear Weapons), *Liaowang* (Outlook), No.4, 1998, pp.26-28; Hao Mingan, "Zhongguo de Zhanlue Daodan Budui" (China's Strategic Missile Force), *Junshi Shilin* (Military History Circles), No.1, 1995, pp.3-5.

Since the mid-1970s, with the Sino-U.S. strategic detente and subsequent improvement of China's relations with the West, China had developed nuclear exchange programmes with a number of Western nuclear-capable countries. Among them were France, West Germany, Italy and Japan. France was the first Western country that began to have exchange relations with China in the nuclear science and technology field. A delegation from the French Nuclear Energy Committee visited China as early as 1975. During the visit, the two sides reached a verbal agreement by which France would help China make improvements in such areas as uranium extraction, hydrometallurgy and nuclear reactor. But due to expressed concerns and pressures from the United States, only until 1982 could France sign a preliminary agreement with China on the bilateral cooperation in the peaceful use of nuclear energy.<sup>39</sup> The nuclear exchange relationship between China and the Federal Republic of Germany started a bit late compared with that between China other Western countries. But it developed quite fast. Germany became the first Western country that signed a formal agreement with China on peaceful cooperation in 1984 and its implementation was carried out soon after the signature. In that same year, the Reagan Administration of the United States signed an initial agreement with China for exporting U.S. nuclear material and facilities. But, as mentioned earlier, the agreement encountered persistent Congressional opposition due to suspicions over China's nuclear assistance to Pakistan. As of 1990, the agreement remained inactivated. In this regard, signing the NPT might be helpful for China to get access to advanced U.S. nuclear technologies.

But of real concern to Chinese security analysts and nuclear arms control experts was the issue of China's nuclear cooperation with the Third World countries. Traditionally, China's nuclear cooperation with a number of less developed and Third World countries had played an important role in advancing China's regional political and strategic interests, in addition to providing some economic benefits (mainly in the 1980s). In the area of regional political

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<sup>39</sup> Interviews with nuclear specialists from the China Nuclear Information Centre, Beijing, Jan. 1995.

influence, the earliest example was China's technical assistance to Albania's nuclear research programme. As early as 1961 (before China's own successful explosion of a nuclear device in 1964), "at Albania's request", Beijing sent a five-member expert group from the Second Ministry of Machine Building to Albania to help the Albanians explore uranium.<sup>40</sup> From then up till 1977, China had not only offered Albania various scientific and technological advises, but also provided a considerable amount of equipment and facilities for building a radioisotope laboratory in the National University of Tirana.<sup>41</sup> No doubt, the Chinese nuclear assistance to Albania had helped win Beijing friendship and international political support from Tirana, the only socialist state in Europe that was maintaining a friendly relationship with Beijing in the 1960s and early 1970s.<sup>42</sup>

In the area of regional strategic interests, China's nuclear assistance to Pakistan was a typical illustrative example. Chinese nuclear assistance to Pakistan started soon after India tested a nuclear device in May 1974. Long before that, China and Pakistan had already developed a strategic and military relationship of quasi-alliance since the early 1960s, when both Beijing and Karachi started to see a threat of Soviet and Indian dominance in South Asia.<sup>43</sup> As the strategic pattern in and around the South Asian sub-continent remained largely unchanged over the past few decades, the Sino-Pakistani strategic quasi-alliance has endured bilateral differences in political ideologies, alliance networks, and other bilateral difficulties. For years, China has remained Pakistan's number one supplier of weapons -- both conventional and non-conventional -- since the mid-1960s. Reported Chinese nuclear

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<sup>40</sup> See "Hegongye de Duiwai Jiaowang", in Li Jue, et al., p.521. The Second Ministry of Machine Building was an earliest organisation responsible for developing the nuclear industry.

<sup>41</sup> *Ibid*, p.522.

<sup>42</sup> Perhaps partially because Albania is not regarded as a Third World country, Western studies of China's arms transfers have hardly mentioned Albania in the list of the countries that are seen as having received Chinese nuclear assistance.

<sup>43</sup> China and India fought a short but severe border war in 1962. The two share a largely disputed frontier. Up till very recently in the 1990s, little progress was made in solving the dispute despite the resumption of the bilateral diplomatic relations in 1976 and several rounds of border negotiations since then.

assistance to Pakistan included the provision of uranium for a Pakistan enrichment facility, a test explosion on Chinese territory, and a complete design of a 25-kiloton explosive device along with enough weapons-grade uranium to build two nuclear weapons.<sup>44</sup> The strategic importance of Pakistan to China as perceived by Beijing is evinced by the fact that, prior to the 1990s, China's military transfers to Pakistan had mostly been offered as free-of-charge grants or under non-costly repayment terms -- at so-called "friendship" prices.<sup>45</sup>

Of course, apart from the political and strategic imperatives that had characterised Chinese nuclear assistance to the limited few less developed countries in the 1960s and 1970s, economic profit seeking had become an important motivation for China to transfer nuclear technologies and/or components since the early 1980s. In addition to those agreements made with several Western countries intended to import more advanced nuclear science and technology, China also signed some agreements with several less developed and Third World countries for exporting Chinese nuclear technology. Those less developed and Third World countries which had signed an agreement with China included Yugoslavia (1980), Romania (1982), Brazil (1984), and Argentina (1985).<sup>46</sup> But these agreements, which stipulated the principles, scope and methods for cooperation, only served to pave the way for future nuclear cooperation between China and these countries (with a potential profit of

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<sup>44</sup> Robert Bates Gill, *Fire of the Dragon: Arms Transfers in Chinese Security Policy* (Ph.D Dissertation), University of Virginia, 1991, p.270; Drifte, "China", p.49; Eye on Supply (published by the Monterey Institute of International Studies, California), No.6, Spring 1992, p.44; and "Pakistan's Second Research Reactor in Service", Nuclear Engineering International, Oct. 1990, p.20.

During an interview in Beijing in November 1994, a senior nuclear arms control analyst from the China Nuclear Information Centre acknowledged that China had transferred some nuclear technology to Pakistan. But he denied that China had provided Pakistan a complete design of nuclear explosive device. Interview, Beijing, Nov., 1994.

<sup>45</sup> Personal communications with a number of informative personnel from two PLA-run trading companies, China North Industries Corporation and China Nuclear Energy Industrial Corporation, Beijing, Nov. 1994-Jan. 1995; and Sept. 1998. Many Chinese security experts whom I talked to during my two field trips in Beijing did not try to hide their view that Pakistan is strategically very important to China.

<sup>46</sup> "Zhongguo Hegongye de Duiwai Hepingjiaowang" (International Peaceful Exchanges of China's Nuclear Industry), Beijing: China Nuclear Information Centre, Nov. 1990, pp.6-9.

several billion US dollars for China<sup>47</sup>). As of 1990, for some of the agreements, some specific projects had been started; but for others, more specific plans for implementation were yet to be worked out between the Chinese nuclear industry and the foreign party involved. In addition to signing formal agreements with those countries, China had also carried out contacts with Iran, Mexico, Algeria, Gabon and Niger, with certain potential for further nuclear cooperation.

The above examination serves to suggest that were strong dynamics for the Chinese to maintain and further develop international nuclear cooperation, not only with the Western industrialised countries, the less developed countries, but also with the Third World countries. Laid in its nuclear assistance to the Third World countries were Chinese stakes not only in the economic area but also could be in gaining regional political and strategic influences. As long as China remains a developing country striving for a major power status, these interests would not easily go away. As a group of Chinese nuclear specialists pointed out, "China is a developing country. It has maintained an independence and self-reliance principle in its foreign policy without forming any alliance with the major powers. ... It has always been on the side of the Third World countries, representing their interests." They further analysed, "[Regarding the NPT], China's principle has been that any nuclear arms control measures should not affect any country's peaceful use of nuclear energy. Since this principle conflicts with position of some major nuclear powers, China's continuing practice of this principle after joining the Treaty would likely be attacked by those nuclear powers ... which would affect China's image and influence in the world."<sup>48</sup> Before, without being a formal member of the NPT, China's nuclear assistance to the Third World countries had been more or less argued away by China's uncompromising opposition to the discriminatory nature of the NPT. Although signing the NPT itself did not necessarily mean that China

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<sup>47</sup> Personal communications, Beijing, Jan. 1995.

<sup>48</sup> Chen Xueying, Shu Qing, Fang Jian, et al., "Guanyu He Bukuosan Tiaoyue Ruogan Wenti de Tanta" (A Discussion of Several Questions Related the Non-Proliferation Treaty), Beijing: *Hekexue Jishu Qingbao Yanjiusuo*, Jan. 1991, p.5; p.7-9.

would stop such assistance, its continuing practice could be accused as direct violations of the treaty provisions, which would affect China's image and world influence. It was in this connection that China would have to refrain from such practice after signing the treaty, though to what degree Beijing would and could compromise its Third World interests over other foreign and security policy interests was yet to be seen.

**The Issue of Export Control: Linkages with China's Traditional Foreign Policy Principles:**

Apart from the concern over China's potential relative nuclear capability and its various interests in conducting nuclear cooperation with some Third World countries, another issue concerning Chinese security analysts about signing the NPT was less critical strategically but more fundamental in terms of overall Chinese foreign policy objectives, namely, the issue of the export control practice itself. It appeared that in the late 1980s and early 1990s, a quite number of Chinese security elites were still maintaining an inherent rejection to the concept of export control.<sup>49</sup> The Chinese aversion to the concept and practice of export control was rooted in China's own complex identity in the Western-initiated phenomenon of export control. As a nuclear "have" state, China possessed a capability to exercise export control; and it had a basic structural interest in controlling the horizontal proliferation of nuclear weaponry. But, as a communist state, China had also been a main target of the West's export control. Throughout the four decades since 1950, China had not only been subjected to general Western export controls of advanced science and technology, but also to specific U.S. export control policies designed to contain China.<sup>50</sup> Understandably,

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<sup>49</sup> Cf. Yu Zhiyong, "Guanyu He Bukuosan Tiaoyue Ruogan Wenti de zai Renshi" (A Review of Several Questions Relating to the Non-Proliferation Treaty), Shijie Jingji yu Zhengzhi, No.6, 1988, pp.38-39.

<sup>50</sup> The U.S. export control policy toward China not only initiated the COCOM (The Co-ordinating Committee on Multilateral Export Controls) but so far also outlives the COCOM. For a comprehensive study on the U.S. export control policy towards the PRC in the period prior to the 1990s, see Cheng Tuan Yao, *The U.S. Politics of Export Control Policy Toward the People's Republic of China* (Ph.D Dissertation), Georgia: The University of Georgia, 1989.

Beijing had consistently denounced the Western export control practice, arguing that science and technology were the common property of mankind and therefore should be used in all countries' peaceful development and economic construction.<sup>51</sup>

In this context, signing the NPT -- a Western suppliers' cartel -- would clearly contradict some of China's long-established foreign policy principles. As is well known to China experts, China had long advocated that the five principles of peaceful coexistence, which emphasizes individual state's sovereignty and equality between states, should be the norm of international relations.<sup>52</sup> In the Chinese perspective, all countries, big or small, strong or weak, are equal sovereign members of the international community, entitled to participate on an equal footing in the consultations and settlement of world affairs. Such practices as the big bullying the small, the strong lording over the weak, and the rich oppressing the poor should be rejected. And no country should interfere in the internal affairs of other countries or seek to impose its own values, ideology, or mode of development on others.<sup>53</sup>

Reflected in its arms control policy, China's general position on international arms control issues had been that "the issue of disarmament concerns the security interests of all countries in the world and must not be monopolized by a few big powers. All countries, big or small, strong or weak, aligned or non-aligned, nuclear or non-nuclear, developed or developing, have the right to participate on an equal footing in the discussion and settlement of the question of disarmament." Moreover, "The composition of the Conference on Disarmament embodies the principle of equal participation by sovereign states in the

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<sup>51</sup> See, for example, the extract of a speech by Chinese delegate Chen Jian at a UN Disarmament Conference, which gave China's positions on disarmament issues, *RMRB* (OE), Apr. 20, 1993, p.6.

<sup>52</sup> For the components of the five principles, see footnote 27 in Chapter 3, pp.53-54.

<sup>53</sup> See, for example, Statement by China's mission to the United Nations, "China's Position on Certain International Issues", Jan. 21, 1992, pp.3-4.

For an interesting study of China's search for a fair and just world, see Chih-yu Shih, *China's Just World: The Morality of Chinese Foreign Policy*, Boulder: Lynne Rienner Publishers, 1993.

discussion and settlement of the question of disarmament in the world. The Conference is the only authoritative organ for multilateral disarmament talks in the world today."<sup>54</sup> These principle stands in China's arms control policy had over the years been an on-going rationale sustaining China's rejection to the NPT. For one thing, China itself was not a funding member of the NPT regime, which, by this token, failed to reflect the Chinese views and opinions. For another, the treaty contains perceived unbalanced and unfair obligations between the NWSs and the NNWSs and thus, endorsement of which would contradict the proclaimed Chinese foreign policy principle for a fair and just world. In the words of Qian Qichen, "... it has been justly pointed out that the obligations assumed under it [the NPT] by, on the one hand, nuclear states and, on the other, non-nuclear states respectively are unbalanced and unfair. ... That is why China has reservations on and is critical of the treaty."<sup>55</sup>

Clearly, signing the NPT contained some contradiction with the ideas embodied in those policy statements, though to what extent those statements represented Chinese true beliefs and to what extent they were but ideological propositions aimed at advancing China's own national interests remain open questions. What can be noticed however, is that many of today's Chinese security elites remain prone, at least in public discourse, to the concept of an "equal and just" world. In their post-signing analyses of the NPT regime, many authors remain critical of the unbalanced treaty obligations between the NWSs and NNWS.<sup>56</sup> It is proposed that in order to strengthen the nuclear non-proliferation regime, it is important, among others, to carry out political measures in addition to technical measures. By political

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<sup>54</sup> Wu Xueqian, "Speech by Wu Xueqian, State Councillor and Minister of Foreign Affairs at the Conference on Disarmament", Geneva, Mar. 26, 1987, in *China and Disarmament*, pp.28-29.

<sup>55</sup> Qian Qichen, "Speech by Vice-Foreign Minister Qian Qichen at the U.N. Regional Conference for the World Disarmament Campaign", p.41-42.

<sup>56</sup> See, for example, Fang Jian, Ding Chenyao and Tang Xingqing, "Lun Bukuosan Hewuqi Falu Zhidu" (On the Legal Regulations of the Nuclear Non-Proliferation Treaty), Beijing: China Nuclear Information Centre, Apr. 1994, 4-7; and Pan Zhenqiang, Chapter 6, "Fangzhi Hewuqi Kuosan" (The Prevention of Nuclear Proliferation), in Pan, Xia and Wang, *Guoji Caijun yu Junbei Kongzhi*, pp.144-5.

measures, it means that "a propitious and peaceful international environment should be created internationally."<sup>57</sup> From this, one can say that the signing the NPT also represented a compromise from the leadership in Beijing in China's traditional national identity, taking a step closer -- at least in form -- on the side of the more established Western powers in the international system.

It also represented a compromise from Beijing in China's potential sovereignty interests. Prior to Beijing's signing the treaty, some analysts raised concern that as a party, China would be obliged to abide by the various rules stipulated by the treaty, including the safeguard measures. They cautioned that China's sovereignty could be violated because the superpowers might take those safeguard measures as an excuse and interfere in China's nuclear policy through manipulating the IAEA.<sup>58</sup> Given China's traditional strong attachment to state sovereignty, in particular, the rise of the West's interventionist tendencies after the end of the Cold War, such a compromise from Beijing -- no matter how remote or intangible it might be -- was significant in moving China closer to multilateral arms control measures.

### **Underlying Factors of China's Signing the NPT**

Given those Chinese concerns, as examined above, ranging from the most concrete need of strategic free ride to the more intangible sovereignty interests, what were the factors that had enabled Beijing to make compromise in those Chinese unilateral national security interests and take a historic stride into the multilateral security system by signing the NPT? To the extent that one can identify, the following several factors had contributed to Beijing's decision.

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<sup>57</sup> Pan, *ibid*, p.146.

<sup>58</sup> See, for example, Chen, Shu, Fang, et al., "Guanyu He Bukuosan Tiaoyue Ruogan Wenti de Tanta", p.10.

### **The Global Embrace of Nuclear Non-Proliferation:**

At the most visible level, the increasing embrace of the idea of nuclear non-proliferation by the majority of the Third World countries was a direct contributor to Beijing's decision to reverse its NPT public stance. The rising demands by the Third World countries including the non-aligned countries as manifested at the NPT Fourth Review Conference sent a clear signal to Beijing that its traditional anti-NPT public stance could not serve to win China friends and political support from the Third World any more. Indeed, during their studies of the NPT issue in the wake of the Conference, many Chinese analysts had to confront the fact that by 1990, there were more than one hundred and forty countries in the world that had signed the treaty. For example, after giving a list of the drawbacks of the treaty, the authors of a study came to the following acknowledgement: "After all, the majority of the non-nuclear-weapon states in the world have now joined the Treaty -- a commitment to give up the nuclear option in the solemn form of international treaties. This development has consequently provided a stable framework for the establishment of the nuclear non-proliferation regime world-wide."<sup>59</sup>

In fact, even before the August 1990 NPT Review Conference, some more open-minded Chinese arms control experts had already seen the implications of the growing membership of the NPT. Pan Zhenqiang, then Deputy Director of the NDU's Institute for Strategic Studies, said in July 1990, "It [the NPT] went into force in March 1970 and so far 141 states have been signatories to it. The Treaty constitutes an important indication that, in the form of a legal international contract, the majority of the international community has pledged to give up the nuclear option and to accept all-round safeguards, as provided by the International Atomic Energy Agency (IAEA), which are intended to prevent the diversion of civil nuclear power to development of nuclear weapons or any other nuclear explosive

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<sup>59</sup> Chen Juda and Chen Zhengqiu, "He Bukuosan Tizhi Ershiyinian Huigu" (A Review of the Nuclear Non-Proliferation Regime Twenty-One Years Later), Beijing: China Nuclear Information Centre, Mar. 1991, p.9.

devices."<sup>60</sup> These remarks clearly indicated a Chinese recognition of the value of the non-proliferation regime along with its growing membership.

While the increasing global embrace of the non-proliferation regime was not the only factor that had favourably influenced Beijing's decision, it consequently became a strong public justification for Beijing to reverse its long-established NPT policy. In his explanation to the 22nd Session of the Seventh NPC Standing Committee (on October 25, 1991) about the State Council's proposal that China should join the NPT, Deputy Foreign Minister Liu Huaqiu said,

"...[The Treaty] has now more than 140 signatories. ... [It] is an international treaty with a universal character in the field of disarmament and arms control. The Treaty has played an important role in preventing the proliferation of nuclear weapons, and is conducive to the maintenance of world peace and stability. In the meantime, the Treaty has contained some weaknesses and defects. But, overall, the Treaty has positive implications."<sup>61</sup>

More tellingly, the first point of China's Instrument of Accession to the NPT, which was handed over by Foreign Minister Qi Qichen to British Prime Minister John Major in London on March 9, 1992, reads as follows:

"Pursuing an independent foreign policy of peace, China has all along stood for the complete prohibition and thorough destruction of nuclear weapons. With a view to bringing about this objective and maintaining international peace, security and stability, and *taking into consideration the aspirations and demands of the large numbers of non-nuclear-weapon countries*, China has decided to accede to the Treaty."<sup>62</sup>

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<sup>60</sup> Pan Zhenqiang, "Reflections on the Non-Proliferation of Nuclear Weapons", in Carlo Schaerf, et al. (eds.), *Space and Nuclear Weaponry in the 1990s*, Basingstoke: MacMillan, 1992, p.91.

<sup>61</sup> "Liu Huaqiu Fuwaizhang shou Guowuyuan Weituo Zuo Guanyu Jianyi Zhongguo Jiaru 'Bukuosan Hewuqi Tiaoyue' Yian de Shuoming), *RMRB*, Oct. 26, 1991, p.3.

<sup>62</sup> See *BR*, "China Accedes to Nuclear Non-Proliferation Treaty", Vol.35, No.13, Mar.30-Apr.5, 1992, p.12. Emphasis added.

It seemed that if China had more or less enjoyed the NPT as a "public good" by being a non-member, then the NPT Fourth Review Conference highlighted that it could no longer pursue such a practice any more. To work towards a successful extension of the treaty, whether indefinitely or not, Beijing would have to first demonstrate the utility of the regime by actually joining it.

In a way similar to the positive role played by the increasing global embrace of nuclear non-proliferation in influencing Chinese nuclear thinking, France's decision to reverse its long-standing NPT non-participation policy had no doubt acted as a catalyst inducing Chinese policy makers to move in a similar way. For years, France had accompanied China as another non-NPT-party NWS, which served in a way to validate China's non-participation policy. And, to a considerable extent, the French nuclear strategy and policy -- perceived by the Chinese as characterised by the pursuance of an independent deterrent -- had been taken by Chinese nuclear policy makers as a close measure against which China's nuclear strategy and policy were assessed and formulated.<sup>63</sup> (There will be more studies on this in Chapter 5). Given this connection, it should be seen as more than a coincidence when, immediately after French President Mitterrand announced that France was ready in principle to sign the NPT, Beijing began to send signals that it might also join the NPT.

All these serve to suggest that development in international norms in arms control *per se*, as well as arms control measures taken by other major powers, could strongly influence

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<sup>63</sup> Based on a review of many of the Chinese defense writings published in the late 1980s and early 1990s. They include Xu Guangyu, *Hezhanlue Zongheng* (A Survey of Nuclear Strategies), Beijing: *Guofang Daxue Chubanshe*, 1987; Qi Xueyuan, *Shijie Youhe Guojia de Heliliang yu Hezhengce*; "Faguo de Junshi Zhanlue yu Guofang Fazhan Mubiao" (The French Nuclear Strategy and Its National Defense Development Objectives), *Junshi Xueshu* (Military Learning), No.3, 1988; and Zhang Jianzhi, "Dui Zhongdeng Youhe Guojia Hezhanlue zhi Wo Jian" (A View on the Nuclear Strategies of the Medium-Sized Nuclear-Weapon States), in Yang Dezhi and Huan Xiang, *Guofang Fazhan Zhanlue Sikao* (Thinkings on National Defense Development Strategy), Beijing: *Jiefangjun Chubanshe*, 1987.

Chinese arms control thinking and help moving China closer to the multilateral security system.

### **The Human Rights Issue :**

From a more realist perspective, however, post-Tiananmen post-Cold War Western pressure might have played a more critical role in enlisting compromises from Beijing and register its long over-due public endorsement of the NPT. As examined in Chapter 3, following its Tiananmen military crackdown in June 1989, Beijing was widely condemned for the violent suppression. If it was mainly due to relatively universal human values that the leadership's image was seriously damaged by the military crackdown, then the dramatic ending of the Cold War further precipitated Beijing into a historically low position in the international system. The end of the bipolar confrontation not only deprived China of its advantageous position contained in the U.S.-China-Soviet Union strategic triangle. More seriously for Beijing, the end of the Cold War in effect served to strengthen the predominant position of the Western developed countries in world affairs.

It is known to us all that the leadership in Beijing felt an enormous pressure in the wake of Tiananmen by such immediate aftermath as most high-level political contacts were suspended by foreign countries; and all loans by multilateral lending institutions to China were suspended as well. Perhaps less is known is the pressure exerted on Beijing by the West through international human rights organisations. In March 1990, the U.S.-led Western powers tried to pass a resolution in the annual session of the 53-member UN Commission on Human Rights, condemning China's human rights violations. Such an action was repeated by the West again in March 1991. Although Beijing managed to defeat the Western text in both years, the situation was precarious. Publicly, Beijing denounced the Western move as part of a wider attempt to create turmoil in China. But for Beijing itself, if censured by the main UN human rights body, its unpopularity at home would no doubt increase, and its continuing legitimacy be seriously threatened. Using Deng's own words,

"The human rights issue is the crux of the struggle between the world's two social systems. If we lose the battle on the human rights front, everything will be meaningless to us."<sup>64</sup>

In this context, signing the NPT could remove a long-standing difference between China and the West, thus, helping Beijing break its post-Tiananmen international isolation. By converging to the international norm in nuclear non-proliferation and thus increasing China's official contribution to world peace and security, it would certainly help improve Beijing's lost image in the human rights area due to the Tiananmen crackdown. All these could serve to facilitate China's integration with the Western-dominated international economic system. As one Western analyst pointed out, the signing of the Treaty was an attempt by Beijing to "keep in tune with the other major powers."<sup>65</sup> Using then Chinese Premier Li Peng's own words, China's participation of the NPT "clearly demonstrated its independent foreign policy of peace and expanded its image of reform as well as promoted the treaty's role in world peace and stability."<sup>66</sup> Clearly, "reform" here not only means economic reform but also China's political transformations.

### **The U.S. Economic Role:**

Many analysts see a substantial linkage between Beijing's moves and U.S. economic pressure.<sup>67</sup> Broadly speaking, economic pressure from the U.S. was two-fold. One related to China's desire to obtain advanced technical cooperation from the U.S. for China's nuclear

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<sup>64</sup> Quoted in Wang Renzhi, "CPC Takes Offence on HR Issue: CPC Central Committee Document", *Dangdai* (The Contemporary World) (Hong Kong), July 15, 1992, p.39.

<sup>65</sup> Leonard Spector, "Nuclear Treaty Will Test China's Sincerity", *The Asian Wall Street Journal Weekly*, Sept. 30, 1991, p.14.

<sup>66</sup> "NPC Decides to Join Nuclear Arms Pact", *BR*, Vol.35, No.2, Jan. 13-19, 1992, p.6.

<sup>67</sup> See, for example, Shirley Kan and Zachary Davis, Chapter 6, "China", in Mitchell Reiss and Robert S. Litwak (eds.), *Nuclear Proliferation after the Cold War*, Washington, D.C.: The Woodrow Wilson Centre Press, 1994, p.151; Davis, "China's Nonproliferation and Export Control Policies", p.592; and Johnston, "Learning versus Adaptation", p.51.

power plants and the other, Beijing's desire to maintain China's MFN trading status from the United States. As mentioned earlier, China and the U.S. signed a preliminary agreement on nuclear power cooperation during Reagan's visit to China in April 1984. But the agreement was opposed by the U.S. Congress due to suspicions over China's nuclear assistance to Pakistan. The agreement was re-signed in 1985, but by the end of 1990 it remained inactivated due to the persistent Congressional argument that China had not yet provided a satisfying record of nuclear export controls. If approved by the Congress, the implementation of the agreement would allow U.S. companies to negotiate with China for contracts to sell, among others, reactors, major components and low-enriched uranium fuel. So, signing the NPT could be a step in paving the way for nuclear cooperation with the United States. However, this consideration might have not played a significant role in Beijing's policy reversal given the fact that this pressure had been there since 1984 and Beijing's policy reversal was made eight years later. Alternative technical cooperation provided by the French and other industrialised countries in China's nuclear power plant programmes may partly explain the lack of a more effective influence by Washington in bringing China into its non-proliferation line in this regard.

By contrast, the MFN trading status might have played a more influential role in pressuring China to join the NPT. China was granted MFN status, reciprocally, in 1979. It was the main pillar of the U.S.-China Agreement on Trade Relations signed in that year when bilateral diplomatic relations were established and China's "open door" policy was initiated. The status allowed non-discriminatory tariff treatment for Chinese exports to the U.S. and Export-Import Bank financing for U.S. exports to China. However, under the U.S. Trade Act of 1974, as a nonmarket economy country China's MFN status must be renewed annually by a Presidential determination stipulating that China meets the freedom of emigration requirements set forth in the Jackson-Vanik Amendment, or by a Presidential waiver of these requirements.<sup>68</sup>

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<sup>68</sup> See Nai-Ruenn Chen, "U.S.-China Commercial Relations", in *China's Economic*

Following the 1989 Tiananmen crackdown, strong pressures emerged from the U.S. Congress about the human rights situation in China. This Congressional concern emerged as a force against the renewal of China's MFN status. The opposition was further entrenched by concern over Beijing's arms exports practices which were damaging the NPT regime as well as the MTCR.<sup>69</sup> Along with reports revealing Chinese nuclear cooperations with such countries like Iran, Pakistan and Algeria, there were increasing Congressional efforts to use China's MFN trade status as a leverage for Washington to alter Beijing's related behaviour. Beginning early 1991 there was increasing Congressional willingness to condition China's MFN status on Beijing's non-proliferation record.

This new development no doubt amounted to a serious pressure on Beijing. Taking into account China's post-Tiananmen isolation from the West, and the perceived critical importance of national economic growth to post-Cold War national security, a conditioned MFN renewal which could lead to a complete revoking of the status would have meant a serious loss for China. Facilitated by the MFN status, bilateral trade grew significantly through the decade of the 1980s, reached \$17.8 billion in 1989 from \$2.3 billion in 1979. More importantly, over the years the bilateral trade balance had grown in favour of China. China yielded a growing surplus from 1983. According to U.S. trade statistics, the U.S. deficit increased from \$71 million in 1983 to \$6.2 billion in 1989, the sixth largest bilateral deficit world-wide.<sup>70</sup> Although China did not agree with the way the Americans calculated their trade deficit with China, Beijing did recognise the importance of American markets to China's overall modernisation programmes. In this context, Beijing's announcement of its

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*Dilemmas in the 1990s*, edited by the Joint Economic Committee, Congress of the United States (New York: M.E. Sharpe, 1992), p.908.

<sup>69</sup> Between 1990 and 1991, there were a series of reports revealing China's nuclear cooperation with Iran, Pakistan and Algeria. See Gary Milhollin and Gerard White, "A New China Syndrome: Beijing's Atomic Bazaar", *Washington Post*, May 12, 1991, p.16; Tai Ming Cheung, "Bending Rules", *FEER*, May 16, 1991, p.15; and T.R. Reid, "China Plans to Sign Pact on A-Arms", *Washington Post*, Aug. 11, 1991, p.26.

<sup>70</sup> Nai-Ruenn Chen, op cit., p.905.

decision to join the NPT "in principle" in August 1991; the approval by the standing committee of the NPC in December that year; and China's formal accession to the NPT in the following March all served as good justifications for President Bush to extend the MFN status to China in June 1992 without conditions. Upon the announcement of his decision, Bush praised China's improved non-proliferation credentials.

### **The Political and Economic Role Played by Japan:**

As shown earlier, in the wake of Tiananmen, Japan emerged as in a good position to influence Beijing's arms control policy. On the one hand, Tokyo's soft handling of Beijing's Tiananmen crackdown and its subsequent push for the relaxation of the Western industrialised countries' post-Tiananmen economic sanctions against China had consequently made Beijing to value more than ever its "special relationship" with the close neighbour. On the other, Japan's quest for a stronger political role in post-Cold War international affairs was carried out, characteristically, through its economic influence. While Japan's political and economic influences over Beijing's arms control policy, its NPT policy in particular, were largely carried out behind closed doors during Beijing's policy making process, the way Beijing chose to implement its decision demonstrated a strong linkage to Japan's political and economic influences.

The occasion Beijing chose to announce the reversal of its NPT policy was remarkable. It was during a visit of Japan's Prime Minister Toshiki Kaifu to Beijing in August 1991 that Beijing announced China would become a party to the treaty. Then Chinese Premier Li Peng told Kaifu that the Chinese government agreed in principle to joining the NPT.<sup>71</sup> Li later elaborated that China's participation would be unconditional.<sup>72</sup> While Kaifu's visit --

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<sup>71</sup> See Tian Heng (chief ed.), *Zhanhou Zhongri Guanxi Shinianbiao, 1945-1993* (Chronology of Post-War Sino-Japanese Relations, 1945-1993), Beijing: *Zhongguo Shehui Kexue Chubanshe*, 1994, p.646.

<sup>72</sup> See *New York Times*, Aug. 11, 1991; *JDW*, Aug. 17, 1991, p.258. Also, *BR*, Jan. 13-19, 1992, p.5.

the first leader from the developed countries to visit China since June 1989 -- was at the time a rare good chance for Beijing to convey its conciliatory gesture towards the West, Japan's economic influence over Beijing's attitude towards arms control issues should not be overlooked.

It might be helpful to note here that Japan, as a major financial contributor to China's modernisation drive, had played a critical role in China's economic transformation ever since 1978. This was in terms of both trade and investment. In fact, ever since the mid-1960s Japan had been one of China's major trading partners, due in part to the two countries' geographic proximity and the complementarity between the two economies. Trade between the two countries reached US\$20.2 billion in 1991.<sup>73</sup> Chinese export-oriented products had been to a considerable extent absorbed by the Japanese market. While the share of China's exports destined for Japan declined during the 1980s, in absolute terms Japanese purchases increased, to US\$12 billion annually by 1990. It subsequently resulted in Japanese deficits in trade with China (if trade through Hong Kong were included) for that and the following years.

Japan had also played a prominent role in China's inflows of foreign investment, both indirectly and directly in the form of joint ventures and financial aid. Sino-Japanese joint ventures brought China not only capital, but also new technology, managerial know-how and marketing skills. More importantly, since 1980, Japan had extended large soft loans to China in support of the latter's modernisation programme. As of early 1991, China had received several aid packages from foreign governments. Two major funding packages were from Japan, one for JPY330.9 billion in 1981 and the other, JPY470 billion in 1984. A third funding package of JPY810 billion was on track but negotiations were suspended following the Tiananmen military crackdown. In addition, Japan had been providing China with a

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<sup>73</sup> Wang Dajun, "New Spring in Sino-Japanese Ties Heralded", *BR*, Apr. 6-12, 1992, p.4.

considerable amount of grant-in-aid since 1980, about JPY7 billion per year. As of 1990, China had received Japanese aid totalling JPY63 billion, which was utilised in such areas as medical and health facilities, education, science and technology, agricultural development and environmental protection.<sup>74</sup> Notably, following Japan's end of its economic sanctions against China after the G-7 Houston summit in July 1990, foreign investment in China recovered its momentum.<sup>75</sup> In terms of business alone, Kaifu's August visit to Beijing, which marked the complete restoration of Sino-Japanese relations, was significant.

During his stay in Beijing, Kaifu explained Japan's ODA guidelines to Chinese leaders and urged them to join the NPT and support Japan's effort to establish a UN registration system for international arms sales. By announcing the lump-sum provision of the 1991 portion of Japan's third loan package to China (covering the period 1990-1995), Kaifu stressed that Japan's future economic assistance to China would depend greatly on China's record of arms sales to Third World countries.<sup>76</sup> In this context, Beijing's announcement of its public endorsement of the NPT during Kaifu's visit was indeed a good return gesture by Beijing that served to add a great credit to Japan's effort in promoting international arms control and disarmament.

The timing of China's deposit of its Instrument of Accession to the NPT could also be seen as part of an effort from Beijing to strengthen its political and economic ties with Japan. After its ratification by the NPC in December 1991, the deposit took place on March 9, 1992,<sup>77</sup> less than a month prior to the scheduled official visit to Japan by Jiang Zemin, then

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<sup>74</sup> See "Zhongri Jingji Hezuo Xiangmu de Xinjinzhan" (New Progress in Sino-Japanese Economic Cooperation Projects), *Liaowang*, Dec. 20, 1993, p.22.

<sup>75</sup> A number of European countries followed the Japanese lead, resuming their economic aid and loans to Beijing. Both the World Bank and the Asian Development Bank increased their lending to China, and private banks also expanded their business there, particularly along the coast. See *Strategic Survey* (IISS), 1991-1992, pp.121-2.

<sup>76</sup> *Asian Defence Journal*, Oct. 1991, p.102.

<sup>77</sup> Chinese State Councillor and Foreign Minister Qian Qichen handed over China's instrument of accession to British Prime Minister John Major in London on March 9th. For the full text of the instrument, see *BR*, Vol.35, No.13, Mar. 30-Apr. 5, 1992, p.12.

CCP Secretary General, in early April. Jiang's visit coincided with the 20th anniversary of the normalisation of Sino-Japanese relations. It came at a time when the central government decided, following Deng's remarkable south China trip in February that year, to step up reform and open wider to the outside world. In other words, foreign trade and investment had become more important than ever before. As a Chinese commentator suggested, Jiang's visit "is seen as significant for the forging of more fruitful ties of friendship and cooperation between the two countries and for the establishment of a new order in Asia and the world at large."<sup>78</sup> These moves made by Beijing were very fruitful. During Jiang's visit, Japan agreed to provide China with a third loan for energy exploration.<sup>79</sup> Moreover, in the 1993 fiscal year, Japan agreed to provide a 30-year untied loan, with a ten-year grace period and a 2.6 per cent annual interest rate, to be used for 18 projects, including fertiliser and power plant construction. Also, while the aggregate number of Japanese-invested projects in China was only 691 at the end of March 1990, by April 1992 Sino-Japanese joint ventures and cooperative enterprises totalled 1,900, with Japan's investment reaching US\$4 billion.<sup>80</sup> In sum, Sino-Japanese political and economic relations loomed large in Beijing's post-Tiananmen post-Cold War policy thinking, which consequently enabled Japan to greatly influence Beijing's arms control policy.

Here a comparison between the functioning of the Japanese and the American economic influences over China's NPT policy is useful. From what has been discussed above, it can be suggested that the increasing possibility of a conditioned MFN renewal leading possibly to the revoking of the status had exerted considerable pressure on Beijing to improve its NPT credentials. Yet in its policy implementation, Beijing showed a more ready and positive response to Japanese influence than to American influence. A comparison between Beijing's handling of the issue during Japanese Prime Minister Kaifu's visit in Beijing in August 1991, and that during the U.S. Secretary of State Baker's visit in November that year is a case in

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<sup>78</sup> Wang Dajun, "New Spring in Sino-Japanese Ties heralded", p.4.

<sup>79</sup> See "Japan Tour Boosts Relations", *BR*, Apr. 20-26, 1992, p.7.

<sup>80</sup> *Ibid.*

point. Unlike Premier Li Peng's official public announcement of Beijing's decision to join the NPT during Kaifu's visit, which served as an active courting gesture from the Chinese Premier to his Japanese counterpart; Secretary Baker received only personal commitments from Chinese leaders to sign the NPT, and he stood alone when he relayed those personal promises at a press conference in Beijing. No official word from the Chinese Foreign Minister was issued to confirm those personal assurances, which might later be defined narrowly by Beijing as merely bilateral understandings. In other words, the Chinese response to the U.S. pressure was rather passive and reluctant.

The lack of a more effective use of U.S. economic leverage, in the form of the MFN status, in producing a more positive Chinese approach to the NPT issue may be attributed to two factors: the economic interdependence between China and the U.S. *per se*, and the setting of the bilateral political relations. Firstly, unlike the Sino-Japanese asymmetrical economic interdependence constituted by Japan's outstanding economic aid to China, the Sino-U.S. economic interdependence was not greatly in disproportionate favour of the Americans. While China had greatly enjoyed access to the U.S. market through MFN status, the U.S. also had a considerable interest in keeping the Chinese MFN status. To revoke the status would have generated Chinese retaliation which would have increased Chinese tariffs on certain American products, such as grain, machinery and transport equipment. Chinese retaliatory measures would have cost the Americans millions of dollars in trade and an increase in their domestic unemployment rate.<sup>81</sup> Therefore, the bilateral economic interdependence possessed a meaning in its real sense, and the use of the MFN status was a "powerful but double-edged sword"<sup>82</sup> for the Americans. Secondly, since Tiananmen the bilateral political relationship which was characterized by confrontation rather than, say,

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<sup>81</sup> U.S. exports to China totalled \$5.8 billion in 1989. U.S. agricultural products had been one of the main U.S. export commodities to China. In 1989, it reached 24 per cent of total U.S. exports to China. But machinery and transport equipment had been the most important component of U.S. exports to China. The leading exports in this category were aircraft and parts, specialised industrial machinery, power generating equipment, electrical machinery, and office and automatic data processing machines.

<sup>82</sup> Quoted in Kan and Davis, "China", *op cit.*, p.158.

friendly cooperation, did not serve to generate more positive responses from Beijing. Political hard-line pressures on Beijing from Washington on the grounds of human rights and non-proliferation consequently put Beijing in a less than dignified defensive position. In this situation, and combined with the interdependent albeit asymmetrical bilateral economic relationship, American economic power had to be counter-balanced to a certain degree by Beijing's dignity and pride, in both domestic and international politics.

### *Post-NPT-Accession Controversy*

This section addresses the issue of China's continuing record of controversial nuclear transfers in the period 1992-96 after Beijing's accession to the NPT regime. It is meant as a supplementary effort to fully understand the implications of China's accession to the Treaty. As of the end of 1996, China's post-NPT-accession nuclear controversy was centred around reports of continued Chinese nuclear-weapons assistance to Pakistan and nuclear cooperation with Iran.

In a way, the controversy is rather complex. To avoid possible confusion and misunderstandings, another nuclear non-proliferation regime besides the NPT, the Nuclear Suppliers Group (NSG) -- the so-called London Club -- has to be taken into consideration as a necessary element in our analysis. As a multilateral export control regime formed by a group of nuclear suppliers following India's explosion of a "peaceful nuclear device" in 1974, the NSG is intended to strengthen export controls on nuclear technology including dual-use goods through the London Guidelines for Nuclear Transfers and the Warsaw Guidelines for Transfers of Nuclear-Related Dual-Use Equipment, Material and Related Technology. For members of the NSG, when considering whether a transfer should be authorized, the most important factor to be taken into account is whether the recipient state is party to the NPT, and has a "full-scope safeguards" agreement with the IAEA applicable

to all its peaceful nuclear activities.<sup>83</sup> Iran has been a member of the NPT since 1970, whereas Pakistan has remained a non-member till present. China formally signed the NPT in 1992 but so far has not joined the NSG. From an international legal point of view, China can legally conduct peaceful nuclear cooperation with countries, which may be barred from receiving such exports from the NSG members, as long as those countries accept the IAEA safeguards. Being committed to the NPT but not the NSG, China can continue to export nuclear technology without legally violating specific commitments. Indeed, many Chinese arms control analysts argue that China has not violated the NPT since 1992 in its nuclear cooperation with the Third World countries.<sup>84</sup>

### **The Case of Pakistan: The Barrier of Vital Strategic Security Interest**

With regard to Pakistan, as mentioned in the first section of this chapter, China has been seen as assisting the Pakistanis in developing a nuclear capability ever since the mid-1970s after India's nuclear explosion in 1974. It appeared that this assistance was carried out through the 1980s to the 1990s and lingered on after China's formal accession to the NPT. One known specific example was an agreement made between Pakistan and China in 1991 by which China promised to supply the former with a 300MW nuclear power plant, valued at US\$500 million.<sup>85</sup> Prior to the Sino-Pakistani deal, Pakistan's initial agreement with France for the purchase of a 900MW nuclear power reactor fell through because of subsequent French insistence on the application of full-scope safeguards by the IAEA.

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<sup>83</sup> For more details about the NSG and its Guidelines, see Jozef Goldblat, *Arms Control: A Guide to Negotiations and Agreements*, London: SAGE Publications, 1994, pp.86-88. Developed by the NSG, the term "full-scope safeguards" refers to an agreement with the IAEA to periodically inspect all declared nuclear facilities, even if the concerned state is not a party to the NPT.

<sup>84</sup> Interviews, Beijing, Dec. 1994 and Sept. 1998.

<sup>85</sup> See "China and Pakistan Have Agreed to Expand Their Cooperation in the Defence Sector", *Asia-Defence Reporter*, May 1991, p.20; Tai Ming Chueng, "Nuclear Ambitions", *FEER*, Jan. 23, 1992, p.12.

Seriously concerned, Washington strongly and persistently opposed the Sino-Pakistani deal. It sought to alter Beijing's decision through various political and economic pressures, including imposing sanctions and threatening a conditional renewal of the MFN trading status. Despite that, and despite that there appeared to be some disagreement between the buyer and the seller over related financial issues, Beijing showed no intention of cancelling the deal. Officially, Beijing persistently claimed that the power plant was to be used for peaceful purposes, and would be subject to regulation and inspection by the IAEA.<sup>86</sup> The transaction remained in limbo as of the end of 1996. Apart from the reactor deal, there were repeated reports of China's violation of the MTCR guidelines by providing sensitive missile-related equipment to Pakistan.<sup>87</sup> More seriously, during the several months prior to the conclusion of the CTBT negotiations, there were a series of reports that China had sold about 300 ring magnets -- direct components of nuclear weapons, to Pakistan.

Clearly, pure economic-benefit seeking could not explain the Chinese motivation behind the "peaceful nuclear cooperation" with Pakistan. If so, the U.S. economic leverage over China should have managed to stop the deal and convert China into Washington's non-proliferation policy regarding South Asia. Through the period, there had been an increasing Congressional tendency to try to use the MFN status as an economic means to solve the problem. There had also been policy suggestions that Washington widen its economic leverage through U.S.' influence in major international financial institutions. For instance, it was suggested that since the U.S. was a major donor to such institutions as the World Bank and the Asian Development Bank, from which China had been receiving substantial international loans, "Washington may require nonproliferation cooperation in return for U.S. support of international loans to China."<sup>88</sup> Moreover, it was argued, since China had been seeking U.S. support for its bid to enter GATT and later the WTO, Washington could require China to refrain from its nuclear proliferation practices in exchange for its support.

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<sup>86</sup> Washington Post, Jan. 1, 1992, p.13.

<sup>87</sup> This will be discussed in more detail in Chapter 6.

<sup>88</sup> Kan and Davis, "China", p.159.

Needless to say, the MFN trading status and a GATT/WTO membership would benefit China's economic development in a much wider and longer-term effect than the nuclear deals with Pakistan.

While nuclear technology and facilities can stay for peaceful use of nuclear energy only, like the cases of Germany and Japan, Beijing is well aware of the easy transferability of civilian nuclear industry into military purposes. As one analyst said, "The civilian nuclear industry is helpful for the development of nuclear weapons. This is already an open secret."<sup>89</sup> He explained to me that some sensitive technology used in civilian industry's nuclear fuel circulation is also a key technology required for making nuclear weapons. Such technology includes the enrichment of uranium, the after-treatment of radiant fuel and the manufacturing of heavy water. He commented that it had become more and more difficult to monitor and verify the usage of those technologies, while at the same time the development and proliferation of high technology had further facilitated the design as well as manufacture of nuclear weaponry.

It is arguable that this Chinese understanding of the military implications of civilian nuclear technology serves to reconfirm that China's on-going transfers of nuclear technology and equipment to Pakistan had been part of an established policy by Beijing to assist the latter in developing a nuclear weaponry capability. As for China's perceived strategic security interests in developing a Pakistani nuclear capability to counter-balance the Indian one, there are already ample studies elsewhere to confirm that fact, so it will not be dwelled on here. The point that needs to be made however, is that although China had a serious political and economic stake in maintaining good cooperative relations with the U.S. on the NPT issue, it had at the same time a vital national security interest in assisting the development of a Pakistani nuclear capability so as to create a strategic balance in South

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<sup>89</sup> Personal communication with a senior nuclear arms control expert in the MFA's Institute for International Studies, Beijing, Dec. 1994.

Asia.<sup>90</sup> In other words, full Chinese commitment to the NPT spirit was yet to overcome the barrier of perceived vital strategic security interest.<sup>91</sup>

### **The Case of Iran: A Political and Economic Bargaining Relationship with Washington**

While vital strategic security interests remained an unsurpassable barrier for China's NPT commitment, in circumstances less directly related to China's strategic security interests, Beijing seemed to be more flexible; and its handling of related proliferation issues appeared to be more closely linked to its seeking of China's political and economic interests. As mentioned earlier, throughout the period of 1990 - 1996, Washington had sought to convert Beijing into its non-proliferation framework by imposing sanctions and threatening a conditional renewal of the MFN status. There had been increasing suggestions and Congressional efforts to link China's foreign economic interests with Beijing's non-proliferation record. No doubt, upon reception of these signals from various formal and

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<sup>90</sup> According to a Chinese writing, by Jan. 1992, Pakistan already possessed the necessary components for making at least one nuclear bomb. It could produce weaponry grade uranium capable of making 3-6 nuclear warheads annually. With regard to delivering vehicles, the F16 combat aircraft that Pakistan already possessed could deliver nuclear weapons through some refitment. See Pan, "Fangzhi Hewuqi Kuosan", p.138. If what was given in the writing was basically true, this means Pakistan already possessed a basic nuclear capability prior to China's signing of the NPT treaty; and subsequent Chinese nuclear assistance was only a matter of helping the Pakistanis to improve an existing nuclear capability in terms of speed, scale and quality.

<sup>91</sup> But, it seems that the Chinese were interested in assisting the Pakistanis to develop a nuclear capability only to a minimum degree and in controllable response to India's nuclear development so as to create a just visible strategic balance in South Asia. There is nothing one could use to suggest that it would be in China's interest if there was a nuclear arms race in South Asia. Indeed, after India conducted a series of nuclear weapon tests in May 1998, Beijing was trying to distance itself from Islamabad and to avoid assisting Pakistan's nuclear quest. In fact, it has been responding to Washington's effort in controlling the further nuclear proliferation in the South Asia. While China would not like to see a nuclear arms race in the Peninsula, the Clinton Administration's new China policy aimed at improving the Sino-U.S. bilateral relationship certainly helped to generate a more cooperative Chinese approach to arms export control issues.

informal channels, Chinese policy makers had to weigh carefully the economic and/or strategic benefits to be gained from those sensitive exports against the potential costs of losing the U.S. preferential trade policy and international investment. But, ironically, these external signals might have also served to inspire the Chinese to use the export controversy as an instrument to influence U.S. political and economic policies towards China. There is no reason why Beijing could not, or would not, entertain the development of such a counter strategy over time.

This point can be more clearly demonstrated in the case of Iran. Despite Iran's membership of the NPT, U.S. and European officials have long suspected that oil- and gas-rich Iran is interested in developing a nuclear weapons capability and, thus, maintain strong opposition to China's various "peaceful cooperations" with Iran. In 1989 and 1991 Beijing concluded covert agreements with Teheran in order to provide Iran with nuclear technologies including a micro-nuclear reactor and an electromagnetic isotope separator (calutron) that could be used to produce highly enriched uranium.<sup>92</sup> Although the quantity of equipment supplied was insufficient for producing even a single atomic bomb, Washington considered the equipment as sensitive technology which Iran could duplicate locally.<sup>93</sup> In 1992, it was reported that negotiations were proceeding between Beijing and Teheran on the sale of two Chinese 300MW nuclear power reactors worth multi-billion dollars.<sup>94</sup> According to a later Chinese news report, China and Iran reached at a "yixiangxing xieyi" (意向性协议, intention agreement) during the Iranian President's visit in Beijing in 1992 (March), by which China would provide Iran with needed technology and equipment to build a nuclear power plant.<sup>95</sup> In February 1993, Jiang Xingxiong, the General Manager of the China

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<sup>92</sup> See "U.S. Thinks Iran Is Trying to Make an A-Bomb", *IHT*, Oct. 31, 1991; Jim Mann, "U.S. Suspects China Aids Iran on Arms", *IHT*, Mar. 18, 1992; Paul L. Leventhal, "Plugging the Leaks of Nuclear Export Controls: Why Bother?", *Orbis*, Vol.36, No.2., Spring 1992, p.172.

<sup>93</sup> "U.S. Thinks Iran Is Trying to Make an A-Bomb", *ibid*.

<sup>94</sup> Mann, "U.S. Suspects China Aids Iran on Arms", *op cit*.

<sup>95</sup> Ge Xiangwen, "Yi Zhong Hehezuo shi wei Heping Mudi" (The Sino-Iranian Nuclear Cooperation Is for Peaceful Purposes), *RMRB* (OE), Feb. 18, 1993, p.6.

Nuclear Industries Corporation visited Teheran and conducted further negotiations with his Iranian counterpart on building a 300MW nuclear power plant in Iran.<sup>96</sup> Washington subsequently raised strong objections with Beijing. Due to its suspicion about Iran's intention, Washington has long held that any nuclear co-operation with Iran was "too dangerous to justify".<sup>97</sup> China, however, insisted that the sale was purely for peaceful purposes and covered by IAEA's safeguard system.

Still, during its 1993 bid for MFN status, it was reported that Beijing had withdrawn its offer of supply. Yet, in the wake of China's failed bid to join the WTO for the second time in May 1995 and Clinton's approval to allow Lee Tenghui, the President of Taiwan, to visit the U.S., Beijing indicated that it would not stop the planned sale of nuclear reactors to Iran. Apparently referring to Washington's objection that these reactors would allow Iran to start a nuclear development programme, a senior official of the China Nuclear Energy Industrial Corporation pointed out that the IAEA had never confirmed Iran's military purpose of its nuclear programmes nor shown any objection to the sale and therefore, the cooperation "is beyond reproach."<sup>98</sup> It was emphasized that China's sale of nuclear energy equipment and technology did not violate the NPT, and that Iran's nuclear programmes were subject to IAEA's inspection.

While the U.S. was being seen as obstructing China's re-entrance into the GATT/WTO and practising a pro-independence Taiwan policy, economic activities between China and Iran were on the increase. Upon Clinton's approval of Lee's U.S. visit, Xinhua News Agency reported, apart from the news that planned Chinese nuclear reactor sale to Iran would go ahead, that three contracts were signed between Chinese companies and the Teheran Urban and Suburban Railway Company in March and May 1995.<sup>99</sup> The U.S. reaction was that it

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96 Ibid.

97 Reuter's Textline, May 21, 1995.

98 Cited in "Iran Reactor Sale to Go as Planned", Washington Post, May 21, 1995, p.14.

99 Xinhua News Agency, May 21, 1995. See also "Railway Contracts Signed with

might terminate its civilian nuclear cooperation with China if China continued to supply nuclear technology to Iran. These developments clearly indicate the formation of a mutual political and economic bargaining relationship between Washington and Beijing. While Washington had been trying to bring the Chinese into its non-proliferation line with its economic leverage, Beijing in the mean time had been using those potential transfers as a bargaining chip in its attempt to influence the U.S.'s China policies in China's favour.

Concerning those controversial nuclear transfers, China's official stand is that it supports the three main goals enshrined in the NPT, namely, to prevent nuclear proliferation, to promote nuclear disarmament, and to promote international cooperation in peacefully using nuclear energy. Chinese analysts argue that the three goals are closely inter-related with each other without being separable. And non-proliferation aims should not affect the just rights of each country in making peaceful use of all science and technology. Pan Zhenqiang, a prominent arms control specialist, wrote in 1996,

"In regard to preventing the proliferation of nuclear weapons, our country has consistently adopted a policy of not advocating, not encouraging and not engaging in nuclear proliferation; and a policy of not helping other countries to develop nuclear weapons. Our country strictly observes the following three principles when considering a nuclear export. 1) to ensure it is only for the purpose of peaceful use; 2) it would receive the IAEA's safeguards and monitoring; and 3) it cannot be transferred to a third country without China's permission."<sup>100</sup>

In an earlier paragraph, Pan argued,

"In many situations, the Western countries are obviously proceeding from their own interests. They exert pressures on China by taking advantage of some unfair and unreasonable treaties or agreements. Moreover, on the excuse of preventing nuclear

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Iran", in <clari.world.asia.china>, May 22, 1995.

<sup>100</sup> Pan, "Zhongguo Caijun he Junbei Kongzhi Zhengce de Jiben Lichang" (The Basic Positions of Chinese Disarmament and Arms Control Policies), in Pan, Xia and Wang, *Guoji Caijun yu Junbei Kongzhi*, p.434.

proliferation, the Western countries have exerted various unreasonable restrictions to the developing countries' peaceful use of nuclear energy, as well as to their development of peaceful nuclear cooperation. How to deal with this kind of unequal, unfair practice in arms control and to protect our country's national interests is a new topic that we should face squarely."<sup>101</sup>

Despite the above official position and arguments, and despite Beijing's public claim that the Sino-Iranian peaceful nuclear cooperation was legal in terms of international law and would go ahead, the transaction of the nuclear reactor did not appear to have taken place as of the end of 1996.<sup>102</sup>

### *Conclusion*

The proceeding analysis shows that China's accession to the NPT *has* contained certain compromises from Beijing in China's unilateral national interests closely linked with traditional *realpolitik* power politics. At the most broad level, Beijing's signing of the NPT signified a compromise in Chinese traditional ideological views in regard to a "fair and just" world and the related Chinese foreign policy principles. Such a compromise represented the first necessary step for China's moving closer to multilateral arms control regimes in the form of export control.

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<sup>101</sup> Pan, "Lengzhanhou Zhongguo Caijun he Junbei Kongzhi Douzhen Mianling de Tiaozhan" (Challenges Facing China in the Post-Cold War Disarmament and Arms Control Struggle), *ibid*, p.424.

<sup>102</sup> After over a year private negotiations, Beijing agreed in July 1997 to control its nuclear exports and curb nuclear cooperation with Iran, in exchange for Washington's lift of its ban on civil sales of nuclear technology to China. Prior to Chinese President Jiang Zemin's October 1997 visit to the U.S., Beijing issued its first ever export control legislation, *The Regulations of the People's Republic of China on Control of Nuclear Exports* (signed by NPC Chairman Li Peng on Sept. 10, 1997). And the Sino-U.S. nuclear cooperation agreement went into effect in March 1998.

Most critically, Beijing's decision to accede to the treaty contained compromise in China's potential nuclear capability *vis-à-vis* that of the major nuclear powers. At the time of the late 1980s and early 1990s, China had a strong desire to continue to pursue strategic "free ride" by staying outside the nuclear arms control process. By signing the NPT, China officially undertook the legal responsibility to carry out effective measures to stop the nuclear arms race and to conduct nuclear disarmament, thus making it difficult for China to free ride or defect future arms control processes without incurring any material or normative cost. By the same token, in signing the treaty, the leadership had made certain compromise in China's interests in existing as well as future possible nuclear cooperations with the Third World countries. To the extent that can be identified, Beijing has refrained from its nuclear cooperation with the Third World after it officially joined the NPT. But it has proved that China's accession to the NPT could not stop its nuclear transfers with strategic significance. Full Chinese commitment to the NPT spirit was yet to overcome the barrier of perceived vital strategic security interests.<sup>103</sup>

There were several factors which combined to explain Beijing's decision in making those compromises. At the most visible and tangible level, the fast growing international embrace of the idea of nuclear non-proliferation in the late 1980s and early 1990s had directly contributed to Beijing's decision to reverse its long-established NPT public stance. Closely linked with the broadly converging international norm in nuclear non-proliferation was France's decision to change its NPT non-participation policy, which helped induce China to move in a similar direction. Combined with the above changed international environment, Western pressure on Beijing on China's human rights issue had likely served to compel Beijing to make necessary compromises on the NPT issue. As the Western advocacy of human rights and democracy in China was seen by Beijing as directly affecting China's domestic stability, its long over-due public endorsement of the non-proliferation regime in

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<sup>103</sup> From a historical perspective, China was not alone in this regard. A case in point was the Israeli development of a nuclear capability that was assisted by the French and acquiesced by the Americans.

effect served to remove a long-standing difference between China and the West. It consequently could allow Beijing to better pursue its national priority of economic development and modernisation.

Beijing's consideration of China's external economic interests, namely, economic aid from Japan and China's MFN trading status from the U.S, had certainly played an important role in generating compromise from Beijing. But here two points of clarifications are in order. First of all, while both Japan's economic aid and the MFN status were important to China, Japan's political friendship with Beijing had no doubt enabled a better functioning of its economic leverage over China *vis-à-vis* that of the U.S. in helping move China to accept the non-proliferation regime. Second, while a positive linkage had existed in China's external economic interests and its signing of the NPT, it appeared that there was also a somewhat negative linkage between the two variables of China's external economic interests and Chinese non-proliferation behaviour after China's official accession to the NPT. More specifically, while Washington was inclined to use the MFN status and, to a less visible degree, China's quest for joining the GATT/WTO as a leverage to bring China into its non-proliferation scheme, Beijing was trying to use the proliferation issue as a bargaining chip in its attempt to influence Washington's China policies in China's favour. But available evidence cannot offer more clear enunciation about the two's interactions in Beijing's NPT policy. What can be noted is that Beijing's post-NPT-accession controversial transfers had largely been an issue dealt with by the United States. While the type of transfers with important Chinese strategic interests involved contained a strong dynamism of its own, the resolution of other potential transfers that did not technically violate any established international law but may contribute to regional de-stability certainly required a more cordial U.S.-China relationship.

## CHAPTER 5. NEGOTIATIONS TOWARDS A COMPREHENSIVE TEST BAN TREATY

Following the 1990 NPT Fourth Review Conference, negotiations on a comprehensive nuclear test ban emerged high on the international arms control agenda. By 1993, international support for a CTBT had become virtually universal. Facilitated by a change in U.S. policy towards the issue, the Conference on Disarmament (CD) in Geneva was given the mandate in August 1993 to organise the multilateral CTB negotiations. The negotiations formally began in January 1994. During the process of these developments, it was clear that China did not see it as in its best interest to reach a CTBT as early as 1996 as proposed by the United States and echoed by the other nuclear weapons states. The initial Chinese interpretation of these events held a strong belief that the Soviet Union (later Russia) and the United States were close to perfection in their designs of nuclear warheads and therefore were keen to reach a total test ban as early as possible in order to perpetuate their nuclear superiority.

This chapter examines Beijing's approach to this new security challenge posed by the changing external conditions. First it will identify the elements that constituted a Chinese aversion to an early test ban. Then it will analyse Beijing's decision to participate in the CTBT negotiations as well as its gradual retreat from its initial high-profile competitive approach to the negotiating process, with an aim to identify and explain any compromises Beijing has made in its policy change.

### *Systemic and Technical Drives Propelling China's Nuclear Testing*

That China did not like to see an early test ban suggested, naturally, that in comparison with the nuclear capabilities of other declared nuclear-weapon states, it perceived a need to carry

out more nuclear testing. This need could be simply demonstrated by the small number of nuclear tests that China had had. As of 1990, the number of China's nuclear tests was the smallest among the five declared nuclear weapons states (see Table 5-1). The 36 known Chinese nuclear weapons tests, varying in yield from about 1 Kt to 3.3 Mt, represented only 1.9% of the known total of 1906 nuclear tests conducted world-wide between 1945 and December 1990.

**Table 5-1. Estimated Number of Nuclear Explosions, July 16, 1945 - Dec. 31, 1990**

USA*	USSR**	UK	France	China	Total
929	649 (715)	43	183	36	1840 (1906)

*Note:* \* All British tests from 1962 have been conducted jointly with the United States at the Nevada Test Site. Therefore, the number of US tests is actually higher than indicated here.

\*\* The figures in brackets include additional tests announced by the Soviet authorities in Sept. 1990.

Source: *SIPRI Yearbook*, 1991, p.47.

The limited number of China's nuclear tests is most effectively explained by the fact that there was a lack of financial resources. For China, one test usually cost more than one hundred million Chinese *yuan*,<sup>1</sup> a significant amount given the country's overall financial constraints. The small testing number was also due in part to Beijing's post-detonation complacency. In the pre-detonation period, the Party used all the available sources in an effort to break the superpowers' nuclear monopoly. Nuclear weapons for the then Chinese were basically a means of obtaining national esteem and for countering any attempt at blackmail. In this context, the possession of a nuclear bomb *per se* symbolised the achievement of the primary goal.<sup>2</sup> Therefore, Beijing became relatively relaxed after China

<sup>1</sup> Interviews with nuclear physicists in the Institute of Applied Physics and Computational Mathematics (IAPCM), Beijing, Nov. 1994.

<sup>2</sup> Indeed, upon the successful detonation of its first nuclear weapon on Oct. 16, 1964, Beijing proudly proposed that "... a summit meeting between all the countries in the world be held to discuss the total prohibition and thorough destruction of nuclear weapons. As a

successfully broke up the superpowers' nuclear monopoly with its first atomic explosion. Combined with the country's lack of financial resources, it seemed to Mao's leadership that China could now, more or less, try to develop its nuclear capability at an affordable pace in proper balance with the overall national economic development in general, and the development of other defense sectors in particular.

To assess the reasons and the degree of necessity for China continuing its nuclear testing in the 1990s, the first question one needs to address is: what were the specific objectives China had been trying to achieve for its nuclear weapons programme? The answer to this question is not as simple as it may look like. Until very recently, Chinese strategists have never really enunciated a well-defined nuclear strategy of their own comparable to that of other nuclear powers -- typically that of the U.S. -- like the doctrine of massive retaliation or flexible response. They had not publicly explained in any specific terms how China's nuclear capacity would be applied for the attainment of national security objectives. This lack of authentic Chinese information resulted in considerable debate as well as confusion in Western academic circles, especially prior to the 1990s. Some held that there was a Chinese belief in "minimum deterrence" (though the Chinese themselves never used the term ) in the early years. It was claimed that Chinese strategists had believed a small number of warheads sufficient to inflict unacceptable damage on a handful of enemy cities constituted a credible deterrent.<sup>3</sup> Others argued that China had virtually no overarching strategic doctrine that

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first step, ... the nuclear- weapon states and the states which will soon possess nuclear weapons should commit not to use nuclear weapons, not to use nuclear weapons against non-nuclear weapon states, and not to use nuclear weapons against nuclear-weapon free zones. They should also commit not to use nuclear weapons against each other." See "*Zhonghua Renmin Gongheguo Zhengfu Shengming*" (Statement by the Government of the People's Republic of China), Oct. 16, 1964. Text in *RMRB*, Oct. 17, 1964, p.1.

<sup>3</sup> See, for example, Robert Sutter, "Chinese Nuclear Weapons and Arms Control Policies: Implications and Options for the United States", Congressional Research Service, Report of Congress, Mar. 25, 1994, pp.14-15; and Johnston, "Chinese Nuclear Force Modernization: Implications for Arms Control", *Journal of Northeast Asian Studies*, Vol.2, No.2, June 1983, pp.13-28.

served to guide its nuclear programme. The programme was essentially technology driven following the path of the more advanced nuclear weapons states.<sup>4</sup>

In fact, the reality had lain somewhere in between those two extremes. On the one hand, in the 1960s and 1970s, Chinese military strategists saw nuclear weapons largely as an unusable means of mass destruction than a usable means for battlefield employment. There was an emphasis in the Chinese thinking on the deterrent rather than war-fighting value of nuclear weapons.<sup>5</sup> Marshal Nie Rongzhen, who headed overall Chinese strategic weapon programme in the early years, once said that the purpose for China to develop a strategic missile force was "to prepare China with *a basic retaliatory capacity* when suffering an imperialist nuclear attack."<sup>6</sup> On the other, there was an inextricable linkage between the Chinese nuclear thinking and the country's specific conditions at the time. Mao's claim that the superiority of China's nuclear force "does not depend on quantity, even if we can achieve it"<sup>7</sup> reflected an inherent tension between the development of the nuclear force and the country's financial as well as technological constraints.

In other words, one may safely assume that to the extent those economic and technological constraints were lifted or modified, Beijing might well choose to catch up and seal the gap with the more advanced nuclear arsenals by following their technical path. Chinese nuclear

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<sup>4</sup> See especially John Wilson Lewis and Xue Litai, *China's Strategic Seapower -- The Politics of Force Modernization in the Nuclear Age*, Stanford: Stanford University Press, 1993; and, Lewis and Hua Di, "China's Ballistic Missile Programs: Technologies, Strategies, Goals", *International Security*, Vol.17, No.2, Fall 1992, pp.5-7.

<sup>5</sup> Zhang Baotang, "Dui Xingshiqi Zhanluedaodan Budui Zhanbei Jianshe Jige Wenti de Chutan" (A Preliminary Discussion on a Few Questions Concerning the Development of a War-fighting Capability of the SMF in the New Era), in the PLA National Defense University (ed.), *Jundui Xiandaihua Jianshe de Sikao* (Reflections on the Modernisation of the Military Force), Beijing: *Guofang Daxue Chubanshe*, 1988, pp.411-20.

<sup>6</sup> Nie Rongzhen, *Nie Rongzhen Huiyilu* (Memoirs of Nie Rongzhen), Beijing: *Jiefangjun Chubanshe*, 1984, p.810. Emphasis added.

<sup>7</sup> Cited in Wang Shouyun, "Guofang Jingji: Yige Xianshi de Wenti" (Defense Economics--A Realistic Question), *Baike Zhishi* (Encyclopaedic Knowledge), No.10, 1984, p.26. Wang was a senior participant in China's missile programmes.

developers would keep to increase, at least qualitatively, China's relative nuclear capability without any compromise. Being without any strategic alliance and aspiring to a major power status in the international hierarchy, a sufficiently developed nuclear capability comparable to that of the more advanced nuclear arsenals would not only strengthen the Chinese national security sense but also serve to improve their perception of national prestige.<sup>8</sup> This systemic and technical drive is vividly shown in the following Chinese strategic thinking. Huan Xiang, a prominent strategic thinker and foreign policy expert, proclaimed in 1986 that: "By the time of the 100 anniversary of our country, we should not be inferior to Britain and France in the nuclear and space fields; not inferior to the U.S. and the Soviet Union in the field of technology; and be in a similar ranking with the major world powers in the field of conventional forces."<sup>9</sup> General Chi Haotian, then chief of the PLA's General Staff, spelled out the PLA's weapons programme as "we must have whatever the big powers have already had in their inventory."<sup>10</sup>

### **Conceptualisation of a "Limited Deterrence" in the Late 1980s**

Under the central leadership's opening up policy, Chinese security analysts and military researchers became increasingly exposed to Western nuclear thinking, through both bilateral exchange activities and access to Western publications. This in turn stipulated Chinese own nuclear thinking. Consequently, a more specific and relatively independent Chinese nuclear

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<sup>8</sup> A review of several dozen papers and books published by the PLA suggests that many Chinese strategic thinkers and analysts see a close linkage between the possession of a "necessary" nuclear force and China's international status.

<sup>9</sup> Remarks made by Huan Xiang during a military seminar in Beijing in Mar. 1986. See Yang Dezhi, Huan Xiang, et al., *Guofang Fazhan Zhanlue Sikao*, p.23. General Yang was former chief of the General Staff, and Huan was then Secretary-General of the State Council's Centre for International Studies. Huan served as a close foreign policy adviser for Zhao Ziyang during Zhao's premiership of the State Council.

<sup>10</sup> Cited in You Ji, "The Chinese Military and the Asia-Pacific Security", Paper presented at the Workshop on *China as a Great Power in the Asia-Pacific: Myths, Realities and Challenges*, held at the Australian National University, 2-3 Dec., 1993, p.37.

thinking emerged in the mid-to-late 1980s. This was the conceptualisation and gradual acceptance of a doctrine termed by Chinese nuclear analysts as "limited deterrence" (有限威慑, *youxian weishe*). To the extent that China's nuclear weapons programme began to be guided by the newly emerged strategic doctrine, "limited deterrence" possessed two functions. On the one hand, it served to mitigate the endless technical inertia possibly implied by the lack of a well-defined operational strategy during the previous period. Also, "limited deterrence" contained an implicit acceptance of a certain gap between China's nuclear arsenal and that of the nuclear superpowers, both in terms of quantity and technological sophistication. On the other hand, the concept contained a set of specific modernisation ideas. By these ideas, nuclear testing would remain an important part of China's nuclear programme well into the next century.

In the mid-1980s, the Western concept of "nuclear winter"<sup>11</sup> spread among China's security community. In the meantime, such nuclear accidents like the one at Chernobyl in 1986 served to increase the Chinese appreciation of the serious negative aspect of a nuclear stockpile. Against this backdrop, the U.S.-Soviet negotiations and the signing of the INF Treaty (which was the first regime regulating the reduction of the existing nuclear arsenals), triggered a campaign in the PLA research community on the study of the role of nuclear weapons in national security. During a series of catch up studies and research on nuclear doctrine and theory from late 1986 to early 1988, Chinese strategists started to pay more attention and give more credit to France's nuclear strategy.

Seeing the nuclear policy developed by the DeGaulle Administration in the late 1950s and early 1960s as the basic framework of the French nuclear strategy, Chinese analysts came to define the deterrence contained in the French nuclear strategy as a deterrence of "*yi ruo zhi qiang*"(以弱制强) Literally, it means a strategy by the weak to control or overpower the

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<sup>11</sup> First put forward by a group of American scientists in 1983.

strong.<sup>12</sup> The French nuclear force which was seen as developed under the guidance of the "yi ruo zhi qiang" deterrence strategy possessed several key qualities which were greatly appreciated by Chinese analysts. First of all, it was an independent deterrent without being dependent on any nuclear superpower. Secondly, it was confined to a limited quantity as well as quality, which was suitable to China's specific economic and technological conditions at the time. Thirdly but not lastly, the strategy's unique feature by which the weak was able to deter the strong was regarded as especially "suitable for medium-sized nuclear-weapon states".<sup>13</sup> For many Chinese nuclear strategists, this French "yi ruo zhi qiang" deterrence strategy was a good combination of both deterrence and war-fighting values of nuclear weapons. While the existence of a nuclear force capable of inflicting unacceptable damage, and the demonstration of the will to do so, were continued to be regarded as essential to deter an enemy's nuclear attack, they came to believe that a war-fighting capability able to carry out effective retaliations if deterrence failed was necessary. In this context, the existence of a war-fighting capability *per se* came to be regarded as constituting part of a credible deterrence.<sup>14</sup>

Consequently, the concept of "limited deterrence" was developed and gradually received a general acceptance among Chinese strategic thinkers and military analysts. The term came

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<sup>12</sup> Liu Tieqing, Rong Jiabin and Chang Jinan, "Zhanlue Daodan Budui Zhanyi Lilun Tixi Chuyi" (Preliminary Views on the Structure of the Campaign Theory of the Strategic Missile Forces), in the Research Department of the NDU (ed.), *Zhanyi Jiben Lilun Xintan* (New Explorations of the Basic Theories of Campaigns), Beijing: *Guofang Daxue Chubanshe*, 1989, pp.323-4.

<sup>13</sup> Pan Shiyong, *Xiandai Zhanlue Sikao*, p.144; Nie Quanlin, *Guoji Huanjin yu Weilai Guofang*, pp.185-91; and Yang Xuhua and Cai Renzhao, *Weishe Lun* (On Deterrence), Beijing: *Guofang Daxue Chubanshe*, 1990, pp.348-54.

<sup>14</sup> Xu Zhongde and He Lizhu, "Yuce Weilai Zhanzheng bu ke Hushi Hewuqi de Weixie" (The Nuclear Threat should not be Neglected in the Study of Future Wars), in the Academy of Military Sciences (ed.), *Junshi Lilun yu Guofang Jianshe* (Military Theory and Development of National Defense), Beijing: *Junshi Kexue Chubanshe*, 1988, pp.192-3; and Tang Daoshen, "Dui Xinshiqi Zhanlue Daodan Budui Zhiliang Jianshe de Sikao" (On the Qualitative Development of Our Strategic Missile Force in the New Era), in the Academy of Military Sciences (ed.), *Xinshiqi Changbeijun Jianshe Yanjiu* (The Study of the Development of the Standing Army in the New Era), Beijing: *Junshi Kexue Chubanshe*, 1990, pp.249-52.

to be used not only to characterise the French nuclear strategy, but also to serve as the core of a set of more comprehensive and specific ideas about the kind of nuclear deterrent that China ought to have. Different from the concept of minimum deterrence which relies primarily on the deterrent value of nuclear weapons, proponents of limited deterrence argued that China should build a limited but effective nuclear force with a double function of deterrence and war-fighting. Such a force would, in time short of war, deter the nuclear threat and blackmail from the superpowers; and would, in times of war, deter the escalation of war -- including from conventional to nuclear, and from low-level nuclear strikes to high-level ones. After a first strike, it should be able to carry out an effective retaliatory attack to the extent of controlling escalation and compelling the enemy to back down.<sup>15</sup> As explained by Zhang Jianzhi, a senior researcher in the PLA Academy of Military Sciences, the word "limited" carried with it the following connotations: i) Limited chances of using nuclear weapons. It was pointed out that this limit was manifested in the Chinese policy of not using nuclear weapons against non-nuclear weapons states; ii) Limited in its aims of using nuclear weapons. It was argued that China was not and would not aim for first-strike capability. China would only use nuclear weapons for retaliation if attacked; iii) Limited in quantity. It was recognized that China was a developing country with limited financial and technological resources and, therefore, should aim for a small but effective nuclear force; and iv) Limited in targeting.<sup>16</sup>

It is important to note that the development and gradual acceptance of the concept "limited deterrence" in the PLA military research community was essentially based on a recognition of a nuclear parity between the nuclear superpowers and the medium-sized nuclear states. It was seen that there exists a nuclear parity constituted by the "Equal Effects" ( 等效 ,

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<sup>15</sup> The Academy of Military Sciences, *Zhanlue Xue* (Strategic Studies), Beijing: *Junshi Kexue Chubanshe*, 1987, p.115-6.

<sup>16</sup> Zhang Jianzhi, "Dui Zhongden Youhe Guojia Hezhanlue zhi Wo Jian" (A View on the Nuclear Strategies of the Medium-Sized Nuclear-Weapon States), in Yang Dezhi and Huan Xiang, pp.158-9.

*dengxiao*) of atomic bombs.<sup>17</sup> By this perception, Chinese military thinkers came to see that within the context of "mutual-assured destruction", although the over-sized nuclear superpowers had the ability to destroy the medium-sized nuclear states, they themselves would also suffer unacceptable damages from the hundreds or even dozens of nuclear warheads retaliated by the latter. Therefore, what was critical was not an equality in quantity. Rather, it was the possession and maintenance of an effective retaliatory force sufficient to inflict unacceptable damage on the enemy that really mattered.<sup>18</sup>

### **The Gap between Doctrinal Targets and Existing Capability**

By the early 1990s, China had developed a comparatively small arsenal of nuclear forces with an embryonic strategic nuclear triad. As of January 1991, it was estimated to have around 320 nuclear weapons, with a deployed force of some 300 strategic weapons structured in a triad of land-based missiles, bombers, and submarine-launched missiles (see Table 5-2).<sup>19</sup> There were probably some additional spares over and beyond the deployed force.<sup>20</sup> Some Western experts on Chinese nuclear strategy suggested that, in quantity, the total would put China ahead of Britain but slightly behind France, making it the fourth largest nuclear weapon state in the world.<sup>21</sup> One Chinese writing published in 1991, however, suggested that "Many foreign experts maintain that China is already 'the third largest nuclear weapon state' in the world."<sup>22</sup>

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<sup>17</sup> "Wuqi Zhuangbei Fazhan Zhanlue" (The Strategy for the Development of Military Equipment), in Mi Zhenyu, Wang Qingrong, Qing Chaoying, et al. (eds.), *Zhongguo de Guofang Gouxiang* (Concept for China's National Defense), Beijing: *Jiefangjun Chubanshe*, 1988, pp.214-8. General Mi is a top PLA strategist.

<sup>18</sup> Peng Guangqian and Wang Guangxu, *Junshi Zhanlue Jianlun* (A Brief Discussion on Military Strategy), Beijing: *Jiefangjun Chubanshe*, 1989, p.162.

<sup>19</sup> *SIPRI Yearbook*, 1991, p.24.

<sup>20</sup> Robert S. Norris, Andrew S. Burrows and Richard W. Fieldhouse, *British, French and Chinese Nuclear Weapons*, Boulder: Westview Press, 1994, p.324.

<sup>21</sup> *Ibid.*

<sup>22</sup> "Zhongguo de Heliliang yu Hezhengce" (China's Nuclear Force and Nuclear Policy), in Qi Xueyuan, et al. (eds.), *Shijie Youhe Guojia de Heliliang yu Hezhengce*, p.138.

Table 5-2. Chinese Nuclear Forces, January 1991

Weapon System				Warheads	
Type	No deployed	Year deployed	Range (km)	Warheads x yield	No. in stockpile
<b>Aircraft</b>					
H-6	120	1965	3100	1 -3 x bombs	200+
H-5	30	1968	1200	1 x bomb	
Q-5	30-50	1970	400	1 x bomb	
<b>Land-based missiles</b>					
DF-3	70-100	1970	2800	1 x 1 - 3 Mt	85-125
DF-4	15-20	1971	4800-7000	1 x 1 - 3 Mt	20-30
DF-5	4-10	1979	13000	1 x 4 - 5 Mt	1-20
M-9 600*	..	1990	600	1 x ?	..
<b>Submarine-based missiles</b>					
JL-1	24	1986	2800-3300	1 x 0.5-1 Mt	26-38

Note: \* Chinese tactical nuclear weapons have been reported, but no details were available at the time.

Source: *SIPRI Yearbook*, 1991, p.24.

What kind of a capability did those weapons constitute? For the outside world, clearly, this is a question with no accurate answers. But perhaps Chinese nuclear scientists were not absolutely sure themselves. What can be revealed by the above table is that in the early 1990s China's nuclear force structure, though constituting a basic strategic triad, was far from being a well-developed strategic force. It relied primarily on ballistic missiles, with ranges varying from 2800 to 13,000 kilometres. The great majority of them could only strike Asian targets. Only four to ten deployed missiles carrying only one warhead each had intercontinental range that could reach targets in North America.<sup>23</sup> Most of the missiles currently in service were liquid fuelled, with estimated reaction times of two hours or more.

<sup>23</sup> Chinese research on missiles with MRV (multiple re-entry vehicles) or MIRV (multiple independently targetable re-entry vehicles) capabilities began in the early 1980s. In Sept. 1981, China successfully launched three space survey satellites by one rocket simultaneously, the techniques of which had a close linkage with MIRV. See Zhang Jun (chief ed.), *Dangdai Zhongguo de Hangtian Shiye* (Contemporary China's Space Industry), Beijing: *Zhongguo Shehui Kexue Chubanshe*, 1986, pp.278-88.

According to some Western expert analyses, those land-based Chinese missiles were for the most part inaccurate, raising doubts about their ability to hit hardened, point counterforce targets.<sup>24</sup> For instance, one estimation was that the CEP (circular error probable) of the DF3 and DF4 -- the mainstay of China's land-based missile forces -- was worse than 1,000 meters.<sup>25</sup> The point here is, in the early 1990s, China's nuclear capability was quantitatively small and qualitatively weak. To the extent the new concept "limited deterrence" had served to guide China's nuclear programme, a significant modernisation process lay ahead for the Chinese nuclear force before it could meet the more specific objectives contained in the new strategic doctrine. One senior PLA commander pointed out that the task for the Strategic Missile Force (SMF)<sup>26</sup> in the new era was to improve its overall quality, including launching, targeting, precision, command and control, and tactics for achieving a credible limited deterrent.<sup>27</sup>

But, within the PLA strategic community, there were considerable differences in opinion about so-called "limited" targeting, which constituted the core part of the new concept "limited deterrence". How limited the targets would be for China's nuclear force to reach? For this question, differences among Chinese strategists lay essentially in their different views of the effectiveness of countervalue attack versus counterforce attack. And there was actually an overlapping in content with the concept of "minimum deterrence". Some believed that China did not need to "overdevelop" its nuclear forces; a countervalue attack on an enemy's main cities, political and economic centres, and the military centre of command would be sufficient to weaken the enemy's political will and fighting potential, causing them to back down and thus stabilising the situation.<sup>28</sup> Wu Zhan, a former deputy

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<sup>24</sup> John Lewis and Hua Di, "China's Ballistic Missile Programs", *International Security*, Vol.17, No.2, Fall 1992, p.21; Alastair Johnston, "China's New 'Old Thinking' ", *International Security*, Vol.20, No.3, Winter 1995/96, p.31.

<sup>25</sup> Norris, et al., *British, French and Chinese Nuclear Weapons*, p.381; p.382.

<sup>26</sup> Also known as the Second Artillery, *erpao*.

<sup>27</sup> Tang Daoshen, "Dui Xinshiqi Daodan Budui Zhiliang Jianshe de Sikao", pp.250-2.

<sup>28</sup> See, for example, He Zuoxiu (a senior nuclear physicist), "Lun Zhongguo de Bushouxian Shiyong Hewuqi Zhanlue" (On China's No First Use of Nuclear Weapons

director of the CASS's Institute of American Studies and a nuclear engineer by training, argued that China's nuclear strategy was defensive and limited and its nuclear deterrence was aimed at a nuclear retaliation against the soft targets of an enemy.<sup>29</sup> Those who held this relatively cautious view on targeting seemed to be taking a position that was justifying the level of the Chinese nuclear force developed by then, which was seen as not yet possessing a counterforce targeting capability.<sup>30</sup>

Many other strategists, however, maintained that Chinese nuclear warheads should aim at a combination of countervalue and counterforce targeting, with a special emphasis on the enemy's hard targets of strategic significance. For example, Zhang Jianzhi, an expert on the strategies of the medium-sized nuclear-weapon states, argued that a nuclear force with a small quantity of missiles did not really constitute a credible deterrence, because it was in practice too vulnerable to a disarming first strike. China should aim to develop a nuclear force "limited" in quantity but highly advanced in quality so as to inflict an "effective" nuclear retaliation by attacking a "limited" number of the enemy's strategic targets.<sup>31</sup> Some strategists argued that China should significantly increase the percentage ratio of its intercontinental missiles, say to 70 per cent, so as to enhance the SMF's deterrence against the major powers.<sup>32</sup> There appeared to be a general consensus among those who favoured a deterrence of combined countervalue and counterforce attacks that the SMF should be able to: first, destroy the enemy's strategic intentions by reaching its strategically offensive forces and second, reduce its war potential by inflicting an unbearable damage to its economy. By the early 1990s, combined with the newly formed concept of high-tech war, PLA

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Strategy), *Ziran Bianzhengfa Tongxun* (Journal of Natural Dialectics), No.1, Feb. 10, 1989.

<sup>29</sup> Wu Zhan, "He Weishe" (Nuclear Deterrence), *Meiguo Yanjiu* (American Studies), No.1, Feb. 1988, p.85.

<sup>30</sup> Yang and Cai, *Weishe Lun*, pp.410-11.

<sup>31</sup> Zhang Jianzhi, "Dui Caijun Jiben Lilun Wenti de Tantaoyan" (An Exploration of Basic Theoretical Questions Concerning Disarmament), in *Guoji Caijun Douzheng yu Zhongguo* (The International Disarmament Struggle and China), Beijing: *Shishi Chubanshe*, 1987, pp.56-57.

<sup>32</sup> Pin Kefu, "The CCP Is Strengthening Its Nuclear Force", *Dangdai Zhongguo* (Contemporary China), Oct.-Nov., 1993, p.40.

researchers put forward that the SMF should achieve the following wartime operational tasks:

- i) *Militarily*, to destroy the enemy's strategic attack capabilities by striking its strategic missile bases and stockpiles, major naval and air bases, heavy troop concentrations, and strategic reserve forces; and to strike the enemy's strategic political and military command centres and communication hubs so as to paralyse its overall strategic system;
- ii) *Economically*, to inflict unacceptable damage to the enemy's economy and reduce its military potentials by striking its basic industrial including military industrial targets and selected political and economic centres; and
- iii) *Politically*, to create social chaos and to launch warning strikes in order to undermine the enemy's will to launch nuclear strikes, and thereby contain nuclear escalation and destroy the enemy's strategic intentions.<sup>33</sup>

Obviously, there were considerable gaps between those doctrinal targets and the Chinese nuclear capability as developed by the 1980s. Indeed, Chinese strategists argued that in order to improve the effectiveness of retaliation, China's nuclear force should be further developed by acquiring smaller, mobile, and more accurate strategic missiles with increased survivability as well as penetrability. It was also argued that such features as multiple-warhead delivery systems, mobile warhead, invisible warhead and missiles capable of detecting the ultra-sound vibrations emitted by an aircraft were all effective measures to break the enemy's defense system.<sup>34</sup> All these suggested that there would be a strong drive for China to continue nuclear testing and, thus, little desire to see a CTBT in the near future.

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<sup>33</sup> Wang Qi, "Hezhanlue" (Nuclear Strategy), in Peng and Wang, *Junshi Zhanlue Jianlun*, pp.166-9; Liu Zhenwu and Meng Shaoying, *Xiandai Jundui Zhihui* (The Command of Modern Military Forces), Beijing: *Guofang Daxue Chubanshe*, 1993, pp.392-402; and Yan Zhengfu, Lin Jiaqian, et al. *Kongzhong Liliang de Fazhan he Zuozhan Fangfa de Biange* (The Development of Air Forces and the Reform of Operational Methods), Beijing: *Jiefangjun Chubanshe*, 1994, pp.87-94.

<sup>34</sup> The Academy of Military Sciences, *Zhanlue Xue*, p.116; Ye Minglan (ed.), *Kongjian Zhanchang yu Dandao Daodan Liliang de Yunyong* (Space Battlefield and the Force Deployment of Ballistic Missiles), Beijing: *Jiefangjun Chubanshe*, 1994, p.90-91.

*Strategic Response to the CTBT Initiative:  
A Tentative Scale-down of the Modernisation Programme*

The issue of banning nuclear-weapon tests existed throughout the previous several decades. Since 1955 the UN General Assembly had adopted more than 50 resolutions calling for an end to nuclear-weapon testing. The issue had also been upheld as a priority in the Geneva arms control activities. But, before 1993, there had never been any negotiations involving all the five declared nuclear weapons states. The U.S., UK and the Soviet Union had conducted some trilateral talks and negotiations but without much success. That no substantial achievements had ever been made prior to the 1990s was primarily due to the lack of political will from the two major nuclear powers. With the absence of the necessary political will, the complex technical issues like verification of compliance and specific legal terms turned out to be insurmountable barriers. Also, the non-participation by China and France could not be discounted as a contributing factor to the stagnation of the issue.

The ending of the Cold War and the 1990 NPT Fourth Review Conference served to produce a fundamental change. With the end of the bipolar confrontation, combined with growing domestic economic and political pressures to reduce military budgets, the U.S. and the Soviet Union agreed to make deep reductions in their existing strategic nuclear forces. They also reached a consensus to dramatically scale down their respective strategic nuclear-weapon modernisation programmes. Meanwhile, the 1990 NPT Fourth Review Conference cast serious doubts about the prospect of the NPT regime at its Extension Conference scheduled in 1995. As examined in Chapter 4, during the Fourth NPT Review Conference, many non-nuclear-weapon states, especially the non-aligned states, raised their demands that all the nuclear-weapon states carry out effective nuclear disarmament measures in exchange for their nuclear non-proliferation commitment. To secure an extension -- most desirably an indefinite and unconditional one -- of the Treaty, there was an urgent need for all the nuclear weapon states to undertake solid nuclear disarmament measures meeting their treaty obligations contained in Article VI of the NPT. In particular, if an agreement on a CTBT could be reached prior to April 1995, a major source of complaint by the non-

aligned states at all previous NPT review conferences against the actions (or the lack of them) of the nuclear-weapon states would be removed.

Against this backdrop, in October 1991 the then Soviet leader Gorbachev took an initiative by announcing a one-year Soviet unilateral moratorium on nuclear testing. He also called on the other nuclear powers to negotiate a comprehensive test ban. France responded and officially announced in April 1992 that it would suspend its testing programme for the rest of that year. A turning point came in October the same year when the then U.S. President Bush signed Congressional legislation -- known as the Hatfield Amendment -- into law.<sup>35</sup> The law stated that the U.S. would halt nuclear testing for nine months from October 1, 1992; then it would hold 15 tests in the following three years; and after that, it would put a total ban on nuclear testing beginning September 30, 1996. The U.S. move effectively stopped further British testing since all British tests from 1962 onwards had been conducted jointly with the U.S. at the Nevada Test Site. During the Clinton-Yeltsin summit meeting in April 1993, a general consensus was reached between the two regarding the testing issue. Thus, negotiations toward a comprehensive test ban was in effect placed on the international arms control agenda. On July 3, 1993, Clinton announced that the U.S. would extend its moratorium for another fifteen months, provided other nuclear countries did the same. He also called on "the other nuclear powers to do the same",<sup>36</sup> and reiterated that the U.S. would push for the signing of a total ban by 1996.

The U.S. reversal of its policy in 1992 and the subsequent rapid development in the international arms control arena which led to the CD mandate in August 1993 raised serious challenges to Chinese security policy-makers. As seen by many Chinese security analysts and arms control experts, the reason for the U.S. being active in banning nuclear tests was

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<sup>35</sup> The Hatfield Amendment was one section in the U.S. FY 1993 Energy and Water Development Appropriations Act. For its text, see *Congressional Record*, Sept. 24, 1992, p.H9424.

<sup>36</sup> *SIPRI Yearbook*, 1994, p.650.

because the end of the bipolar confrontation had reduced the role of nuclear weapons in American national security. The U.S. proposal was criticised as an intention to perpetuate the U.S. nuclear superiority. Wang Ling, a prominent nuclear arms control analyst in the Institute of Contemporary International Relations, argued that both the U.S. and Russia had already accumulated sufficient experience and data on nuclear explosions.<sup>37</sup> The researchers in COSTIND's Information Center of Defense Science and Technology, a key player in influencing Chinese nuclear arms control policy, pointed out that the nuclear weapon stockpiles of the two major nuclear powers had already achieved a strong survivability. "They [the U.S. and Russia] can effectively retaliate after suffering the first strike. And, for them, mock non-nuclear explosions in laboratories are sufficient and thus real nuclear tests are not needed any more."<sup>38</sup>

These comments were understandable given the fact that China at the time was still striving for a "credible" limited deterrent. For China at the time, nuclear test was an important way of collecting nuclear data. Its small number meant that China had collected limited nuclear data important for designing new nuclear devices. Chinese nuclear scientists saw that there was much more work which needed to be done in the area of nuclear data collection, although, they claimed, most of the data they already possessed were comparable to that collected from the same type of tests carried out by other nuclear-weapon states.<sup>39</sup> In this context, reaching a CTBT would restrict China's ability to develop a wide range of warhead designs (though not necessarily new delivery systems) and thus would restrict the viability of the Chinese nuclear deterrent.

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<sup>37</sup> Wang Ling, "Why Is the US Active in Banning Nuclear Tests?", *BR*, Sept. 13-19, 1993, p.8. The interviews I made during my field-trip to Beijing in November 1994 revealed that this view was then prevalent among the Chinese security community.

<sup>38</sup> Zhao Jingzeng, Pan Jushen and Liu Huaqiu, "Shijie Junkong yu Caijun Xingshi Fengxi" (An Analysis on International Arms Control and Disarmament), *CONMILIT*, Mar. 1996, p.15.

<sup>39</sup> Li Jue, et al., *Dangdai Zhongguo de Hegongye*, p.370.

The above Chinese technical competitive approach aside, it was also difficult for many Chinese analysts to accept the perceived US practice of its hegemonic power by which the U.S. "arbitrarily" set universal rules that other countries had to abide by.<sup>40</sup> As seen by them, for years it had been the US that had blocked the commencement of negotiations of a CTBT (which China had said it would join if an *ad hoc* group was established) which the various US administrations saw as not compatible with the overall US security interests. Following the end of the Cold War, because the U.S. did not require nuclear tests any more, it would then demand other countries to follow suit by stopping nuclear testing and upgrading. Under this perception, many Chinese analysts felt it was not fair and thus harboured an instinct resistance against the reach of a total ban at a speed preferred by the U.S. A young researcher from the Chinese People's Association for Peace and Disarmament (CPAPD), a national umbrella organisation for China's arms control activities, made the following remarks in 1994, "For years, other countries have wanted to stop nuclear tests but the Americans have blocked the development. Now they [the Americans] don't need nuclear tests any more, and want others to stop, too. How can we accept this kind of logic?!"<sup>41</sup> When asked about the issue, a senior official from the MFA responsible for arms control affairs did not hesitate to say, "It is containment! The U.S. and some other Western countries are fearing of a China that is growing daily stronger. They see us as a threat, and want to at least slow down our development."<sup>42</sup>

Despite these wide-spread confrontational perceptions and sentiments, which persisted throughout the course of CTBT negotiations, officially, Beijing took a more diplomatic line. In the fall of 1993, a willingness to participate in CTBT negotiations was indicated by Beijing. On September 29, then Foreign Minister Qian Qichen stated at a meeting of the UN General Assembly that China supported "an early start of negotiations for a comprehensive

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40 Impression gained from interviews, Nov. 1994 - Jan. 1995.

41 Personal communication, Dec. 1994.

42 Interview with Sha Zukang, then Deputy Director General of the MFA's Department of International Organisations & Conferences, Nov. 1994.

nuclear test ban treaty."<sup>43</sup> This indication was made one week before a Chinese nuclear test on October 5, amidst a nuclear moratorium practised by all the other nuclear-weapon states. In a statement defending the test, Beijing also announced a more specific policy towards the CTBT issue. It was stated that China would "take an active part in the [CTBT] negotiating process and work together with other countries to conclude this treaty no later than 1996".<sup>44</sup> The new position was a clear reversal of Beijing's long-standing insistence that a test ban treaty could only be concluded within the framework of a complete prohibition and thorough destruction of nuclear weapons. However, the statement contained no intention to assume a Chinese nuclear moratorium. In fact, it stated that China would carry out no more nuclear tests after a treaty had been concluded and had come into effect, though leaving open the possibility of explosions beyond 1996.

In defending its latter tests following the October 1993 one, Beijing repeatedly claimed that the tests were for the purpose of ensuring the safety and reliability of the existing stockpile.<sup>45</sup> But, as one senior Russian official noted in 1996, "Arguments about ensuring warhead reliability through testing are often used to conceal an aggressive counterforce strategy and the 'third generation' weapon concept."<sup>46</sup> The comment was made without special reference to China's case. The purpose for the quote here is merely to lead to the following question: What did the above Beijing's policy development indicate about China's nuclear-weapon programme?

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<sup>43</sup> *BR*, Oct. 11-17, 1993, p.10.

<sup>44</sup> *Statement by the Government of the People's Republic of China on the Question of Nuclear Testing*, *RMRB*, Oct. 6, 1993, p.1.

<sup>45</sup> Dingli Shen, "Toward Early Cessation of Nuclear Weapons Testing", *Pacific Review*, Vol.7, No.4, Nov. 1994, p.3, p.4; Robert Karniol, "China Increases Test Total Before Treaty", *JDW*, Apr. 8, 1995, p.3.

<sup>46</sup> Sergei V Kortunov, Director of the Department for Export Control, Conversion and Military-Technical Cooperation of the Russian Ministry of Foreign Affairs. Cited in Eric Arnett, "Nuclear Weapons After the Comprehensive Test Ban", *SIPRI Yearbook*, 1996, p.326.

## **A Tentative Scale-Down of the Modernisation Programme**

If what was analysed in the section "The Gap between Doctrinal Targets and Existing Capability" which revealed the Chinese long-term vision for possessing a credible "limited deterrent" could serve as a measure, then, technically speaking, China in 1993 was far from being ready yet to adopt a comprehensive test ban in the foreseeable future. What, then, did Beijing's publicly announced commitment to reaching a CTBT no later than 1996 indicate about Chinese nuclear plans?

Around the time when the concept of "limited deterrence" was developed in mid-to-late 1980s, China's nuclear modernisation programme was involved in upgrading the first generation arsenal toward a second generation one and beyond. Directly related to nuclear testing, a priority of the modernisation programme had been placed on the upgrading of the liquid-fuelled ballistic missiles -- which were stored in fixed silos -- into solid-fuelled mobile ones.<sup>47</sup> This was aimed at improving the flexibility of the Chinese nuclear force and increasing China's targeting options in a nuclear conflict. At the time, the mainstay of the DF missiles (the backbone of China's strategic strike forces) that were in service -- DF-3, DF-4 and DF-5 -- were all liquid-fuelled. As examined earlier, they have reasonable capability of hitting soft, countervalue targets. But they are slow in response, taking a time of two hours or more to react.<sup>48</sup> Moreover, their vulnerable basing in the event of a surprise attack, long radar cross-sections and poor accuracy rendered them increasingly obsolete. Due to the country's overall financial situation and the national priority of economic development, it would be a costly job to build brand new types of missiles. Against this background, the SMF decided that to revise and to improve the functions of existing types of missiles would be the most cost-effective method to increase the operational capability of

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<sup>47</sup> See Zhang Aiping, *Zhongguo Renmin Jiefangjun* (Contemporary China: The PLA), Beijing: *Dangdai Zhongguo Chubanshe*, 1994, Vol.1, p.525-6.

<sup>48</sup> The DF-3 and DF-4 have reaction times of one hour and 50 minutes, and two and a half hours respectively; the reaction time for the DF-5 is less.

China's strategic forces.<sup>49</sup> The CMC, then headed by Deng Xiaoping, ratified a general plan by the SMF to revise the liquid-fuelled DF-3, DF-4 and DF-5 missiles into solid-propellant DF-21, DF-31, and DF-41 ones with possible longer ranges of delivery.<sup>50</sup> Solid-fuelled mobile missiles would reduce the response time and improve the survivability of Chinese nuclear forces, though works were required to compensate the reduced accuracy and reliability due to mobility.<sup>51</sup> The upgrading work was termed by PLA researchers as "*waqian zengcheng*" (挖潜增程, to tap potentialities and extend ranges).<sup>52</sup>

In the meantime, as it was researching and developing solid-fuelled rockets, the SMF was also seeking to develop new warheads smaller in size but higher in yield-to-weight ratio for the new updated missiles.<sup>53</sup> This was part of a wider effort to maintain a credible Chinese nuclear deterrence in a fast changing international technical environment. The effort was in specific reference to the possible development of ballistic missile defense (BMD) by the United States. China had long opposed the U.S. Strategic Defense Initiative (SDI),<sup>54</sup> the implementation of which would render the small Chinese nuclear force impotent.

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<sup>49</sup> See Zhang Jiajun and Sun Jinhan, "Zhuzhao Heping zhi Dun" (To Cast the Shield of Peace), *Liaowang*, No.29, 1997, p.6.

<sup>50</sup> Wang Yongzhi, *Hangtian Dashiji* (Chronicle of the Major Events of China's Aerospace Industry), Beijing: *Hangtian Gongyebu Diyi Yanjiuyuan*, 1987, pp.265-72. Wang was the chief designer for the new series of missiles.

<sup>51</sup> Zhang Aiping, *Zhongguo Renmin Jiefangjun*, Vol.1, p.528; and Xing Qiuhe, "Zili Gengsheng Fazhan Woguo de Gutu Ranliao Huojian" (Develop Our Country's Solid Rocket Programme on the Basis of Self-Reliance), in Nie Li and Huai Guomo (chief eds.), *Huigu yu Zhanwang: Xin Zhongguo de Guofang Kejigongye* (Retrospect and Prospect: New China's National Defense Science and Technology Industries), Beijing: *Guofang Gongye Chubanshe*, 1989, p.281.

<sup>52</sup> For a Chinese study of related technologies, see Zhu Ruhua, "Zengda Huopao Shecheng de Jishu Tujin" (Technical Ways to Extend the Range of Artillery), *CONMILIT*, July 1995, pp.11-13.

<sup>53</sup> Xu Guangyu, et al., "Zhanqiu Hezhanzheng de Kenengxin ji dui Wojun Zhanyi zuo de Yingxiang" (The Possibility of Theatre Nuclear Warfare and Its Impact on Our Army's Campaign Operations), in *Tongxiang Shengli de Tansuo* (Explorations of the Path towards Victory), Beijing: *Jiefangjun Chubanshe*, 1988, pp.1085-1106.

<sup>54</sup> See, for example, Cheng Dongquan and Huang Zhen, "Banning ASAT Weapons", Paper presented at the "13th ISODARCO Summer Course on Disarmament", in Carlo Schaerf, *Space and Nuclear Weaponry in the 1990s*, Basingstoke: MacMillan, 1992, pp.39-46. Cheng was then a senior researcher at the IAPCM.

Traditionally, the easiest way to preserve one's nuclear deterrence credibility under the challenge of ballistic missile defense was to increase significantly the number of ballistic missile warheads through MIRVing.<sup>55</sup> The U.S. and the Soviet Union did so in the 1970s. In the 1980s and 1990s, China was taking the same road to deal with the seemingly unavoidable technical challenge.<sup>56</sup> Smaller warheads would enable the SMF to develop and deploy MIRVs should Beijing perceive a need for a significant increase in the number of deployed warheads to overwhelm a ballistic missile defense system. In this connection, to try to preserve its nuclear deterrence credibility was a critical reason for China to develop a second generation solid-fuelled mobile missiles with smaller but more powerful and more accurate warheads.

The research and development (R & D) of the new generation ballistic missiles, which was code named the "*Changcheng Xilie Gongcheng*" (the Great War series of project), had been undertaken since the mid-1980s. By 1986, the SMF had accomplished DF-21, which entered first-line service in 1988. At the time when the CTBT initiative was launched by the U.S. and other nuclear-weapon states, DF-31 and DF-41 were still under the R & D process. According to the general design plans, both the DF-31 and DF-41 would be three-staged missiles. The DF-31 would be a mobile land-based version of the JL-2 SLBM, capable of carrying a 700-kg payload over a range of 8,000 km. It would be able to reach Europe or the west coast of the United States. The intended maximum range for the DF-41 -- expected to carry MIRVs -- was 12,000 km, making it able to reach the continental United States.<sup>57</sup> Both the DF-31 and DF-41 would be stored in caves in peacetime and

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<sup>55</sup> Robert Norris, "French and Chinese Nuclear Weapon Testing", *Security Dialogue*, Vol.27, No.1, Mar. 1996, p.50.

<sup>56</sup> See Zhang Jun (chief ed.), *Dangdai Zhongguo de Hangtian Shiye* (Contemporary China's Space Industry), Beijing: *Zhongguo Shehuikexue Chubanshe*, 1986, pp.205-8, p.279; "Zhongguo de Heliliang yu Hezhence", in Qi Xueyuan, *Shijie Youhe Guojia de Heliliang yu Hezhengce*, p.139.

<sup>57</sup> Zhang Aiping, *Zhongguo Renmin Jiefangjun*, Vol.1, pp.525-7; Bao Zhongxing, "Jianshe Tianjun Gouxiang" (The Initial Design for the Creation of a Space Army), in NDU (ed.), *Jundui Xiandaihua de Sikao*, pp.420-42; Wang Yongzhi, *Hangtian Dashiji*, pp.488-506; and John Wilson Lewis and Hua Di, "China's Ballistic Missile Programs: Technologies,

moved on trucks to a pre-selected launching site for rapid response in times of crisis. Western experts once believed that their whole-range upgrading was not likely to be accomplished well before early next century.<sup>58</sup>

As analysed in Chapter 3, the 1991 Gulf War gave a strategic "shock" to the elder generation of the PLA strategists and officials who were used to old types of warfare and war means. Consequently, the SMF strengthened its efforts in the Great War series of project. The upgrading was further put on top of the modernisation agenda with the new challenge of an impending CTBT. In the wake of Washington's announcement in October 1992 of its Hatfield Amendment, which stated that the U.S. would put a total ban on nuclear testing beginning September 1996, the CMC held a series of meetings between then and December to work out a proper Chinese response. Jiang Zemin, then already CMC chairman, and Yang Shangkun, then China's President and CMC vice chairman, were present at a number of the meetings. In the following several months, Jiang Zemin visited the SMF quite a few times.<sup>59</sup> New instructions to speed up the upgrading process using modern science and technology were issued, with the appropriation of a "speed-up fee" of several hundred millions of Chinese *yuan*. In his speeches delivered at the SMF, Jiang encouraged the staff members there to carry on the "*liangdan yixing*" (两弹一星) spirit of the older generation and to build a competent Chinese strategic missile force in the new high-tech era.<sup>60</sup> Against this background, Lieutenant General Yang Guoliang, the newly appointed commander-in-chief of the SMF, ordered to have a "*keji jituanjun*" (科技集团军

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Strategies, Goals", *International Security*, Vol.17, No.2, Fall 1992, pp.28-29.

<sup>58</sup> See, for example, Norris, et al., *British, French, and Chinese Nuclear Weapons*, pp.372-3.

<sup>59</sup> Information gained from a number of interviews with PLA researchers, Beijing, Jan. 1995.

<sup>60</sup> *Liangdan* refers to the atomic bomb and missile, whereas *yixing* refers to satellite. By referring to their successful development in the 1960s and early 70s, the connotation of the expression is a reliance mainly on China's own efforts for innovation in defense science and technology, though it does not mean to close the door to foreign technology and ideas.

, a group army of science and technology) organised. More than ten specialists from different disciplines and subjects gathered together to tackle the new upgrading task.<sup>61</sup>

While it was difficult to know the exact details of the new plan, what could be revealed was that the SMF was striving for accomplishing the Great War series of project. After indicating a support in September 1993 for concluding a CTBT no later than 1996, Chinese officials said in early 1994 that China would hold "five or six" more tests "to ensure the safety and reliability of the existing arsenal "before the proposed conclusion of a CTBT by the end of 1996."<sup>62</sup> These public statements indicated on the one hand a willingness to put a tangible and a most binding limit on future Chinese nuclear modernisation programmes and, on the other, an intention to accomplish the present on-going upgrading project before a CTBT. Prior to Beijing's public announcement, the SMF suggested, based on various feasibility reports conducted during the previous few months, to the CMC that there was a possibility to achieve the project in three or four years, hopefully, by the proposed deadline for reaching a CTBT. During an interview in November 1994, a senior PLA arms control analyst said to me, "You can tell them [the Westerns], by September 1996, we will have achieved our objective!"<sup>63</sup>

Although Pan sounded very confident, in fact, there were some risks involved in Beijing's public announcement. According to a Western calculation, on average, it took China 6-7 tests to develop a new type of warhead.<sup>64</sup> The October 1993 test was, needless to say, part of the series of tests required for the second generation ICBMs, though it was less clear whether it was for DF-31 or DF-41. If it was for the latter, five or six more tests should be relatively sufficient for the SMF to accomplish the whole upgrading project. If it was for the

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<sup>61</sup> Zhang and Sun, "Zhuzhao Heping zhi Dun", p.6.

<sup>62</sup> Robert Karniol, "China Increases Test Total Before Treaty", *JDW*, Apr. 8, 1995, p.3.

<sup>63</sup> Pan Zhenqiang, director of the NDU's Institute for Strategic Studies, Beijing, Nov. 1994.

<sup>64</sup> Robert Norris, "French and Chinese Nuclear Weapon Testing", p.45.

DF-31, the planned number of five or six more tests would still make it possible for the Chinese to achieve DF-41. Technically, with accumulated experience and knowledge, the learning curve tends to flatten out as confidence and computer power increase.<sup>65</sup> This means the number of necessary tests for China to develop a new type of warhead might have been incrementally decreased and would perhaps now require less than five or so tests to develop a new design. Still, there were certain risks involved and some backups were needed to ensure the successful completion of the whole project. This could explain why Beijing in the meantime left open the possibility of conducting more nuclear tests before a CTBT came legally into effect.

The task of developing the second generation ballistic missiles before a total test ban appeared to be critical for Chinese strategists and military planners orienting towards future warfare under high-tech conditions. For them, the success of the whole upgrading project would represent a significant improvement of the Chinese nuclear deterrent. Still, the achievement would only be China's second generation nuclear weapons, and a CTBT would considerably limit China's options to develop new types of warheads. Although as of 1993, a CTBT was only at its very beginning stage without any guarantee of its scheduled birth in September 1996, the general trend was clear. The end of the Cold War aside, the U.S. push for a CTBT served to make all the difference as compared to efforts for a total ban in the previous four decades. What, then, had enabled Beijing to emplace a specific limit -- no matter how tentative it may be -- on its nuclear modernisation programme and thus to participate in the CTBT negotiating process, despite the various unfavourable systemic and technical drives as analysed in the previous section?

First of all, as has been shown in the proceeding analysis, a CTBT had become a high priority for the international community following the NPT Fourth Review Conference. By 1993, international support for a CTBT had become virtually universal. In this connection,

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<sup>65</sup> *Ibid.*

similar to the NPT case, to act against the popular global demand would do no help for China's national priority of economic modernisation. The need for a peaceful international environment requires China to present a non-threatening international image, thus, to act in a way contributing to, instead of obstructing, the development of international peace and security. Added to this structural requirement, which had existed since the late 1970s in parallel development with Beijing's new economic reform policy, was the human rights issue. Every year since 1990, the U.S.-led Western powers had tried to pass a resolution in the UN Commission on Human Rights criticising Beijing's human rights records and its treatment of Tibet. Although the human rights conditions in China in the 1990s were much improved as compared to that in the previous several decades, for various reasons, Beijing's human rights record was scrutinised internationally, especially by the Western media, ever since Tiananmen. On various diplomatic occasions in its conduct of foreign relations and in international organisations, Beijing had to respond, either defensively or offensively, to foreign criticism of its human rights abuses. Consequently, it had become a serious foreign policy issue for the leadership in Beijing.<sup>66</sup> In this regard, to act against the global demand of a comprehensive nuclear test ban would certainly not help Beijing in its effort to enlist support from the rest of the world in countering the Western pressures on its human rights record.

Meanwhile, developments in international politics at the conclusion of the Cold War produced new positive perspectives in Chinese security elites' outlook. These new perspectives served to contribute to Beijing's strategic decision to scale down China's nuclear modernisation programme. The most important one was the Chinese view about the changing force of international politics in the post-Cold War era. As has been analysed in detail in Chapter 3, Chinese security elites in general saw an increasing importance for

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<sup>66</sup> For a helpful study in this area, see John F. Copper, "Peking's Post-Tiananmen Foreign Policy: The Human Rights Factor", in Bih-jaw Lin and James T. Myers (eds.), *Contemporary China in the Post-Cold War Era*, Columbia, South Carolina: The University of South Carolina Press, 1996, pp.328-49.

national economic security in world politics in the new era. As seen by them, "the changed international political dynamics was reflected in almost all the major powers' new security policies." "Almost universally," he observed, "economic security has become the top priority of national security; and military development is subject to the need of economic development."<sup>67</sup> There should be no doubt that this perspective on the changing force of international politics served to reduce the relative importance of nuclear weapons in national security when Chinese leaders were making a strategic choice.

In a parallel development of the perceived increasing importance of economic security, the rapid and substantial progress in the U.S.-Soviet/Russia nuclear arms control between 1990 and 1993 served to show a marginalization of nuclear weapons in international politics. For Chinese observers, the signing of the START I (1991) and START II (1993) was clear evidence of the reduced role of nuclear weapons in national defense and the importance of economic strength. In then Foreign Minister Qian Qichen's words, "People recognize more and more that in today's world, blindly craving increased military strength is not the way. A country's rise or fall depends more now than ever before on the strength or weakness of a multitude of power elements that make up comprehensive national strength, especially economic and technological development."<sup>68</sup>

The unilateral arms control measures taken by the U.S. in the form of abandoning its 10-year-old SDI was seen by Chinese observers as especially illustrating the point. As analysed by Wan Changjiang, a prominent commentator on international military affairs in Beijing, there were three main reasons for Washington abandoning the SDF. First of all, the changed strategic requirement meant that the world military situation had changed fundamentally. With the collapse of the Soviet Union and the Warsaw Pact, the threat of a massive strategic nuclear missile attack on the U.S. no longer existed, thus, the undesirability of

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<sup>67</sup> Pan Zhengqiang and Xia Liping (chief eds.), *Shijie Junshi Da Qushi* (World Military Trend), Beijing: *Guofang Daxue Chubanshe*, 1994, p.12.

<sup>68</sup> Qian Qichen, *RMRB*, Sept. 30, 1993, p.2.

making a "flawless" strategic defense system existed. Second, technical obstacles were present. Although certain progress had been made, there were still many difficult and unpredictable technical problems to resolve for the development as well as deployment of such a huge ballistic missile defense system. And third, there were financial burdens. The SDF had already cost US\$35 billion but remained far away from the goal of building a defense system which could deal with long-range ballistic missiles. The continuation of the project would put an unbearable burden on the U.S. economy which was [at the time] in a sluggish situation.<sup>69</sup> These Chinese observations of the U.S.'s reduced efforts in armament, together with the substantial progress made in nuclear arms control by the two nuclear superpowers, in turn mitigated the Chinese demand for nuclear armaments. This linkage can be detected in a Chinese argument voiced by Sha Zukang, the Chinese Ambassador to the CD and Head of the Chinese delegation at the CTBT negotiations in Geneva. Sha stated that the nuclear arms reduction by the two nuclear superpowers had served to lay the ground for the commencement of CTBT negotiations.<sup>70</sup>

It would certainly not be sufficient to explain Beijing's strategic decision to scale down the Chinese nuclear modernisation programme without mentioning the critical influence played by changes in the French nuclear policy. As examined earlier, the Chinese concept of "limited deterrence" emerged based almost entirely on a recognition of the suitability of the French-style nuclear deterrence for developing the Chinese nuclear deterrent. Because of this connection, any new development in French nuclear policy would inevitably have an impact on the Chinese nuclear thinking. In this regard, it can be said that France has served as a mentor for Chinese security elites. PLA strategists noticed that a new nuclear deterrence concept was put forward by the French in 1991/1992. They noticed that in France's 1992 national defense budgetary report, the old criterion of "limited sufficiency" for French nuclear programme was replaced by a new concept of "basic sufficiency". The

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<sup>69</sup> Wan Changjiang, "Meiguo Weihe Jueding Fangqi 'Xingqiu Dazhan' Jihua" (Why the U.S. Decided to Abandon the SDF), *Liaowang*, May 31, 1993, p.60.

<sup>70</sup> Sha Zukang's statement at the CD Plenary, Mar. 28, 1996, *CD/PV.733*.

new concept was interpreted by Chinese analysts as somewhat leaning towards a "minimum deterrence".<sup>71</sup> Such a Chinese perception was supported by the subsequent decision by Paris to reduce its nuclear budget and drastically scale down its nuclear development programme.<sup>72</sup> Therefore, the French new nuclear posture should not be neglected as an important influential factor contributing to Beijing's strategic decision made in 1992/1993.

Another factor also needs to be mentioned which might have contributed to Beijing's decision to take part in the negotiations was the doubt held by some Chinese nuclear analysts about the possibility of success of the negotiations, or at least about whether an agreement could be reached within the scheduled time frame.<sup>73</sup> This Chinese doubt was based both on the difficult history of major multilateral arms control negotiations in general and the complex technical issues involved in CTBT negotiations in particular. At the time of my field trip to Beijing from November 1994 to January 1995, the majority of Chinese arms control security analysts and arms control specialists perceived it was very likely that a CTBT would be reached by September 1996, but some analysts were still very doubtful. One analyst who used to be in the Ministry of Foreign Affairs and had frequently participated in negotiations conducted in CD said, "Negotiations of a CTBT involve many technical problems. For instance, a nuclear test with a yield less than 1 ton [TNT equivalent] would not produce earthquake waves like one with a yield of over 1 ton [TNT equivalent] would do. Therefore, such a test won't be able to be detected and thus verified. Since it is supposed to be a total ban, then those tests under 1 ton should also be banned. But if you can't verify it, how can you prohibit it? It seems it's not an easy problem to solve. Each side

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<sup>71</sup> The Academy of Military Sciences (ed.), *Shijie Junshi Nianjian* (World Military Yearbook), 1993/1994, Beijing: *Jiefangjun Chubanshe*, 1994, p.181.

<sup>72</sup> Xia Liping and Wen Zhonghua, "Beiyue yu Xiou Zhuyao Guojia Junshizhanlue de Tiaozheng yu Qushi" (Adjustments and Trends of the Military Strategies of NATO and Major Western European Countries), in Pan and Xia (chief eds.), *Shijie Junshi Daqushi*, pp.244-7.

<sup>73</sup> A point based on interviews and personal communications with MFA's security analysts and arms control experts, Beijing, Nov. 1994 - Jan. 1995.

has its own views. There are still many difficulties to overcome before we can reach a CTBT by 1996."<sup>74</sup>

Du Xiangwan, Deputy Head of the Ninth Academy and a leading expert in nuclear technology, and Li Bin, a researcher in the Academy who held a doctorate in nuclear physics under Du, gave a more balanced analysis in late 1994. In their view,

"Because every NWSs and many NNWSs agree and support the negotiations of a total nuclear test ban, there is much possibility to reach a CTBT in the next two years or so. But, there also exists a possibility of unsuccessful negotiations. There are two main reasons for it. On the one hand, it is due to the technical difficulties in the test ban negotiations. On the other, the multi-party politics in the Western countries could affect the negotiations. ..."<sup>75</sup>

They further analysed,

"Even if a CTBT can be reached in the foreseeable future, there are some uncertain elements in the specific content of a treaty, such as the scope of prohibition, verification arrangements, the time frame for the treaty, etc. All these issues have a close relationship with the interests of each negotiating state, and each state's attitude is not all the same with each other. ... After the reach of a treaty, the development of each country's technology could raise new challenges to the interpretation of the treaty text. It may cause new disagreements and controversies and, thus, produce fluctuations in nuclear test prohibition. Only with total prohibition and thorough destruction of all nuclear weapons can we avoid this kind of fluctuations, can we totally eliminate the danger of nuclear weapons to the mankind."<sup>76</sup>

The appreciation of the difficulties involved in the negotiations notwithstanding, the perceived possibility of unsuccessful negotiations should not have served to produce a

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<sup>74</sup> Interview with a senior researcher in the Institute for International Studies, Dec. 1994.

<sup>75</sup> Li Bin and Du Xiangwan, "Jingzhi Heshiyan" (To Ban Nuclear Test), in Pan (chief ed.), *Guoji Caijun yu Junbei Kongzhi*, p.129.

<sup>76</sup> *Ibid*, p.130.

Chinese negligence of the seriousness of a possible agreed total ban. It is the nature of national security policy makers to prepare for the worst case scenarios. This in part explains Beijing's press through of a series of pre-planned nuclear tests amidst widespread international protest and various political, diplomatic pressures. The following analysis focuses on identifying the possible linkage between China's perceived vital strategic interests and the country's external economic interests.

### *Vital Strategic Interests vs. External Economic Interests*

China's October 5, 1993 test came amidst a moratorium on testing observed by all the other four nuclear powers (see Table 5-3) since September 1992, and at a moment when a mandate was given to the CD for commencing negotiations of a CTBT. It thus drew a world focus of critical attention. Many states voiced disappointment that nuclear testing had been resumed by China.<sup>77</sup> There were fears that the Chinese tests might prompt other nuclear weapons states to break their moratorium and resume testing, which would no doubt be a setback for the CTBT momentum. Indeed, the U.S. President Bill Clinton, while deeply regretting the test and urging China to refrain from future tests, ordered the U.S. Department of Energy to take such actions as might be necessary to put the U.S. in a position to be able to conduct nuclear tests in 1994. Russia, while declaring its intention to continue to adhere to the moratorium, stated to retain the right to reconsider its decision in the event of a further unfavourable development of the situation in the testing area. France in particular hinted at possible policy changes with regard to its ongoing moratorium.<sup>78</sup> These negative reactions might had been within the expectations of the policy-makers in Beijing, which explains Beijing's simultaneous indication, while defending the test, that

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<sup>77</sup> Though China had never announced any moratorium. The previous Chinese test was made on Sept. 25, 1992, two days after the U.S.'s last test.

<sup>78</sup> Source of these information: *The United Nations Disarmament Yearbook*, Vol.18: 1993, p.50.

China would take an active part in the negotiating process and work together with other countries to conclude the treaty no later than 1996.

**Table 5-3. Dates of Last Nuclear Test by Former USSR (Russia), France, UK and USA**

Country:	USSR*	France**	UK	USA
Time:	Oct. 24, 1990	July 15, 1991	Nov. 26, 1991	Sept. 23, 1992

Note: \* The Russian Federation did not conduct any test.

\*\* France resumed its testing in September 1995 and ended it in January 1996.

Source: *The United Nations Disarmament Yearbook*, Vol.19: 1994, p.44.

Since then, China conducted, as had been planned, six more tests before the conclusion of the CTBT negotiations in September 1996 (Table 5-4 gives a list of the whole known Chinese nuclear explosions). Each time, it would prompt a loud cry from international public media as well as criticisms from foreign officials and governments. There were comments like China's continued testing "sends signals to the rest of the world that they are still back in the Cold War, and developing a first strike capability."<sup>79</sup> It was asserted that China's "ambitious conventional military and nuclear modernisation programmes carry important implications for Asian and global security. The current modernisation programme seeks to build a capability for China to project power far beyond its frontiers."<sup>80</sup> These comments did little for the peaceful image that Beijing had been striving for. No China observer would fail to note the theory of "China threat" since late 1992 and its political pressures exerted on Beijing.<sup>81</sup> Beijing had tried hard to expel the theory,

<sup>79</sup> Gary Milhollin of the Wisconsin Project on Nuclear Arms Control. Cited in *Pacific Research*, Vol.5, No.3, Oct. 1993, p.26.

<sup>80</sup> Brahma Chellaney, "The Dragon's Rise: Implications of China's Military Build-up", *Pacific Research*, Vol.7, No.2, May 1994, p.10.

<sup>81</sup> The British journal *The Economist* published a special survey article on its issue of Nov. 28th - Dec. 5th 1992 entitled "When China Wakes". It reminded the world of Napoleon's warning a century ago "to let China sleep". This article was seen by Chinese security analysts as an origin of the "China threat" theory. See Yan Xuetong, "Lengzhanhou Zhongguo de Duiwai Anquanzhanlue" (China's Post-Cold War External Security Strategy),

claiming it was a Western "groundless rumour" intended to drive an edge between China and its neighbours so as to promote a containment strategy against China.<sup>82</sup> The theory being ill-intended or not, China's continued testing only served as "evidence" to support the theory and its related arguments about China's strategic intention of power projection.<sup>83</sup> Over time, China had come to be seen as a serious obstacle for reaching a CTBT as well as a destabilising factor causing regional fears and the escalation of the arms race. Therefore, there was no reason not to believe that Beijing was then facing strong international pressure to halt the testing. Indeed, Chinese delegations in the CD participating in the CTBT negotiations was under repeated fire each time when China carried out a test.<sup>84</sup> Also, it was revealed that top Chinese state leaders did not want to personally confront such international pressures like protests, public demonstrations, as well as criticisms from foreign officials and governments. When planning a foreign visit, they would give instructions that no test was to be conducted during the time of their foreign stay.<sup>85</sup>

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Xiandai Guoji Guanxi, Aug. 1995, p.23.

<sup>82</sup> See, for example, Huai Chengpo, " 'Zhongguo Weixie Lun' de Beihou" (Motivations Behind the "China Threat" Theory), *RMRB* (OE), Feb. 17, 1993, p.6; Hu Ping, "China Constitutes No Military Threat", *BR*, Nov. 21-27, 1994, p.22; and "Beijing Tongchi Zhongguo Weixie Lun" (Beijing Strongly Condemns the China Threat Theory), China Weekly (of New Zealand Herald), Oct. 10, 1996, p.1.

<sup>83</sup> For some of these arguments, see Larry M. Wortzel, "China Pursues Traditional Great-Power Status", *Orbis*, Vol.38, No.2, Spring 1994, pp.157-75; Denny Roy, "Hegemon on the Horizon?: China's Threat to the East Asian Security", *International Security*, Vol.19, No.1, Summer 1994; and Barry Buzan and Gerald Segal, "Rethinking East Asian Security", *Survival*, Vol.36, No.2, Summer 1994.

<sup>84</sup> Though, strong criticism came mostly from Western non-nuclear weapon states rather than from the non-aligned states.

<sup>85</sup> Personal communication with a nuclear physicist in Beijing in Dec. 1994.

**Table 5-4. Known Chinese Nuclear Explosions, 1964-1996**

1	Oct. 16, 1964	24	Oct. 14, 1978
2	May 14, 1965	25	Dec. 14, 1978
3	May 9, 1966	26	Sept. 13, 1979
4	Oct. 27, 1966	27	Oct. 16, 1980
5	Dec. 28, 1966	28	Oct. 5, 1982
6	June 17, 1967	29	May 4, 1983
7	Dec. 24, 1967	30	Oct. 6, 1983
8	Dec. 27, 1968	31	Oct. 3, 1984
9	Sept. 23, 1969	32	Dec. 19, 1984
10	Sept. 29, 1969	33	June 5, 1987
11	Oct. 14, 1970	34	Sept. 29, 1988
12	Nov. 18, 1971	35	May 26, 1990
13	Jan. 7, 1972	36	Aug. 16, 1990
14	March 18, 1972	37	May 21, 1992
15	June 27, 1973	38	Sept 25, 1992
16	June 17, 1974	39	Oct. 5, 1993
17	Oct. 27, 1975	40	June 10, 1994
18	Jan. 23, 1976	41	Oct. 7, 1994
19	Sept. 26, 1976	42	May 15, 1995
20	Oct. 17, 1976	43	Aug. 17, 1995
21	Nov. 17, 1976	44	June 8, 1996
22	Sept. 17, 1977	45	July 29, 1996
23	March 15, 1978		

Sources: "Zhongguo de Hewuqi Shiyan" (China's Nuclear Tests), in Qi Xueyuan (ed.), *Shijie Youhe Guoji de Heliliang yu Hezhengce* (Nuclear Forces and Nuclear Policies of the Nuclear-Weapon States in the World), Beijing: *Junshi Kexue Chubanshe*, 1991, pp.238-9; *SIPRI Yearbook*, 1996, p.658; 1997, p.434.

Apart from the international political pressure, Beijing also faced considerable international economic pressure to halt the testing. The spread of the "China threat" theory combined with the possibility of a U.S.-led Western containment policy against China no doubt did not help Beijing in its seeking of external economic interests, for example, foreign investment. Though it is impossible to sufficiently prove this point empirically, it is plausible to assume that without the political uncertainty linked with the possible Western containment, more foreign capital would have flowed into China's market in the several years before 1997.

In this regard, a similar point could be made on the case of China's bid to join the GATT and later WTO. China started to apply to rejoin the GATT in 1986. Sessions of negotiations had been regularly held in Geneva since 1987. But as late as 1992, China remained a non-member. Although the process was delayed by the Tiananmen crackdown and affected by the issue over Taiwan's GATT application, by late 1992 Beijing had become rather hopeful that China's seat could be restored in early 1993. But the bid failed. Then it lost again in its bid to join the WTO as a founding member in December 1994. As of the end of 1996, China's WTO membership remained a difficult issue for Beijing. Over time, Beijing realised that the problem was not simply a trade issue. More profound political and strategic elements were involved.<sup>86</sup> And an important such element was the U.S. strategic concern over a rising China. As one Chinese analyst argued, the lack of political support from the U.S. was the root cause for China's repeat failure of its bid for GATT membership.<sup>87</sup> It was argued that the primary reason for the U.S. obstruction was, among others, to slow down China's development since a China that was growing stronger economically as well as militarily posed an increasing challenge to the U.S. hegemonic power in the Asia-Pacific region.<sup>88</sup> It appeared that those views were widely shared among Chinese analysts. There was no reason to believe that Chinese policy-makers did not see any point contained in those arguments. In other words, it would be unreasonable to suggest that Beijing had not felt any pressure in this regard during the series of nuclear tests extending over nearly three years, from October 1993 to July 1996.

As history proves, despite these serious political and economic pressures, Beijing pressed ahead and completed the planned series of tests. This episode strongly suggests that in

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<sup>86</sup> See, for example, Shu Jingxiang, "Zhongguo Shenqing 'Fuguan' de Beijing yu Qianjing" (The Background of and Prospect for China's Application for the Restoration of Its GATT Membership), *RMRB* (OE), June 25, 1993, p.6; and Tang Haiyan, "Zhongguo Fuguan Qian Shijiulun Tanpan Polie de Yuanyin Pouxu" (An Analysis on the Reasons for the Failure of the Nineteen Sessions of Negotiations on China's GATT Membership), *Shijie Jingji yu Zhengzhi*, Mar. 1995, pp.59-61.

<sup>87</sup> Tang Haiyan, *ibid*, p.60.

<sup>88</sup> *Ibid*.

Beijing's approach to the CTBT issue, a resolution to attain perceived vital strategic interest overruled consideration of possible external economic costs. As analysed in the previous section, the October 1993 test was part of a series of tests required for developing the DF-31 and the DF-41. For Beijing, while decided to scale down China's overall modernisation programme in facilitating a CTBT, the development of the two new types of warheads was held as important to achieve a credible Chinese nuclear deterrence. As time went on, what happened in China's foreign relations and its international strategic environment only served to reinforce Beijing's determination to accomplish the second-generation ICBMs.

Viewed from the Chinese security perspective in the first half of the 1990s, the accomplishment of the project would meet, among others, two strategically important requirements. From a pure military perspective, the development of MIRV-capable missiles would enable China to deal with possible U.S. and Russian development of ballistic missile defense systems. As pointed out earlier, China had long been wary of the development of ballistic missile defense systems by more advanced nuclear powers, which would render China's small missile force impotent. Although the SDI, which was aimed at defense against massive strategic missile attacks, was abandoned in 1993, the U.S. plan for developing an antimissile system was continued by its Global Protection System (GPS) programme and later the Tactical Missile Defense (TMD) programme.<sup>89</sup> Moreover, with the end of the Cold War, the U.S. and Russia started to explore the possibility of joint work on global missile defense,<sup>90</sup> while Washington had shown an intention to build regional antimissile systems in East Asia with countries like Japan and South Korea.<sup>91</sup> All these new

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<sup>89</sup> For more analysis on these two programmes, see "Strategic Defences", in Michael J. Mazarr and Alexander T. Lennon (eds.), *Toward a Nuclear Peace: The Future of Nuclear Weapons*, New York: St. Martin's Press, 1994, p.69.

The U.S. tested its first tactical defense missile on Apr. 21, 1994. It was criticised by Chinese security analysts as a violation of the ABM Treaty. See, for example, Qin Zhongmin, "Caijun Jincheng zhong de Niliu" (An Adverse Tide against the Disarmament Process), *CONMILIT*, Nov. 1995, pp.12-14.

<sup>90</sup> White House, Office of the Press Secretary, "Joint U.S.-Russian Statement on a Global Protection System", June 17, 1992. Cited in Mazarr and Lennon, *ibid*, p.69.

<sup>91</sup> Liu Huaqiu, "Zhongguo Hejunkong Zhengce Pingxi" (An Analysis on China's Policy

developments alerted and worried PLA strategists.<sup>92</sup> Many Western experts pointed out that the deployment of such systems would necessitate China seeking more warheads and multiple-warhead delivery systems with decoys and other "penetration aids".<sup>93</sup>

Politically, the subsequent effect of the ending of the Cold War on China's strategic environment compelled Beijing to adjust its strategic priorities in accordance with the new development in geo-politics. As pointed out in Chapter 3, according to the security perceptions as held by Chinese security elites and policy makers in the early 1990s, the importance of the military for national security was its back-up role in support of a state's diplomatic means for achieving national objectives. As is known to us all, since 1989 Beijing had encountered various political as well as economic pressures from the U.S., the single superpower in the post-Cold War era. Understandably, in its effort to counter the U.S. exercise of "hegemonic" power as well as the possible containment of China, the development of a more accurate long-range ICBM capable of reaching some major cities in North America would no doubt serve to significantly enhance the Chinese leadership's confidence. Indeed, such a linkage has already compelled the CMC to make plans to increase the number of China's intercontinental missiles so as to enhance the SMF's deterrence against the United States in the coming decades.<sup>94</sup>

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toward Nuclear Arms Control), *CONMILT*, Nov. 1995, p.18. Washington first expressed its interest in deploying theatre missile defense (TMD) systems with Japan and South Korea in 1992. The first Clinton administration tried to persuade Japan in particular to become its partner in developing advanced TMD systems that might be deployed by both countries. See Stephen A. Cambone, "The United States and Theatre Missile Defence in North-East Asia", *Survival*, Vol.39, No.3, Autumn 1997, pp.66-84.

<sup>92</sup> See Xia Liping, "Lengzhan Jieshu hou Guoji Caijun yu Junbei Kongzhi de Tedian" (Features of Post-Cold War International Disarmament and Arms Control), *Shijie Jingji yu Zhengzhi*, May 1994, p.66; and Yi Si, "Hejunkong Xingshi Fengxi" (An Analysis on the Present Situations of Nuclear Arms Control), *CONMILT*, Apr. 1996, p.15.

<sup>93</sup> See, for example, Patrick E. Tyler, "China's Nuclear Debate", *Asahi Shimbun*, Oct. 30, 1994, p.4; and Mazarr and Lennon, *op cit.*, p.80.

<sup>94</sup> You Ji, *In Quest of High Tech Power: The Modernisation of China's Military*, Canberra: Australian Defense Studies Centre, 1996, pp.46-47.

While Beijing did not compromise its vital strategic interests, it did try to minimise negative international reactions through various diplomatic means. One was Beijing's movement towards greater military transparency. For instance, soon after it conducted its 40th test on June 10 1994 (the first one since negotiations on a CTBT opened in Geneva in January), the Chinese News Agency Xinhua announced the test before it was picked up by any international seismic monitors. This action by Beijing was credited as an "unusual and interesting development in Chinese diplomacy."<sup>95</sup> More remarkably, over time, a pattern was formed by which the conduct of a test would be accompanied by a Chinese step or steps moving closer to the building of a total test ban regime.

Typically, the October 5, 1993 test was accompanied by Beijing's indication that China would participate in negotiations of a CTBT; whereas the second but last test was managed by Beijing's simultaneous announcement of an upcoming moratorium and its decision to drop the Chinese demand that a CTBT should allow PNEs. In addressing the intended moratorium, Jiang Zemin stated that the Chinese decision "is not only a response to the legitimate demand of the vast number of non-nuclear-weapon states, but also a move to quicken the conclusion of the CTBT."<sup>96</sup> Beijing's timing of its last test was especially remarkable. The test was conducted just hours before the resumption of the last negotiating session of the CTBT on July 29, 1996. In announcing the test, Beijing also announced the start of China's moratorium on nuclear testing. Beijing also stated that "Such an important decision [the assumption of a test moratorium] by China is not only a response to the appeal of the vast number of non-nuclear weapon states, but also a concrete action to promote nuclear disarmament."<sup>97</sup>

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<sup>95</sup> A comment made by the Verification Technology Information Centre (VERTIC) in London. VERTIC was the first to announce China's previous nuclear test in Oct. 1993. Cited in Reuters, "Chinese Nuclear Test Between 10 and 60 Kilotons: Experts Said", in <clari.world.asia.china>, June 13, 1994.

<sup>96</sup> *RMRB*, July 8, 1996, p.1.

<sup>97</sup> *Statement of the Ministry of Foreign Affairs of the People's Republic of China, Beijing Ribao* (Beijing Daily), July 29, 1996, p.1.

These diplomatic efforts from Beijing was in a way in sharp contrast to Paris' staunch reaction to international criticism of the series of French nuclear tests conducted from September 1995 to January 1996. Of course, in making the comparison, one cannot ignore the fact that before France resumed its nuclear testing, China was the only one among the five declared nuclear-weapon states that had been continuing the testing, which put Beijing in a uniquely defensive position. But this should not serve to eclipse other, and in fact, more serious factors that had entailed those diplomatic gestures from Beijing. Specifically, apart from those political and economic factors already mentioned in the proceeding analysis, the likelihood of a U.S.-led strategic containment against China had clearly played a role in inducing Beijing's diplomatic gestures regarding the Chinese continuing testing. This will be examined in more detail in the next section as well as the next two chapters.

### *Retreat from Hard-Line Positions*

Negotiations on a CTBT formally began in January 1994. The initial draft text of a treaty was largely based on the informal drafts respectively submitted by Australian and Swedish delegations. But the first session got started with a large number of documents and working papers with different proposals submitted by members and non-members of the Conference, which were added to the draft text. They contained a considerable number of issues that needed to be resolved, including delineating the scope of the test ban, clearly defining nuclear explosions, on-site inspections, as well as assessing how the safety and reliability of a nuclear stockpile could be ensured without testing.

China's delegation began to issue detailed working papers in mid-1994. By September that year, several Chinese proposals on topics ranging from the scope of the treaty, its entry into force, to its verification and review were added to the draft text for the Conference's consideration. Beijing's opening positions on related issues could be identified as pressing for inclusion of the following four provisions:

- i) The right of the declared NWS to conduct peaceful nuclear explosions (PNEs);
- ii) No-first-use (NFU) pledges among the five declared nuclear weapons states, and negative security assurances (NSA) by the nuclear powers that they will not use nuclear weapons against non-nuclear-weapon states;
- iii) The primacy of the international monitoring system (IMS) over the use of national technical means (NTM) of individual states for verification;
- iv) The banning of all forms of nuclear weapon test explosions that release nuclear energy.

PNEs was an issue related to the scope of the treaty. The term PNEs refers to the use of nuclear device for such civilian purposes as large excavation, oil and gas exploration and incineration of waste, etc.<sup>98</sup> China first raised the issue of PNEs in March 1994. It held that a CTBT should not prohibit nuclear explosions for peaceful purposes, but they should be subject to rigorous authorisation and verification procedures.<sup>99</sup> On the provision of security assurances, initially, China called for separate negotiations on NFU and NSA. In a speech to the UN General Assembly in September 1993 calling for such negotiations, Chinese Foreign Minister Qian Qichen argued that while it was necessary to have a test ban, it was more important to commit nuclear powers not to use nuclear weapons. It was stated that such a commitment would not only make the testing, development and deployment of nuclear weapons meaningless but also help advance the process of nuclear disarmament.<sup>100</sup> As negotiations on the CTBT got underway, China proposed that NFU language be placed in the treaty preamble.<sup>101</sup>

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<sup>98</sup> Though China itself has not really started PNEs. In the early 1980s, the Chinese Ministry of Petroleum Industry requested that Chinese nuclear experts study the possible application of PNE to oil exploration so as to increase the Chinese oil output.

<sup>99</sup> For details, see the Conference on Disarmament Working Papers, "CTBT Article on the Peaceful Use of Nuclear Energy and Peaceful Nuclear Explosions", CD/NTB/WP.167, Aug. 23, 1994.

<sup>100</sup> "Text of Qian Qichen Speech to UN Assembly", *FBIS-CHI-93-188*, Sept.30, 1993, p.1.

<sup>101</sup> See "Proposed Wording for the Preamble to the CTBT", CD/NTB/WP.122, June 20, 1994.

In regard to verification, the Chinese delegation made a detailed textual amendment for inclusion in the draft text in August 1994. It covered widely on such topics as the goal of verification, the composition of international monitoring system (IMS), international data centre, challenge on-site inspection, and the Executive Council's decision-making process, etc.<sup>102</sup> As for the provision of banning all nuclear explosions that releases nuclear energy, it was also an issue related to the scope of the treaty. China maintained that a CTBT, as a comprehensive treaty, "should ban all forms of nuclear weapon test explosions that releases nuclear energy" so that no leeway could be left for further development and improvement of nuclear weapons.<sup>103</sup> In a working paper titled "CTBT's Scope of Prohibition" delivered in August 1994, China proposed that "Each state party undertakes to prohibit and not to carry out, at any place or in any environment, any nuclear-weapon test explosion which releases nuclear energy."<sup>104</sup> As stated by General Qian Shaojun, only through effective prohibition of all nuclear weapon test explosions could the improvement of existing nuclear weapons be contained and the objectives of nuclear disarmament and nuclear non-proliferation be possibly achieved.<sup>105</sup>

Those Chinese opening positions on the text of a CTBT were seen by many delegates and non-governmental observers as designed deliberately to slow down the negotiating process.<sup>106</sup> Most of the Chinese proposals received little support, either from the NNWSs or other four NWSs. On the issue of PNEs, China was virtually alone. The proposal was inherently discriminatory by permitting only the declared nuclear-weapon states to conduct

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<sup>102</sup> See CD/NTB/WP.150, Aug. 4, 1994.

<sup>103</sup> Statement by Hou Zhitong, China's ambassador to the United States, at the UN Disarmament Commission, Apr. 19, 1994.

<sup>104</sup> CD/NTB/WP.166, Aug. 23, 1994.

<sup>105</sup> Qian Shaojun's statement at the NTB Ad Hoc Committee, Jan. 26, 1996. Qian was former Commander of Base 21, the Chinese nuclear test base in Lop Nur. He now heads an arms control group in COSTIND's Foreign Affairs Department. Since late 1994, China's arms control policies were mostly made by the arms control and disarmament division in MFA headed by Sha Zhukang, in close consultation and co-ordination with Qian's arms control group.

<sup>106</sup> Johnston, "Learning versus Adaptation", p.55.

PNEs. Moreover, since technically it was almost impossible to detect the difference between explosions for peaceful and for military uses, many NNWSs worried that PNEs could be used to cover nuclear weapon-related tests. But Chinese experts argued that there were considerable benefits of PNEs for human development. It was argued that, in principle, it was possible to distinguish whether a test was merely for peaceful purposes or was intended for developing nuclear weapons. In practice, they argued, it did not require very sophisticated monitoring and verification means for PNEs.<sup>107</sup>

In regard to the NFU and NSA pledges, none of the other four nuclear states had indicated any intention to accept the Chinese proposal.<sup>108</sup> Although many non-nuclear non-aligned states converged with the position, there was little formal support for the Chinese proposal out of a concern that it would link the CTBT with other agreements and thus distract the focus of negotiations away from nuclear testing.<sup>109</sup> Also, many Western analysts dismissed NFU pledges as "political statements with little significance or credibility in a crisis".<sup>110</sup> As for the issue of verification, China's original position included a proposal for a highly-advanced international satellite monitoring system as part of the IMS to verify whether nuclear explosions have occurred. According to one observation, some Chinese analysts themselves did not expect the U.S. and Russia to agree to the building of the system under the International Secretariat of the CTBT Organisation.<sup>111</sup>

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<sup>107</sup> Tian Dongfeng and Hu Side, "Heping Hebaozha yu Quanmian Jinzhi Heshiyan" (Peaceful Nuclear Explosions and a Comprehensive Nuclear Test Ban), *CONMILT*, June 1996, pp.33-5. Hu is a nuclear physicist and a specialist on problems of verification. He heads the China Academy of Engineering Physics in Beijing (also called *jiuyuan*). Also, Liu Min, "Hedantou de Heping Liyong" (The Peaceful Use of Nuclear Warheads), *ibid*, pp.23-4.

<sup>108</sup> The Soviet Union had maintained a NFU pledge since 1982, which was abandoned by Russia on Nov. 3, 1993. See *Arms Control Today*, Vol.23, No.10, Dec. 1993, p.19.

<sup>109</sup> Patricia M. Lewis, "China and the Nuclear Test Ban", *China Review*, Autumn/Winter, 1996, p.9.

<sup>110</sup> Garrett & Glaser, "Chinese Perspectives on Nuclear Arms Control", p.65.

<sup>111</sup> *Ibid*, pp.63-64.

The Chinese proposal for a provision to ban all forms of nuclear weapon tests was the only one that won wide support from the NNWSs and did not receive a forthright rejection by the other NWSs. For China, any agreement on a low threshold of a few kilograms would solely benefit the United States since China did not have the expertise to carry out such low yield nuclear tests.<sup>112</sup> From 1994 to 1995, the P-5 (the five declared nuclear-weapon states) conducted talks among them in an effort to resolve their differences on the scope of the treaty, with a focus on activities not to be prohibited, including hydro-nuclear experiments (HNEs). Subject to their levels of technology, each had a different position on the level of permitted threshold for testing. The Chinese original intention was to achieve a CTBT excluding any threshold, i.e. no nuclear weapon test in any form any yield would be allowed.<sup>113</sup> But, during the P-5 talks, China raised the issue that if the treaty did contain a blast threshold, China would favour relatively large yields so as to compensate for its perceived lack of technical expertise; whereas the U.S. wanted a threshold level to be as low as 4 lb.<sup>114</sup> Eventually, with France coming to stand together with China in August 1995 for a "truly comprehensive prohibition", the U.S. agreed to a zero-yield ban on all nuclear explosions. This episode suggests that while the non-aligned states pushed hard for the Treaty to enshrine its original objective, that is, to halt the qualitative nuclear arms race, the NWS, especially the United States, clearly perceived the CTBT as an instrument solely to curb horizontal proliferation. For them, any testing or development that they could perform without violating the "nuclear explosion" prohibition was *ipso facto* permitted.<sup>115</sup>

Overall, China's opening positions on the CTBT text and their negotiating strategies were regarded as deliberately trying to slow down, if not to prevent, the reach of an agreement so

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<sup>112</sup> Interviews, Nov. and Dec. 1994.

<sup>113</sup> See Sha Zukang's statement at the CD Plenary, Mar. 28, 1996, CD/PV.733.

<sup>114</sup> "Atom Powers Want to Test Despite Treaty", *The New York Times*, Mar. 29, 1995, p.1.

<sup>115</sup> Rebecca Johnson, "A Comprehensive Test Ban Treaty: Signed but not Sealed", *ACRONYM*, No.10, May 1997; also Johnson, "Prospects for Negotiations on Nuclear Disarmament" (a paper by her delivered at an arms control conference held in Fudan University, Shanghai, Sept. 8-10, 1997), p.16.

as to achieve the pre-planned modernisation programme. Indeed, from the timing of Beijing's retreat from its hard-line opening positions, it did appear that the tabling of those positions was more closely related to the pre-planned series of nuclear testing. Beijing held fast to most of those positions for about two years despite the lack of support from other countries. It consequently made many international observers and commentators seriously concerned about the prospect of China joining the CTBT and its negative implications for a CTBT agreement. But beginning May 1996, Chinese delegates in Geneva began to say that China was willing to show "flexibility" on its demand that a CTBT allowed peaceful nuclear explosions.<sup>116</sup>

It seemed that by then, after four more tests were conducted after the October 5, 1993 one, the Chinese military had become relatively more confident about the testing results. Just two days before June 8, 1996 test, Chinese delegates in Geneva formally dropped the most contentious demand that the CTBT allowed PNEs, though on the condition that the provision be reviewed after 10 years. In a statement, Sha announced that in order to "facilitate the conclusion of the treaty within the time-frame", "the Chinese delegation is now ready to go along with a temporary ban on PNEs." It allowed that the PNEs issue to be discussed at future treaty review conferences.<sup>117</sup> Since then, China had become less and less demanding in pressing ahead with other controversial proposals. Two months later, in early August, China made a final concession on procedures of verification,<sup>118</sup> and backed

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<sup>116</sup> "China Backs Nuclear Test Ban, No Comment on Test Report", in <clari.tw.nuclear>, May 23, 1996.

<sup>117</sup> Sha Zukang, Statement at the CD Plenary, June 6, 1996, CD/PV.737.

<sup>118</sup> This was in regard to on-site inspection. Originally, China wanted a two-third majority, i.e. at least 34 out of the 51-member executive council for approval of on-site inspection while some major powers wanted only a simple majority of 26. It was reported that the U.S. and China reached an agreement around Aug. 7, 1996 by which China would help Washington, in the event that India vetoed the treaty at the CD in Geneva, to take the text to the UN General Assembly for signing; in return, the number of votes needed at the treaty's 51-member executive council to launch an inspection was raised to 30 from a simple majority of 26, which would make it more difficult to launch international on-site inspections under the pact.

the draft text as it was, which did not contain provisions or articles relating to a NFU pledge.

Negotiating strategies no doubt, those opening positions presented by China did, however, contain some genuine Chinese security concerns. Take the issue of verification as an example. Under the language proposed by China, the treaty would not allow the NTM of individual member states to be used as the primary source of evidence to justify on-site investigation of a suspicious event that could be in violation of a CTBT. Rather, China would want the IMS that was to be created under the test ban regime to have primary responsibility for detecting violations. Chinese officials and arms control experts *were* concerned that the use of NTM could produce situations that would violate China's sovereignty.<sup>119</sup> Since China was much weaker in the area of NTM, countries with more advanced capabilities like the U.S. and Russia could call for an investigation of China or other countries for political reasons, or to suppress evidence to hide their own activities in violation of the treaty. Therefore, reliance on NTM would be inherently unequal.<sup>120</sup> Taking into account such cases like the military intrusion on Chinese shipment (the *Yinhe* cargo incident of July 1993<sup>121</sup>), this Chinese concern over possible violation of its sovereignty by the reliance on NTMs should not be ignored in the assessment of China's CTBT policy.

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<sup>119</sup> Interviews with several MFA officials who participated in the CTBT negotiations, Beijing, Sept. 1998.

<sup>120</sup> See, for example, Zhao Jingzen, Pan Jusheng and Liu Huaqiu, "Shijie Junkong yu Caijun Xingshi Fenxi" (An Analysis on World Arms Control and Disarmament), *CONMILIT*, No.230, Mar. 1996, p.16.

<sup>121</sup> In July 1993, the United States, on the basis of its intelligence, accused a Chinese cargo ship *Yinhe* of carrying two banned chemicals and forced the ship to stay adrift on high seas for more than 20 days. Finally, representatives of the governments of Saudi Arabia as a third party conducted an inspection of the cargo in the presence of representatives from both China and the U.S. The inspection report signed by representatives of the three sides confirmed that the *Yinhe* did not carry the two chemical alleged by the U.S. See *Asia-Pacific Defence Reporter*, Vol.20, No.4/5, Oct./Nov. 1993, p.20; *BR*, Sept.13-19, 1993, p.4; and Sept.20-26, 1993, pp.12-14.

Beijing's pressing for the inclusion of a mutual NFU commitment by the five acknowledged nuclear weapon states should also be put into perspective. China had long urged other nuclear-weapons states to make NFU pledges, and itself had adopted such a policy ever since China had become a nuclear-weapon state. National self-interest in security aside, Chinese analysts and officials argued that a pledge by all NWSs not to use nuclear weapons at all was far more crucial, because this would not only make their testing, development, production or deployment devoid of any meaning, but would also give a great impetus to nuclear disarmament. In other words, it would be a more effective step toward the non-proliferation goal underscored by the NPT.<sup>122</sup> Therefore, a NFU pledge would add "substance to the CTBT, further the treaty's universality and constitute a major contribution to international peace and security".<sup>123</sup> Seeing from a perspective of international security, the plausibility of the Chinese promotion for NFU pledges by all the nuclear-weapons states was confirmed by the related theses advanced by Western scholars and security analysts.

For example, in the heat of the CTBT negotiation debate, David Gompert, Kenneth Watman and Dean Wilkening together argued that the U.S. declaratory policy on the use of nuclear weapons, formulated during the Cold War, was obsolete.<sup>124</sup> The plausibility of the Chinese argument was further confirmed by later development of international initiatives aimed for the reach of a CTBT. In an effort to save the CTBT process from India's blockade, the 17-member Canberra Commission on the Elimination of Nuclear Weapons<sup>125</sup>

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<sup>122</sup> See, for example, Li Daoyu, "Foreign Policy and Arms Control: The View from China", p.9; see also *BR*, Vol.36, No.41, Oct. 11-17, 1993, p.10.

<sup>123</sup> Statement by Chinese ambassador to the United Nations, Hou Zhitong. Cited in Brahma Chellaney, "CTB and Global Fissile Cut-off", *Pacific Research*, Vol.7, No.2, May 1994, p.33.

<sup>124</sup> For details, see David Gompert, Kenneth Watman and Dean Wilkening, "Nuclear First Use Revisited", *Survival*, Vol.37, No.3, Autumn 1995, pp.27-44.

<sup>125</sup> Convened in Australia, the Commission includes retired U.S. Defense Secretary Robert McNamara, former French Prime Minister Michel Rocard, and Professor Joseph Rotblat, President of the Pugwash Conferences on Science and World Affairs and winner of the Nobel Peace Prize 1995. The Chairman of the Commission in 1996 was professor Robert O'Neill, former Director of the London International Institute of Strategic Studies. For a list of the members, see "Members of the Canberra Commission", *Pacific Research*,

published a report on August 14, 1996 which called on the five declared nuclear states to commit themselves to the elimination of nuclear weapons. The point was made on the ground that due to the growing security threat of nuclear terrorism, ending nuclear testing should only be *a first step toward the elimination of nuclear weapons by all states*. Thus, the report proposed six steps to rid the world of atomic weapons, among them was a NFU agreement by all the nuclear states.<sup>126</sup>

In the light of the above discussions, it was clear that Beijing compromised those genuine concerns, by which it facilitated the reach of a CTBT on the scheduled time.<sup>127</sup> At the time of signing the CTBT in September 1996, there were no signs indicating that China had acquired the technology of computer simulations for nuclear testing. But even if it had, signing the test ban treaty still represented a considerable compromise of China's potential nuclear capability. One Chinese nuclear analyst privately said, "good computer simulation is based on a rich file of data and statistics collected from real test. In this regard, the number of nuclear tests conducted by China is the smallest among all the five nuclear-weapons states."<sup>128</sup>

In their own analyses of China's policy towards the CTBT, many Chinese writers also pointed out that Beijing had adopted a flexible and comprising attitude in the negotiations of a CTBT.<sup>129</sup> What, then, were the underlying factors that had served to generate those

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Vol.8, No.4, Nov. 1995/Feb. 1996, p.4.

<sup>126</sup> See "Nuclear Terrorism a Growing Security Threat", in <clari.tw.nuclear>, Aug. 14, 1996. The 17-member Canberra Commission made an agreement that Australia would present the report to the UN General Assembly in the coming September and to the CD in 1997.

<sup>127</sup> One Western analysts points out, however, that critics of the CTBT in China are still questioning some of these compromises made by the decision-makers in Beijing, which could be the gist of debate before ratification. See Eric Arnett, Chapter 12, "The Comprehensive Nuclear Test-Ban Treaty", *SIPRI Yearbook*, 1997, p.405.

<sup>128</sup> Personal communication, Beijing, Jan. 1995.

<sup>129</sup> See, for example, Wang Ling, "Guoji Junkong yu Caijun Xingshi de Huigu he Zhanwang" (Reflections on and a Perspective of International Arms Control and Disarmament), *Xiandai Guoji Guanxi*, Jan. 1997, p.22; Sun Xuegui, "You Lianda Tongguo

Chinese compromises? In answering this question, one cannot fail to notice a point made by Liu Huaqiu, director of the Arms Control and Disarmament Research Division under COSTIND.<sup>130</sup> In explaining changes in China's nuclear arms control policy, Liu said,

"...on the premise of not changing the principle objectives, some change is taking place in our country's nuclear arms control policy. We have moved gradually from idealism towards realism; changed from a purely self-centred approach to one that is drawing closer towards international customs and usual practices; and having been developing from criticism towards mutual cooperation. ... On the one hand, China needs a long-term peaceful international environment for its economic construction. On the other, cooperation in the economic field and in science and technology as well as the development of international trade have promoted international trust and interdependence."<sup>131</sup>

This point conforms with a main theme of this thesis, that is, with its reform and opening up policy as a modernisation strategy, there is a general need for China to converge with international norms and customs in arms control, through certain compromises when external conditions require to do so.

Under the general systemic requirement, there were several factors combined to explain Beijing's comprising attitude. Apart from those that had underpinned Beijing's decision to take part in the CTBT negotiations, there were some new influencing factors. Among them, it appeared that, most of all, the signs of a U.S. containment strategy since early 1995 had worried Chinese security-policy makers. As mentioned in previous analysis, a "China threat" theory had been spreading since 1993, which Chinese leaders and security policy writers had

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'Quanmian Jinheshi Tiaoyue' Suo Xiangdaode" (Reflections on the Adoption of a CTBT by the UN General Assembly), *CONMILIT*, Jan. 1997, p.25; and Xia Zhiqiang, "Hejunkong Lishi Huigu" (Reflections on the History of Nuclear Arms Control), *CONMILIT*, Feb. 1997, p.45.

<sup>130</sup> The department is made up of several specialists with professional technical background. They gave important technical advises to Beijing's arms control policy, especially on nuclear issues.

<sup>131</sup> Liu Huaqiu, "Zhongguo Hejunkong Zhengce Pingxi" (An Analysis on China's Policy toward Nuclear Arms Control), *CONMILIT*, Nov. 1995, p.15, p.18.

tried to dispel as a "rumour promoted some Western countries" intended to contain a rising China. By early 1995, a specific form of the feared U.S. containment strategy appeared to be emerging, represented by Washington and Tokyo's efforts to revitalise and redefine their bilateral security alliance.

In February 1995, the Pentagon issued an "East Asian Security Report", which stated that an "expanding China" was the greatest threat to Asian security. The report called for the strengthening of the U.S.-Japan security alliance. Upon Taiwanese President Lee Tenghui's visit to the U.S. in July, Sino-U.S. relations sharply deteriorated. This was followed by Tokyo's adoption of Japan's new National Defense Programme Guidelines in November that year. The new Guidelines stated that "there exist some country in the surrounding area of Japan with major military forces including nuclear weapons which is, in the context of its growing economy, devoted to expand and modernise its military forces." This was widely regarded as referring to China.<sup>132</sup> Furthermore, the new Guidelines emphasized on Japan's readiness to support Article 6 of the Japan-U.S. Mutual Security Treaty, which allows the deployment of U.S. forces in Japan for the security of the "Far East". As defined by the 1960 Japan-U.S. Security Treaty, the "Far East" covers the area "North of the Philippines, Japan and its surrounding areas, including South Korea and Taiwan".

By then, China had become really concerned and suspicious of Washington and Tokyo's intentions.<sup>133</sup> The Chinese suspicion that the U.S. and Japan were reorienting their military cooperation by taking the perceived China threat as a main parameter was reconfirmed by a joint declaration between Washington and Tokyo in April 1996. Titled "Japan-U.S. Joint Declaration on Security: Alliance for the Twenty-First Century", the Declaration defined the

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<sup>132</sup> See *Strategic Survey*, 1995/96, p.188; and Chen Feng, "Ribei Maixiang Zhengzhi he Junshi Daguo de Wenjian" (Documents Guiding Japan's Stride towards a Major Political and Military Power), *Liaowang*, No.4, 1996, p.45.

<sup>133</sup> For a more detailed study, see Banning Garrett and Bonnie Glaser, "Chinese Apprehensions about Revitalisation of the U.S.-Japan Alliance", *Asian Survey*, Vol.XXXVII, No.4, Apr. 1997, pp.383-402.

Japan-U.S. security relationship as "the cornerstone for ... maintaining a stable and prosperous environment for the *Asia-Pacific region*."<sup>134</sup> Moreover, it listed quite several areas in which Japan and the U.S. should undertake efforts to advance cooperation, including mutual exchange in the areas of military technology and equipment, and cooperation in the on-going study on ballistic missile defense. For Chinese security experts, the Declaration was a clear sign that the U.S. and Japan were developing a joint military strategy aimed at containing a rising China.<sup>135</sup> In this context, it became quite natural that Beijing would decide to make those compromises in the CTBT negotiations in an effort to prevent, or at least to minimise the scope, of an emerging international strategic containment against China. Needless to say, the latter interest was far more critical for China's national security than those contained in the Chinese preferences for a CTBT text.

In view of China's external economic interests, the tendency of economic sanctions against China's continuing testing appeared to be also an important factor inducing Beijing's compromise. This tendency was directly illustrated by Japan's financial aid to China. As the only country that has ever suffered a nuclear attack, Japan was one of the most critical countries of China's continuing testing. After the test of June 10, 1994, Japan threatened to stop its developmental aid to China if it carried out more. On May 15, 1995, only four days after the indefinite extension of the NPT and when many delegations participating the Review Conference had not even departed for their respective capitals, China conducted its 42nd test. It prompted an unprecedented wave of world-wide -- including the Non-Aligned Movement countries -- condemnation. In angry protest, Japan announced that it would reduce its grant aid to China, though the quantity of the aid to be axed and the aid projects involved would be finalised in future Sino-Japanese negotiations. Tokyo also threatened to

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<sup>134</sup> See text of the Declaration in FBIS, *DR/EAS*, Apr. 17, 1996. Emphasis added.

<sup>135</sup> See, for example, Tang Tianri, "Yige Buxiang de Xinghao" (An Ominous Signal), *Liaowang*, No.18, 1996, p.44; and Lin Xiaoguang, "Lengzhanhou Rimei Anbaotizhi de Bianhua" (Post-Cold War Evolution of the Japan-U.S. Security Arrangement), *Dangdai Yatai* (Contemporary Asia-Pacific Studies), June 1998, p.18.

link the implementation of its fourth set loan package for the 1996-98 period -- worth JPY580 billion -- with China's nuclear testing programme.<sup>136</sup>

Although the threatened sanction was carried out in the form of suspending, instead of cutting, a small amount of aid (which was mainly a symbolic protest),<sup>137</sup> it served to indicate to Beijing that China's continuing nuclear testing and possibly China's uncompromising attitude in the CTBT negotiations, too, would likely result in more significant economic losses for the country. The tendency of more likely economic expenses was also illustrated by the possible loss of China's MFN trading status from the U.S. After the May 1995 test, a panel of U.S. congressmen were again seeking a conditional renewal of the status. Though the espoused condition was not directly linked to China's nuclear testing but its human rights practice, the implicit linkage between the two would unlikely have escaped the attention of Chinese policy makers and security analysts.

Last but not least, special consideration should be paid to the effect of the process of international arms control on the development of Chinese beliefs, which contributed to Beijing's decision to make compromise in those genuine Chinese concerns contained in China's opening positions for negotiation. International arms control experts noticed that while scheduled tests were pressed ahead amidst outside pressure, there was nonetheless a heated debate among the Chinese defense community over "who is the enemy and what is the target."<sup>138</sup> It seemed that the Chinese perception of the reduced role of nuclear weapons, which, as discussed earlier, contributed to Beijing's strategic decision to scale down China's nuclear modernisation programme, had now developed to the extent that

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<sup>136</sup> Frank Ling, et al., "Nuclear Test Results in Less Japanese Grant Aid", in <clari.world.asia.china>, May 24, 1995. A preliminary agreement was made on the fourth loan package in Mar. 1994.

<sup>137</sup> The softening of the Japanese gesture was in part related to a remedying measure taken by Beijing. In response to Tokyo's economically substantiated protest, Beijing opened a special diplomatic channel to Japan in July 1995 and the two started to held talks on issues of disarmament and non-proliferation.

<sup>138</sup> See an observation by John W. Lewis, in Patrick E. Tyler, "China's Nuclear Debate".

there was no consensus among Chinese strategists as to "what all those nuclear weapons were for anymore."<sup>139</sup> Tan Han, a senior nuclear arms control expert, explicitly adopted the word "marginalization" to describe the reduced role of nuclear weapons. He argued, "The role of nuclear weapons is becoming marginalized in post-Cold War national security and international politics. This is shown by the drastic achievement in the U.S.-Soviet/Russian nuclear arms reductions talks, represented by the START I and II. Decisions by those nuclear powers such as the U.S. and France to scale back their earlier modernisation plans also indicate the much reduced role of nuclear weapons now."<sup>140</sup> These developments suggest that on-going international arms control processes could lead to changes in political as well as strategic beliefs among the Chinese defense community, who had been following closely international trends in weaponry modernisation as well as in the arms control field.<sup>141</sup>

### *Conclusion*

The CTBT is the first substantial multilateral arms control regime that China has participated in negotiations from the beginning to the end since the late 1950s when the process of international arms control began. From the proceeding analysis, one can conclude that Beijing has made a considerable compromise of China's potential nuclear interests, first by participating in the negotiations and then signing the Treaty. At the time when the CTBT initiative was launched by the two major nuclear powers and echoed by Britain and France, China was just at the stage of updating its first generation nuclear weapons into a second generation one, striking for a credible "limited deterrence". A

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<sup>139</sup> *Ibid.*

<sup>140</sup> Interview in Jan. 1995. Tan is now a senior research fellow in the MFA's Institute for International Studies.

<sup>141</sup> In this regard, a typical illustrating example is the monthly journal *CONMILT* run by the China Defense Science & Technology Information Centre in Beijing. The content of the journal comprises such main items as "Foreign Armed Forces", "Report on Armaments under Development", "Strategy and Tactics" and "Arms Control".

CTBT by 1996 as proposed by the U.S. would not only affect China's on-going nuclear modernisation programme, but also impose restrictions on China's freedom of action in a core area of national security, the Chinese nuclear deterrent. Compared to the nuclear capabilities of the major powers, without conducting real nuclear tests, a wide range of nuclear warhead designs could not be easily developed by China towards a relatively more credible nuclear deterrent. Also, being technologically much less developed in nuclear testing simulations, the potential nuclear capability gap between China and, say, the United States, may just be increasing rather than narrowing in future development.

China's retreat towards the end of the negotiations from its opening high-profile hard-line positions also contains compromises less directly related to potential Chinese nuclear capability. As the discussions have shown, Chinese nuclear scientists strongly believe that nuclear explosions can be utilised to make proper benefits for the welfare development of the mankind. In this sense, Beijing's decision to withdraw from its PNE position can be regarded as a compromise of China's potential economic interests. Its retreat from its original stand on the verification issue also represented a compromise of potential Chinese sovereignty interests. As a less developed country, the reliance on national technical means of individual states instead of on the international monitoring system for treaty verification contains an inherent disadvantage for China. Chinese officials and security experts were concerned that the use of NTM could produce situations that would violate China's sovereignty. In this regard, such a compromise of potential Chinese sovereignty interests would have been extremely difficult for Chinese leaders to make in the 1950s and 1960s.

The decision to compromise those potential nuclear interests and scale-down the Chinese nuclear modernisation programme, which enabled Beijing's decision to participate in the treaty negotiations, was made around 1993. As identified by this study, the following several factors have largely contributed to Beijing's policy change. First, the relatively universal international demand for a CTBT in the early 1990s. Actions against such a popular demand would not serve to create a Chinese image non-threatening to international

peace and security. Such an image is needed for maintaining a peaceful international environment for China's concentration on economic modernisation. Moreover, to act against such a popular demand would do no help for Beijing in its effort to rally support from the majority of the NNWSs in countering attacks by the U.S.-led several industrialized countries on its human rights record.

Second, the significant progress in international arms control, particularly the U.S.-Soviet nuclear arms control made in the late 1980s and early 1990s had served to reduce the Chinese perceived need to engage in significantly further increasing the Chinese nuclear capability. For Chinese observers, the signing of START I and II was a clear evidence of the reduced role of nuclear weapons in national defense. Accompanying the U.S.-Soviet substantial reduction of their strategic weapons, the French decision to scale down its nuclear development programme had served as an important impetus for the Chinese to engage in reducing the Chinese nuclear modernisation programme. As the study has shown, being in a similar status with France as a medium-sized nuclear weapon state, France had served as an important model for the Chinese development of a limited deterrence conception in the late 1980s. This means that substantial achievement in international arms control in general can serve to mitigate Chinese perceptions of threat posed by the two nuclear superpowers. And relatively unilateral arms control measures taken by other nuclear weapons states of similar ranking with China could influence the Chinese and enable them to decide to scale down China's nuclear programme in a similar way.<sup>142</sup>

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<sup>142</sup> In discussing the positive impact of multilateral or unilateral arms control measures taken by other major powers on the Chinese approach to arms control issues where China has a role to play, it is necessary to draw attention here to the sub-critical nuclear testing which the U.S. began in July 1997. The test uses plutonium but does not involve a nuclear explosion or release of fissile material, so technically, it complies with the terms set out in the CTBT. But data derived from the test would be used in computer simulations of nuclear testing, contributing to future designing and production of advanced new nuclear weapons.

Many Chinese analysts have expressed concern over this new development. In the immediate aftermath of the test, Chinese Foreign Ministry spokesperson Tang Guoqiang reacted warily, stating, "We stress that all countries should faithfully abide by stipulations in the nuclear test ban treaty. ... We will certainly pay close attention to this situation." ("China Says Keeping Close Eye on US Nuclear Tests", Reuters, July 3, 1997.) Chinese analysts

Thirdly, in a more general sense, the changing dynamics of international politics at the ending of the Cold War, by which time economic forces came to play an increasingly dominant role in influencing international relations, had served as an important basis for Beijing's policy change. In Chinese post-Cold War security conceptions, national economic security came to be seen as the top priority of national security. Chinese top security elites, including military officials and strategic thinkers, generally agreed that military development is subject to the need of economic development. In their view, national economic strength holds a critical role in determining a state's position in the international hierarchy. And the post-Cold War security policy adjustment made in the specific forms of unilateral and multilateral arms control by the major powers was seen as an important evidence indicating the ascendant role of the economy in national security.

These factors produced as well as sustained Beijing's policy of participating in the CTBT negotiations. By 1996, they had been added by two new factors: an emerging possible U.S. containment strategy against China and China's own changing perceptions of the utility of nuclear weapons. In the context of a likely U.S. containment policy, non-facilitation of the reach of a CTBT agreement would not help Beijing's diplomatic efforts to prevent the U.S. containment policy from further development. In the meantime, the on-going nuclear arms control process had produced a positive effect on Chinese nuclear thinking. This took the form that there was no consensus anymore among Chinese strategists as to what those nuclear weapons were for. These two factors appeared to be, in a way, contradictory with each other. To strategically counter a likely U.S. containment, China would need a correspondent nuclear deterrence against the potential U.S. threat, which partly explained why Beijing pressed ahead the series of scheduled tests amidst widespread outside

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argue that such activities by the U.S. undermine the credibility of the CTBT and may give rise to compliance ambiguities and challenges (interviews, Sept. 1998). The Chinese expressed concern in this connection may put a question mark on future Chinese ratification of the CTBT.

pressure. Despite the contradictions, one point is certain, the need to strike a peaceful image, together with all the other factors, had contributed to Beijing's retreat from those hard-line opening positions and its final decision to facilitate the reach of an agreement by its scheduled time.

Another point can be made from proceeding analysis regarding a visible linkage between China's external economic interests and Beijing's nuclear policy. In the period between 1995 and 1996, there was a direct linkage between the two in the specific form of Japan's economic aid and Beijing's scheduled nuclear testing. To be sure, Japan's economically-substantiated protest against Chinese testing in 1995 and its subsequent implementation of the sanction had sent a strong signal to Beijing of the potential economic interests involved in China's continuing testing. But, as it emerged, the sanctions did not stop Beijing from finishing its pre-planned testing. From this, one may conclude that considerations of external economic interests did not affect Beijing's arms control policy as far as China's perceived vital strategic interests were concerned. Japan's economic sanctions might have contributed, together with the other factors as examined above, to Beijing's compromise in less critical interests involved in its retreat from those hard-line opening positions.

## CHAPTER 6. THE INDICATOR OF THE MISSILE TECHNOLOGY CONTROL REGIME

This chapter examines the MTCR indicator in China's approach to post-Cold War multilateral arms control issues. China's defense industry's launch into the Third World missile markets took place when traditional major suppliers like the U.S. and the Soviet Union came to appreciate the need for restricting the transfer of missiles and missile technology. This subsequently resulted in sharp conflicts of perceived national interests between China and the Western industrialized countries, especially the United States -- the principal initiator as well as practitioner of the MTCR rules. Despite the conflicting national interests, Beijing's initial response to the U.S. effort of engaging China in strengthening the MTCR regime could be defined as "cooperative". But this cooperative attitude soon evaporated with the end of the Cold War. During the period between 1992 and 1996, there were numerous press reports (primarily Western) illustrating the repeated Chinese retreat from Beijing's promise to abide by the MTCR guidelines. In an effort to enlist China's commitment to the MTCR rules, Washington had taken a series of measures, including military and economic sanctions during the period.

This chapter first presents a background picture of the issues. It examines the formation of the MTCR regime and the parallel development of China entering the Third World missile markets. Then it will examine Beijing's response to Western pressure -- typically in the form of U.S. sanctions -- against China's controversial missile transfers. It will identify and assess Chinese compromises contained in Beijing's approach and policy towards the issue, and explain why there had been less than a cooperative attitude from Beijing.

***Background Informations: Inception of the MTCR and China's Entry  
into the Missile Market in the Mid-to-Late 1980s***

### **Inception of the MTCR Regime**

The MTCR, which was set up in 1985, originated from Western concerns over the spread of ballistic missiles into the Third World during the 1970s and 1980s. Although the problem of missile proliferation dates back to the late 1960s, at the beginning of the proliferation era, the supply of missiles was restricted to a flow between the superpowers and their respective selected clients. While the Soviet Union supplied its *FROGs* and *Scud* Bs to countries like Cuba, Egypt, Iraq and some of its allies in Eastern Europe, the U.S. transferred its *Honest Johns*, *Lance* systems and other missile-capable technology to Israel, Egypt, Australia, Japan and some of its allies in Western Europe. In the 1970s and 1980s, with the widening market for ballistic missiles and increasingly available missile-related technologies, an increasing number of Third World countries began to possess or demonstrated the intent to acquire ballistic missiles. By 1989, there were 24 developing states ranging from the Middle East and South Asia to Latin America and Southern Africa which were believed to have acquired, or to be trying to acquire, ballistic missiles. They included Argentina, Brazil, Iran, Libya, Syria, South Arabia, India and Pakistan.<sup>1</sup> Six types of missiles were identified as being held by these developing states: various models of the Soviet *FROGs*, *Scuds*, SS-21s, the U.S. *Honest Johns* and *Lances*, and the Chinese DF-3s.

The Western industrialised nations' security concern was first related to the strategic penetrability of ballistic missiles, which even the most advanced military powers like the United States were yet to develop an effective defense system against it. The possession of ballistic missiles contains significant strategic importance for a state's military. This importance lies in the capabilities possessed by ballistic missiles. First, ballistic missiles can

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<sup>1</sup> For a more detailed study of missile proliferation in the Third World prior to the 1990s, see Aaron Karp, "Ballistic Missile Proliferation in the Third World", *SIPRI Yearbook*, 1989, pp.287-315.

attack distant targets with a rapidity that in many cases preclude warning. Second, ballistic missiles are very difficult to destroy once in flight. Third, ballistic missiles can carry a variety of destructive munitions, including chemical, biological and nuclear ordnance. Although those Third World countries identified were not the only recipients of missiles and related technologies,<sup>2</sup> many of them were not party to the NPT. In other words, the proliferation of missiles could contribute directly to the proliferation of nuclear weapons. This partly explains the increasing security concern it has caused for the Western industrialised states, not only at the regional level but in terms of international security. As one analyst points out, "ballistic missile proliferation could make Third World crises more difficult to control and conflicts deadlier than ever." "The merging of long-range ballistic systems with highly destructive ordnance only served to underline that the consequences of ballistic missile proliferation cannot be confined to particular regions," thus producing what is called the "widening circumference of conflict".<sup>3</sup> Indeed, missile proliferation in the Third World had consequently intermeshed North and South security concerns and blurred the boundaries of national security to an ever greater degree.

Prior to the early 1980s, the United States, like the Soviet Union, had been a major supplier of missiles and relevant technology. From the late 1970s, however, there came a growing recognition within the U.S. that concerns about nuclear proliferation must be accompanied by concerns with regard to delivery systems. This recognition had led to an increasing American interest in developing an international missile transfer control agreement. Arising from a 1982 initiative led by the U.S. Department of Defense, negotiations aimed at such a regime started between the U.S. and the UK in 1983 behind closed doors. When completed in 1985, participation of the regime had grown to include seven countries: the U.S., the UK, Canada, France, the Federal Republic of Germany, Italy and Japan. All the states, except

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<sup>2</sup> As mentioned earlier, several Soviet and U.S. allies in Europe as well as Australia and Japan had received ballistic missiles, space rockets or relevant technology.

<sup>3</sup> Martin Navias, "Ballistic Missile Proliferation in the Third World", Adelphi Paper (Brassey's for the IISS, London), No.252, Summer 1990, p.3, p.4; p.32, pp.44-45.

Japan, were suppliers of conventional arms to the Third World and had previously transferred nuclear and space technology. For some reason, the regime was not made public until April 1987.

The regime in its original 1987 version was designed to co-ordinate national export restrictions on the transfer of missiles and the technology for missiles capable of carrying a 500-kg pay-load over a range of 300km. The pay-load limit was set in accordance with the minimum pay-load believed necessary to deliver a first generation nuclear warhead, whereas the 300km range limit might have been fixed with the distance between Middle East capitals in mind. The following paragraph came to be known as the purpose of the MTCR guidelines:

to limit the risks of nuclear proliferation by controlling transfers that could make a contribution to nuclear weapons delivery systems other than manned aircraft. The guidelines are not designed to impede legitimate national space programmes or international cooperations in such programmes as long as such programmes could not contribute to nuclear weapons delivery systems.<sup>4</sup>

To achieve the purpose, a list of technologies were proscribed for control under two categories. Category I items consisted of complete rocket systems and complete missile sub-systems. The former included space launch vehicles, sounding rockets and ballistic missile systems; whereas the latter included individual rocket stages, re-entry vehicles, liquid-or solid-fuelled rocket engines, guidance sets and warhead arming, fusing and firing mechanisms. While the transfer of production facilities for any of these Category I items was strictly forbidden, MTCR constraints on exports of Category II items were less stringent. Many of those items under Category II were of a dual-use nature and could be used for purposes other than missile development or military missions. They included

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<sup>4</sup> "Missile Technology Control Regime", Statement by the Assistant to the President for Press Relations, Apr. 16, 1987, in *CRS Report* 1988, p.104.

propulsion components, propellants, launch and ground support equipment, missile computers, flight instruments and inertial navigational equipment.

The MTCR regime is an important first step towards the control of the missile proliferation threat. But, despite its desirability and theoretical soundness to its original initiators, the MTCR at its inception was little more than an informal agreement between a relatively small group of industrialized countries to cooperate on its enforcement. There was no central coordinating body to oversee adherence to MTCR guidelines, or to take punitive measures against countries, businesses or individuals contravening the agreement. The decision on whether to transfer equipment or not was the sole responsibility of the supplier government. Moreover, the MTCR contained several technical weaknesses. Firstly, it lacked clear and mutually acceptable definitions, which was crucial for an arms control regime's full play. In fact, there was not even a clear definition for the term "ballistic missile", which was needed when assessing whether the programmes in some countries were sources of concern. Clearly, the technical weakness of the regime was mostly caused by the dual nature of related technologies. For instance, although it attempted to distinguish between missile technology for use in military programmes and the technology for civil space programmes, in practice, there was no clear distinction between the related technologies. But, for some reason, the founders of the regime did not set up an authoritative body capable of ensuring uniformity of text interpretations. So, the implementation of the guidelines relied primarily on each individual country's interpretation of the specifics with reference to its related national laws. Also, a related more political problem was: how to better achieve the control of missile proliferation without at the same time restricting the economic and technical development of some less developed Third World countries?<sup>5</sup>

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<sup>5</sup> In accompanying the announcement of the MTCR on Aug. 16, 1987, the U.S., UK and Canada issued statements clarifying that the regime is not intended to hinder regional space launch programmes. But it has proven that the MTCR partners have becoming increasingly hostile to regional space launch efforts. See "Controlling Ballistic Missile Proliferation", *Survival*, Vol. XXXIII, No.6, Nov./Dec., 1991, note 4, p.529.

Secondly, apart from the exclusive nature of the regime which was demonstrated by its original participating countries (four European, two North American and one Asian state), the technical limits as set up by the guidelines -- mostly, missiles with a range of and over 300 km should be controlled -- also created a political weakness for the regime to enlist wider international support. More clearly, it gave an impression that the industrialized world was most concerned with the longer-range missiles, namely, the missiles that can reach the territories of the industrialized nations. In this context, the regime has had a built-in limited scope of common interests which can be shared by other major suppliers like the Soviet Union and China. In light of these technical and political weaknesses, the effective functioning of the MTCR regime required not only strong political wills from and good coordination among the Western industrialized supplier governments, but also extra efforts from the MTCR member states to enlist cooperation from non-member supplier states.

### **China's Entry into the Missile Market in the Mid-to-Late 1980s**

China emerged as a significant arms trader in the global arms market in the 1980s. According to a U.S. report published in 1990, during the period 1982-89 China rose to become the fifth largest supplier of weapons to the developing world, with deliveries totalling over \$13 billion.<sup>6</sup> From 1949 until 1977, China had remained a relatively obscure weapons exporter. In keeping with its revolutionary ethics, it was supplying arms to only a handful of Third World countries where there were revolutionary regimes or insurgency movements and, in most cases, the provided weapons were at very low cost or even as free military aid. Since the late 1970s, however, Chinese motivations behind arms transfers to the Third World have altered dramatically. Under the four modernisation programme initiated by the new leadership under Deng, the financial management of the national

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<sup>6</sup> Richard F. Grimmett, *Trends in Conventional Arms Transfers to the Third World by Major Suppliers*, CRS Report, June 19, 1990, p.45, 56.

defense industries was given new guidelines as part of the new national policy of economic reform. As early as 1978, Deng put forward an eight-word edict "*junmin jiehe, pingzhan jiehe*" (军民结合, 平战结合, to combine military with civilian production, join peacetime and wartime efforts) in ordering a civilian conversion of part of the national defense industry. In 1982, Deng added another eight words to the policy expression in an effort to expand the conversion wider and deeper: "*junpin youxian, yiminyangjun*" (军品优先, 以民养军, with the military as the priority, let the civilian nurture the military sector).<sup>7</sup> The purpose was not only to make the military more self-responsible for financing its R & D (research and development) but also to contribute to the overall national economic construction.

Under the new policy, there had been a national campaign converting the military-industrial system into civilian use. Many state-run military production and research facilities were converted to produce consumer goods and the means of production for China's domestic markets. The results were remarkable. The military enterprises have turned out large numbers of products such as civilian aircraft, ships, automobiles, railway cars and oil-drilling platforms. China's self-designed 300 MW Qinshan nuclear power plant was constructed mainly by the nuclear industry. The military enterprises in other defense industries also produced significant results. For example, the aerospace enterprises have developed satellite communication equipment and data stations, whereas the ordnance industry has brought out hydraulic props for coal mines, oil-drilling collars and operating vans for sea-bed oil drilling. The first national trade fair for the conversion of military industrial technology to civilian use was held in Hangzhou in 1985. At the fair, more than 7,000 items of applicable technologies were displayed, resulting in a transaction value amounting to several hundred million Chinese *yuan*.<sup>8</sup>

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<sup>7</sup> See Yu Zonglin, "Junzhuanmin: Zhongguo Guofang Keji Gongye de Dierci Chuangye" (Defense Conversion: Found the Second Undertaking for China's Defense Science, Technology and Industry), *CONMILIT*, Jan. 1995, p.22. Yu is the Director of the Defense Department of the State Planning Commission.

<sup>8</sup> Jin Zhude and Chai Muliang, "The National Experience of China", *Disarmament*

The need for the PLA to be more financially self-responsible was further strengthened in the mid-1980s. If the decision of military-industrial conversion originated mainly from a belief that the military should contribute to national economic development in peacetime, then by the mid-1980s, such a practice had developed into a policy that subjected the defense modernisation to the other three modernisations. After a strategic reappraisal by which war came to be seen as avoidable, Deng reaffirmed his belief that economic development was the first national priority and that military science and technology should be put at the service of the three modernisations. At an enlarged CMC meeting in June 1985, the peacetime mission of the military was firmly put into place. Deng reiterated,

"We are all concerned about building the army and modernising its equipment, ... The four modernisations include the modernisation of defense. ... But the four modernisations should be achieved in order of priority. Only when we have a good economic foundation will it be possible for us to modernise the army's equipment. So we must wait patiently for a few years. ... What we have to do now is to put all our efforts into developing the economy. That is the most important thing, and everything else must be subordinated to it."<sup>9</sup>

Against this backdrop, there was an acceleration of commercialisation of the defense technologies. Beginning in 1986, the administrative organ in charge of science and technology achievements of all the departments concerned carried out an examination of those achievements that were still listed as classified. Early in 1987, 210 items of these achievements were declassified, and another 2237 items were made public in 1989. Some PLA defense intellectuals believe that the civilian conversion of those defense technologies could not only contribute to national economic and technological development. The civilian

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(UN), Topical Papers 5, *Conversion: Economic Adjustments in an Era of Arms Reduction* (Vol. II), p.146. Jin is Chairman and Chai a Fellow of the China Association for Peaceful Use of Military Industrial Technology under the Defense Science & Technology Commission.

<sup>9</sup> Speech at an enlarged CMC meeting on June 4, 1985. *Selected Works of Deng Xiaoping*, Vol.III, pp.132-3.

application of such high technologies as microelectronics, nuclear energy, aerospace and lasers could in the meantime provide the necessary investment and stimulate the further development of related technologies.<sup>10</sup> In other words, it was seen that the conversion could promise some "spin-on" to new military applications. These perceptual and practical developments served to provide the prerequisite for the civilian application of these technical development.<sup>11</sup>

It should be expected that apart from converting to domestic civilian production, the defense industries would also look to international markets. While recognising the importance of domestic civilian conversion, many of the same defense analysts also strongly argued for selling arms abroad. For example, Song Zhenduo and Ku Guisheng, two defense economists, used the theory on the commodity nature of military production to support their argument that China should join the global competition of arms trade.<sup>12</sup> But long before the Chinese defense economists developed their theories in justifying China's arms trade, several major PLA- and State-run trading companies with advanced technologies were already set up, with NORINCO (China North Industries Corporation) being the first one set up in 1979. Among those trading companies subsequently set up to oversee China's arms trade were the China Nuclear Energy Industry Corporation,<sup>13</sup> China Aero-Technology Import-Export Corporation (CATIC), Polytechnologies, Inc. (Baoli) and China Precision Machinery Import-Export Corporation (CPMIEC). (See Figure 6.1).

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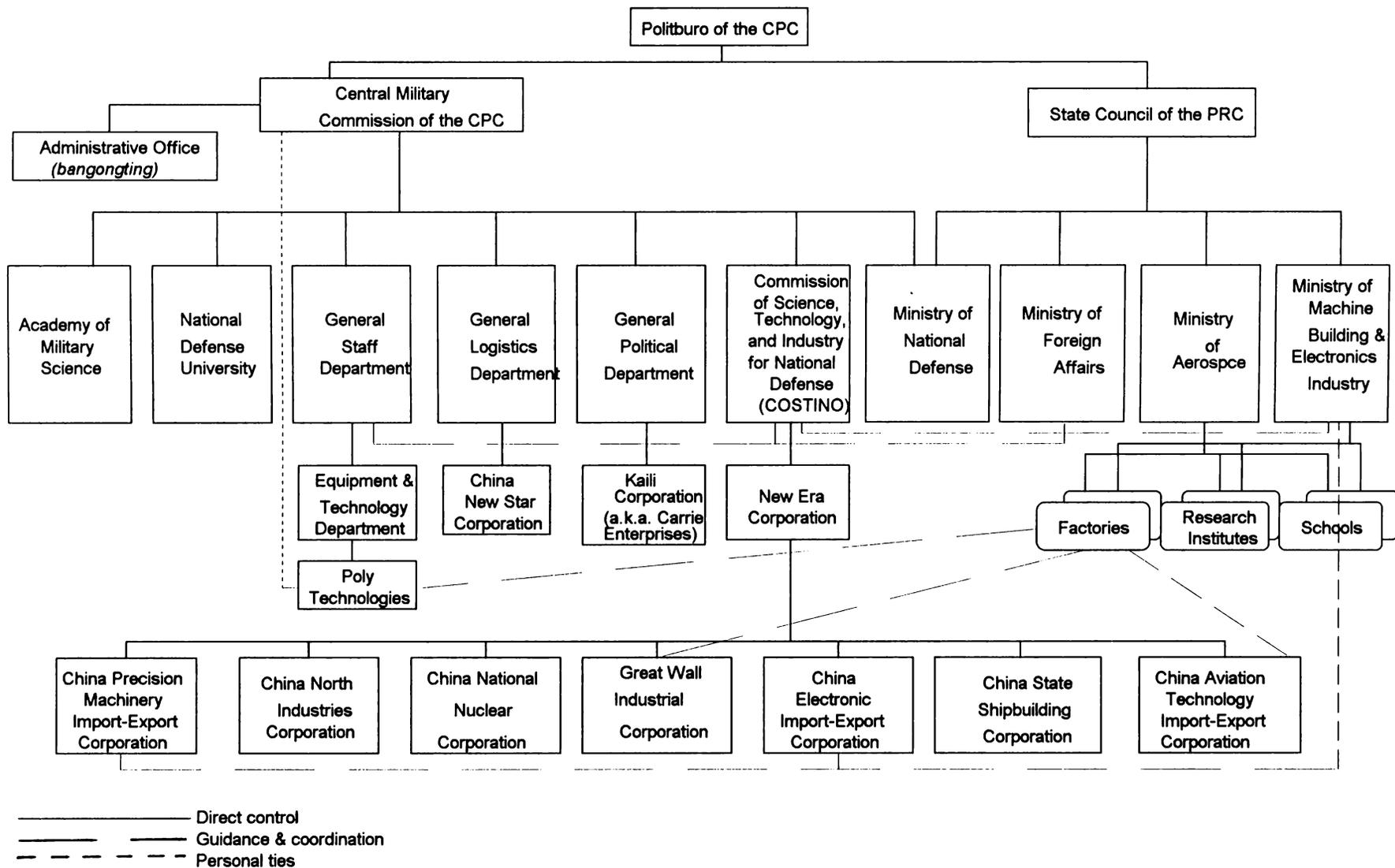
<sup>10</sup> For this Chinese belief, see, for example, Sun Zhenghuan, *Zhongguo Guofang Jingji Jianshe* (Development of Chinese Defense Economy), Beijing: *Junshi Kexue Chubanshe*, 1991, p.52; Liu Yichang and Wu Xizhi, *Guofang Jingjixue Jichu* (The Basics of Defense Economics), Beijing: *Junshi Kexue Chubanshe*, 1991, pp.188-91.

<sup>11</sup> It was estimated that, by 1991, the military enterprises had concluded about 30,000 transactions of military industrial technology transfer for civilian use and tackled over 1,000 long-standing key problems in science and technology for the civilian sector. See "Strategic Shift of PLA Third-Line Enterprises Gains Sweeping Momentum", *Jiefangjun Bao*, Jan. 1993, p.1.

<sup>12</sup> Song Zhenduo and Ku Guisheng, *Guofang Jingjixue Gailun* (Outlines of Defense Economics), Changsha: *Hunan Renmin Chubanshe*, 1986, p.174.

<sup>13</sup> The Nuclear Energy Industry Corporation was renamed the China National Nuclear Corporation (CNNC) in 1993.

**Figure 6.1 PLA- and State-Run Defense-Industrial Trading Companies, As of 1996**



These trading companies as an extension of the military-industrial complex not only oversaw China's arms exports, but also sought to acquire foreign technology for both civilian and military purposes. They were subordinate (at least in paper) to a defense-related ministry either under the State Council or the CMC. For example, the China North Industries Corporation was affiliated to the Ministry of Ordnance Industry; the China Nuclear Energy Industrial Corporation to the Ministry of Nuclear Industry; and the China Precision Machinery Import-Export Corporation to the Ministry of Machine Building. Among those trading corporations, two most important ones were the New Era Corporation and the Poly Technologies. The New Era Corporation, set up in 1986, was under the joint administration of the General Staff Department and COSTIND. It was authorized to export weapons and military equipment manufactured by all the defense-related military-industrial ministries, though its specific business deals were carried out through one of the specialised defense trading corporations.

Compared with the New Era Corporation, of far greater influence in China's arms trade was the Poly Technologies under the jurisdiction of the General Staff Department. Formed in 1983, Poly Technologies was also authorized to sell every type of conventional weapon and military equipment, including handguns, advanced military aircraft, various tactical missiles, and surface-to-surface short-to-medium-range ballistic missiles.<sup>14</sup> But it did not need to go through those specialised corporations and could contract directly with the factories. Under the control of a group of *gaogan zidi* -- children of top Chinese leaders, the corporation maintained close ties with members of the Politburo through personal channels. More relevant to this study, the corporation handled virtually all sensitive arms deals, including the much controversial Chinese missile sales.

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<sup>14</sup> John W. Lewis, Hua Di, and Xue Litai, "Beijing's Defense Establishment: Solving the Arms-Export Enigma", *International Security*, Vol.15, No.4, Spring 1991, p.93.

Under the commercialisation drive, the aerospace industry, already technologically advanced, had played a leading role in converting its applicable technologies for civilian use. Shortly after its conversion began, the aerospace industry was designated the "centre" of national high-technology development by Beijing, both to recognize the outstanding performance of the industry and to promote the nation-wide civilian conversion.<sup>15</sup> According to a study by the COSTIND's Association for Peaceful Use of Military Industrial Technology, between 1987 and 1990, the entire industry had been awarded 20,000 contracts for transferring military industrial technology, with a transaction value amounting to 3.1 billion Chinese *yuan*.<sup>16</sup> In fact, the outstanding performance of the aerospace industry under the commercial tide was not only related to its civilian conversion but also to a remarkable extent linked to its arms sales, more specifically, the sale of missiles and relevant technologies.

The Ministry of Space Industry, which came from the Seventh Ministry of Machine Building in 1982, had been actively involved in pursuing overseas arms deals since its inception, especially after the mid-1980s. The purpose was for both economically decommissioning the first generation liquid-fuelled ballistic missiles and to better finance the research and the R&D for the new generation of missiles. It launched an aggressive campaign for commercialising its missile systems and technologies in the mid-1980s.<sup>17</sup> The items on its export list included satellite-launching services from the First Academy, anti-aircraft missiles from the Second Academy, and anti-ship missiles from the Third Academy. According to Hua Di, a former engineer in the Ministry of Space Industry, a group of missile specialists from the First Academy went to Brazil and Argentina in the mid-1980s. They gave lectures on ballistic missile technology in an effort to promote the sale of China's

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<sup>15</sup> *RMRB*, Dec. 9, 1988, p.5; *China Daily*, Aug. 11, 1990, p.1.

<sup>16</sup> COSTIND (Commission on Science, Technology, and Industry for National Defense), *Shijie Junshi Gongye Gailun* (Survey of World Military Industry), Beijing: *Guofang Gongye Chubanshe*, 1990, p.98.

<sup>17</sup> Wang Yongzhi, *Hangtian Dashiji*, pp.230-5.

DF-5 ICBM for use in the two countries' space programmes.<sup>18</sup> This was the first Chinese attempt to commercialise their missile technology, but it failed due to the buyer's shortage of hard currency.

In a way to combine the development of new weapons with some economic profit, engineers in the space ministry developed a special type of tactical ballistic missile -- the M-Family missiles. Though applied for domestic use also, they were originally designed for sale abroad.<sup>19</sup> The "M" was derived from the English word "missile", implying that the weapons of this class were being developed for export. The first known model among this class was the M-9 developed by the First Academy. It is a single-stage, solid-propellant, surface-to-surface ballistic missile for tactical operations. Nine meters in length with a range of 600 kilometres, the missile uses inertial guidance and can be fitted for either a conventional or nuclear warhead. Its control system allows rapid retargeting at the launch site and eliminates the need for weather corrections.<sup>20</sup> It was believed that its military capability would far exceed that of the Soviet-supplied Scuds. At about the same time when the M-9 was under development, a second type called the M-11 was started by a unit once affiliated with the Third Academy. It is a two-stage, solid-fuelled ballistic missile, using the same guidance system as M-9's.<sup>21</sup> Westerners believe the M-11 had a maximum range of 300 km.<sup>22</sup>

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<sup>18</sup> Hua Di, "Ballistic Missile Exports Will Continue", *A-PDR*, Vol.XVIII, No.3, Sept. 1991, p.14.

<sup>19</sup> Personal communication with a senior research fellow in the System Engineering Research Centre of the China Aerospace Corporation, Beijing, Dec. 1994.

<sup>20</sup> Yang Heng, "The Development of Our Country's Strategic Nuclear Weapons and Equipment", in Nie Li and Huai Guomo, *Huigu yu Zhanwang: Xin Zhongguo de Guofang Kejigongye* (Retrospect and Prospect: New China's National Defense Science, Technology and Industries), Beijing: *Guofang Gongye Chubanshe*, 1989, pp.205-8; Liu Yonggen and Sang Zili, "Some of China's Military-Industrial Technology Secrets are Turned over to Civilian Use", *Liaowang* (overseas ed.), No.10, 1988, pp.14-15.

<sup>21</sup> Zhang Lin and Zang Shiming, "Woguo Zhanlue Hewuqi he Zhuangbei de Fazhan" (The Development of Our Country's Strategic Nuclear Weapons and Equipment), *Guofang Daxue Xuebao*, No.11, 1988, pp.27-31.

<sup>22</sup> Duncan Lennox, "Ballistic Missiles Hit New Heights", *JDW*, Apr. 30, 1994, p.25.

The defense industry began to held overseas-oriented technology trade fair for the transfer of military-industrial technology in early 1986.<sup>23</sup> At the First Asian Defense Exhibition held in Beijing in November that year, the M-9 was displayed (two years before its first flight test in June 1988) and the existence of the whole M-Family was disclosed. The attention given to the missile at the exhibition and the interest it aroused throughout the Third World defense community were applauded by the missile engineers and those working in the Chinese defense industries. At the time, no one was aware of the MTCR process and what kind of potential conflicts it would cause between China and the industrialised world. In March 1987, just one month before the public announcement of the MTCR, the space ministry approved the production schedule for the M-9. Before the missile was flight-tested in June 1988, a preliminary contract was already signed with Syria on its sale, with the Syrians' paying a deposit on its future delivery.<sup>24</sup>

Parallel to the development of this new market-oriented attitude were various foreign reports about Chinese missile deals with a number of divergent Third World countries (see Table 6.1). For example, apart from Syria, Iran and Pakistan expressed their interest in buying the new, accurate and solid-fuelled M-9 and M-11 missiles. It was believed that Iran's efforts to develop and build its short-range missiles as well as to adapt Soviet-designed Scud missiles had received substantial assistance from China.<sup>25</sup> The success of Iraq's missile programme was also thought to depend to a great extent on Chinese technical assistance. Moreover, it was believed that Argentina had reached an agreement with China to license-produce Chinese DF-3s, while Brazil was reportedly negotiating with China for

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<sup>23</sup> The first one was held in Apr. 1986 in Shenzhen.

<sup>24</sup> With the Syrian money, two blocks of buildings were subsequently built, which were nicknamed "*daodan lou*" (missile buildings). Personal communications, Dec. 1994.

<sup>25</sup> See Robert S. Greenberger, "U.S. Retaliates against Chinese for Sales to Iran", *Wall Street Journal*, Oct.22, 1987, p.A35; R. Bates Gill, *The Challenge of Chinese Arms Proliferation: U.S. Policy for the 1990s*, Pennsylvania: Strategic Studies Institute, U.S. Army War College, 1993, p.32.

the transfer of technology to manufacture missile guidance systems.<sup>26</sup> Most of the reported deals were either denied by Beijing or announced later as *fait accompli* without any details. Despite that, one point was certain: China had entered the Third World missile markets and found it a good source of hard currency to supplement the PLA's research budget.

Indeed, the case of China's sale of DF-3 to Saudi Arabia was a typical case in point. In 1988, China sold approximately three dozen DF-3s to Saudi Arabia, which was first revealed to the public by Beijing itself in March 1988.<sup>27</sup> Though belonging to the first generation of liquid-fuelled missiles, the DF-3 was a nuclear-capable intermediate-range ballistic missile (IRBM) with a range of 2650 km. The sale earned China \$2 billion at a lower-level estimation. It was China's first export of a complete missile system with a capacity far beyond the restrictions contained in the MTCR, the regulations of which were already made public by then. In this connection, it remains a puzzling question why, unlike its previous nuclear material/technology transactions, Beijing was quick to acknowledge the deal, though it did emphasize that those missiles were non-nuclear and for self-defense only.<sup>28</sup> This might serve to suggest that Beijing at the time did not see any particular linkage between Chinese missile transfers to the Third World and the MTCR, "a Western supplier cartel". It probably had believed that since it was not a member of the regime, legally speaking, China was not accountable to the MTCR. Also, there was evidence to suggest that, as seen by then Chinese military analysts and security policy makers, missiles,

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<sup>26</sup> *Asian Defence Journal*, July 1988, p.90; *FEER*, June 2, 1988, p.22; Leonard S. Spector, *The Undeclared Bomb*, Cambridge, Mass.: Ballinger Publishing Company, 1988, p.43.

China and Brazil signed an agreement of cooperation on science and technology in 1984, which contains provisions on the cooperation in the field of space technology. See Zhang Jun (ed.), *Dangdai Zhongguo de Hangtian Shiye* (The Space Industry of Contemporary China), Beijing: *Zhongguo Shehui Kexue Chubanshe*, 1986, p.527. Zhang Jun is former Minister of the Space Industry.

<sup>27</sup> *RMRB*, Mar. 17, 1988, p.3.

<sup>28</sup> *RMRB*, Apr. 5, 1988, p.1.

as a means of delivery, was part of conventional weapons: the issue for arms control lay more in controlling the proliferation of non-conventional warheads.<sup>29</sup>

**Table 6.1 Chinese Missile-Related Exports and Technical Assistance to Third World Countries, as of 1990**

<b>Recipient</b>	<b>Missile Designation</b>	<b>Missile Sales and Potential Sales</b>	<b>Missile Technology Assistance</b>
Argentina	Condor-2 DF-3?	Coproduction	Guidance and Control System
Bangladesh	HY-2-FL-1	Sold	
Brazil	SS-300		Guidance and Control System
Egypt	Scud-B HY-2-FL-1	Sold	
Iran	Scud-B C-801 M-9 M-11	Sold Negotiations Held Negotiations Held	Extended Range Design
Iraq	Scud-B M-9 M-11	Sold Negotiations Held Negotiations Held	
Libya	M-9 M-11	Potential Sale Potential Sale	
Pakistan	Hatf-I Hatf-II M-9 M-11	Potential Sale Potential Sale	Guidance, Control and Launching Systems
Saudi Arabia	DF-3	Sold	
Syria	M-9 M-11	Potential Sale Negotiations Held	

Sources: Assembled from a large number of reports in defense trade publications, including *Jane's Defence Weekly*, *Aviation Week and Space Technology*, *Arms Control Today*, *Asia-Pacific Defense Reporter*, *SIPRI Yearbook* and *Asian Defence Journal*.

<sup>29</sup> Zhang Changzhi, "What Do Changes in Modern Aeronautical Weapons Indicate?", *Jiefangjun Bao*, July 6, 1990, p.3.

Though considerations of economic profit had become increasingly a motivation driving China's arms exports, it did not mean that Chinese arms transfers came to be devoid of political and strategic motives. Again, the sale of the DF-3s to Saudi Arabia was a typical example. The Sino-Saudi Arabian arms deal was in fact closely related to Beijing's diplomatic objective of improving and developing the bilateral relationship. Before 1988, Beijing had no official diplomatic relations with Saudi Arabia. Riyadh had had close economic and diplomatic relations with Taiwan, and had maintained a long-standing prohibition against diplomatic relations with communist countries. In an effort to increase its political influence in the Middle East, Beijing started to try to build closer ties with Riyadh as early as 1978. Official visits as well as "secret" meetings between Chinese and Saudi leaders proceeded in the following years. It was during this quest for improving the bilateral relationship that the agreement on the transfer of the DF-3s was made in the year between 1985 and 1986, with a number of deliveries being made in 1987 and 1988 before the news of the sale became public.<sup>30</sup> Immediately following the news of the sale came the announcement that Beijing was to establish diplomatic ties with Saudi Arabia.<sup>31</sup> On July 21, 1990, the two countries established full diplomatic relations and Saudi Arabia broke ties with Taiwan.

The point is, the rise of the Chinese economic profit seeking should not prevent one from detecting the strategic and political motivations behind Chinese arms transfers. As seen by Chinese analysts, the arms trade *per se* is an economic activity with certain political influences: "The arms trade is an economic activity with certain political colours. It is subject to a combination of political, military and economic factors. In the meantime, it produces a considerable influence on those factors in return."<sup>32</sup> Relevant to the purpose of this study, it is worth noting here that linked to this view, one Chinese explanation of the

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<sup>30</sup> Information gained through interviews with research fellows in the China Aerospace Corporation, Beijing, Nov. 1994.

<sup>31</sup> *RMRB*, Apr. 5, 1988, p.1.

<sup>32</sup> Wu Peng, "Lengzhanhou de Shijie Junhuo Maoyi" (World Arms Trade after the Cold War), *CONMILIT*, Apr. 1995, p.52.

"China threat" theory clamoured by such Western countries like the U.S. and Japan was that it was intended to sell more arms in the Asian region. It was argued that, "After the Cold War, Asia has entered a period of high economic growth. There has emerged a development prospect of political stability, rapidly increasing foreign investment and strengthened regional cooperation. But there still exist some destabilising factors. By taking advantage of some regional countries' alertness of China and the certain purchasing capability possessed by the region, Western countries like the U.S. and Japan have clamoured for a 'China threat' theory. Their purpose is to change Asia into a profitable arms market and to have the armament dynamics maintained."<sup>33</sup>

### *Initial Conformity from Beijing*

It seemed that at the time when the MTCR was under negotiation, China was not causing any deep worry that would lead the negotiating parties to try to involve it in talks. But even if there had been a perceived need to engage China, Beijing would probably still be excluded from the process based on the same grounds that excluded Moscow. Although the Soviet Union had been the major supplier of ballistic missiles to the Third World, it was excluded from the negotiations as it was believed that Moscow had little interest in constraining its missile transfers to the Third World, and would strongly oppose attempts to develop an international ballistic missile arms-control regime. The parties involved in setting up the regime thought it was best to secure Western agreement before making an approach to the Soviet Union. Towards the late 1980s, with the dramatic entry of Chinese missiles into the Third World, combined with Moscow's still unconstrained transfer of hundreds of *Scuds* to Afghanistan and SS-21 to both North and South Yemen, Western countries now felt an urgent need to engage both Beijing and Moscow into the MTCR regime.

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<sup>33</sup> *Jiefangjun Bao*, Dec. 1994, p.3.

U.S.'s unhappiness towards China's missile proliferation started in October 1987 when ships carrying the U.S. flag were hit in the Persian Gulf by the Chinese Silkworm missiles operated by Iran. Washington became more irritated following the reports, confirmed by Beijing and Riyadh, on the sale of the DF-3s to Saudi Arabia. It first expressed its concern to Beijing in mid-1988 over China's intended sale of M-9s to Syria. During his visit to China in July 1988, U.S. Secretary of State George Shultz tried to dissuade Beijing from selling ballistic missiles to nuclear-proliferation-prone regions, such as the Middle East and South Asia.<sup>34</sup> Two months later, U.S. Secretary of Defense Frank Carlucci travelled to Beijing, trying to press Beijing to cease missile exports.<sup>35</sup> These diplomatic efforts were accompanied by signals of re-imposing tight export controls of military and dual-use technology transfers to China.<sup>36</sup> Just prior to Carlucci's trip in September, a U.S. official was reported as saying, "We expect the Chinese will give us a long shopping list of weaponry they'd like to buy, and they know from the past that arms sales [from the U.S. to the PRC] are based on their friendly cooperation in other areas."<sup>37</sup>

Here some background information on the U.S. export control towards China is necessary. The U.S. policy of controlling the export of military and dual-use technology to China was originally based on, but also supplemented, the 1950 COCOM (Co-ordinating Committee for Multilateral Export Controls) regulations. It had been on a course of increasing relaxation since 1972, in line with the improving Sino-U.S. bilateral relationship.<sup>38</sup> Motivated by the acquisition of advanced technology for modernisation, Beijing had

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<sup>34</sup> Washington Post, July 22, 1988, p.14.

<sup>35</sup> "China Assures Carlucci on Mideast Arms Sales", Washington Post, Sept. 8, 1988, p.31.

<sup>36</sup> See Newsweek, July 12, 1988, p.56; and James L. Tyson, "Carlucci to Urge Peking to Curtail Missile Sales", Christian Science Monitor, Sept.6, 1988, p.13.

<sup>37</sup> Quoted in Tyson, *ibid*.

<sup>38</sup> See a thorough study by Cheng Tuan Yao, *The U.S. Politics of Export Control Policy Toward The People's Republic of China* (Ph.D Dissertation), University of Georgia, 1989. Cheng's work offers a very informative study of the U.S. export control politics toward China from the 1950s to the 1980s, especially on the four administrations of Nixon, Ford, Carter and Reagan.

persistently asked Washington to ease its control of technology exports to China. The importation of modern advanced technology would help develop China's industry. It would also increase the productive capacity for China's export products and thus help earn foreign hard currency. Although the U.S. control policy had undergone a significant liberalisation since the early 1970s, by the late 1980s China was still subject to the general system of control. Moreover, the liberalisation process had been accompanied by fluctuations and uncertainty.<sup>39</sup> Over time, the U.S. policy in this regard had been taken by Beijing as the "litmus test" of the state of the relationship between the two countries.

When the U.S. expressed concern over China's missile transfers, Beijing's initial response, expectedly, was far from being clear-cut active support. Disregarding each individual country's specific case, viewed in a historical perspective, all of the major MTCR members have gone through a process which started from an initial willingness to transfer missile technology, developed to an acceptance of restrictions and then eventually culminating in export prohibitions.<sup>40</sup> In this perspective, a case may be made that China should be no exception in its approach to the MTCR issue, though how long it will take and through what specific processes before China can become a full supporter of the regime depend on a combination of factors (which this study has been trying to shed some light on).

For Chinese security analysts, there were several reasons for the U.S. effort to control the transfer of ballistic missiles and relevant technology, mostly related to self-interests. First, the proliferation of ballistic missiles in the Third World had increased security threat to U.S. overseas' troops and its allies, especially in the Middle East. The Arabian countries, in dealing with Israel, had had to improve self-defense, including importing and producing

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<sup>39</sup> For some helpful studies in this area, see Madelyn C. Ross, "China and the United States' Export controls System", Columbia Journal of World Business, Spring, 1986; and Xu Han, "China's Economic Reform and Sino-U.S. Relations", Journal of International Affairs, Vol.39, No.2, Winter 1986, pp.27-31.

<sup>40</sup> Aaron Karp, "Controlling Ballistic Missile Proliferation", Survival, Vol.XXXIII, No.6, Nov./Dec. 1991, p.523.

through R&D ballistic missiles. In this context, if war breaks out in the region, the U.S. would stand on the side with Israel and, thus, U.S. troops deployed in the Mediterranean and Gulf region could possibly be attacked by missiles. Second, by controlling the proliferation of ballistic missiles and relevant technology, the U.S. also intended to protect its advantageous position in the field of space industry and technology. Third, there was a concern that ballistic missile proliferation will speed up the proliferation of nuclear and chemical weapons.<sup>41</sup>

Though far from identifying with the U.S. security interests, with Washington's friendly gesture of engagement, Chinese officials did show an understanding of the U.S. concern. Deng Xiaoping, then CMC Chairman, himself assured the high-ranking U.S. officials who were visiting Beijing in July 1988 that "China would exercise restraint on missile sales, because restraint may be warranted under certain conditions."<sup>42</sup> Though Deng did not explicitly rule out future transfers of ballistic missiles and relevant technology, his offer to exercise restraint should be regarded as positive and promising. In February 1989, Premier Li Peng made a further promise to President Bush who was then visiting Beijing that China would "act responsibly on missile sales".<sup>43</sup> One result of these initial U.S. engagement efforts was China's agreement to suspend the sale of Silkworm missiles to Iran. And, despite previous reports of impending Chinese missile sales to Libya and Syria, missile transfers to these countries did not appear to have taken place in 1989.<sup>44</sup> It was reasonable to assume that the top Chinese leadership was then inclined to accommodate the American concern and exercise restrictions on Chinese missile and relevant technology transfers.

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<sup>41</sup> For a more detailed explanation of these three points, see Pan Zhenqiang, *Guoji Caijun yu Junbei Kongzhi* (International Arms Control and Disarmament), Beijing: *Guofang Daxue Chubanshe*, 1996, pp.358-9.

<sup>42</sup> *Newsweek*, July 12, 1988, p.56.

<sup>43</sup> "China Denounces Dissenters in Talks with Bush", *Washington Post*, Feb. 27, 1989, p.17.

<sup>44</sup> This conclusion is derived from a review of *SIPRI Yearbook*, 1988, 1989 and 1990.

## Beijing's Reversed Attitude in the Wake of Tiananmen

To one's disappointment, Beijing's initial limited responsiveness to Western concern soon evaporated following the Western sanctions and isolation of China in the wake of Tiananmen. In November 1989, U.S. officials stated that China had apparently resumed negotiations to supply ballistic missiles to Middle Eastern countries.<sup>45</sup> This statement was followed by a series of U.S. intelligence agency reports on China's missile technology sales to the Middle East and South Asia.<sup>46</sup> It was clear that the Chinese defense industries' marketing of their missile technology was receiving even less restrictions now from Beijing. The need to earn hard currency was now more difficult to be met as a result of Western sanctions, which could well be the reason for Beijing's policy reversal against the backdrop of its adverse relations with the Western world. Moreover, transfers of missiles and related technologies now served as an effective means for Beijing to increase its regional influence in the Middle East and further develop its relations with such countries as Libya, Iran and Iraq. These countries' requests for missiles and related technologies were now increasingly difficult to be met by their traditional suppliers, especially the Soviet Union due to Moscow's changing policy in support of the MTCR.<sup>47</sup> Therefore, resumed deals on missile and related technologies not only provided the Chinese with economic benefits, but were

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<sup>45</sup> Gordon, M.R., "US worries that China may again sell missiles", *New York Times*, Nov.9, 1989, p.A14.

<sup>46</sup> See, for example, "China Dismisses Reported Sale of Missiles in Mideast", *International Herald Tribune*, Mar. 29, 1990; R. Jeffrey Smith, "U.S. Reports Chinese Missiles Launchers Sighted in Pakistan", *Washington Post*, Apr. 6, 1991, p.A17; Nicholas D. Kristof, "Potent Office Weaves Web in China Arms", *New York Times*, Aug. 21, 1991, p.A16; and "Road to Damascus", *FEER*, Aug. 22, 1991, p.6, which reported that M-9s were seen in Syria.

<sup>47</sup> The U.S. began to approach the Soviet Union for support of the MTCR at a similar time as it approached China, i.e. in mid-1988. At the beginning, Moscow tried to distance itself from the regime, criticising it as being both too narrow and too broad. It demanded, among others, the narrowing of the regime's technical limits and the development of a broader multilateral regime which would include both suppliers and consumers of missile technologies. But before long, Moscow's position started to change. At their summit meeting in Sept. 1989, the U.S. and Soviet Union "agreed to activate bilateral consultations on [the missile proliferation] problem." In Feb. 1990, Moscow publicly agreed that it would adhere to the guidelines of the MTCR. See *SIPRI Yearbook*, 1990, pp.371-75; 1991, p.334.

also conducive to Beijing's new diplomatic objectives in counterbalancing the Western isolation.

Due to the bilateral political confrontation in the wake of Tiananmen, Washington was in no good position to approach Chinese leaders for the issue despite its increasing concern over the rampant Chinese missile proliferation in the Third World. Against this background, Soviet officials, after Moscow reached an understanding with Washington on missile non-proliferation in September 1989, began to approach Beijing in an attempt to resolve the issue. When brought up the issue with Beijing in private meetings, Soviet officials found that their Chinese counterparts were "unresponsive." In fact, at the time, the Chinese had no interest whatsoever in complying with the MTCR rules. One staff member in the Poly Technologies Corporation said, "Why should we? They [the Americans] don't really care for our country's interests, so why should we care for theirs? The Third World countries are our friends."<sup>48</sup>

Parallel to the new boom of Sino-Third World political and military relations was Washington's post-Cold War security priority accorded to the non-proliferation of weapons of mass destruction (WMD) in the Third World and, thus, more aggressive pursuance of missile export controls. A series of laws were enacted -- in the form of amendments to existing laws related to export control -- which require sanctions on a foreign country's controversial missile transfers. These included the Arms Export Control Act (munitions), the Export Administration Act (dual-use good), and the Defense Authorisation Act.<sup>49</sup> The enactment of the legislation represented a drastic change of policy on missile non-proliferation by the Bush administration. Previously, the Administration opposed attempts to pass legislation that would allow the U.S. to act unilaterally against foreign firms or countries. It had been believed that the strength of the MTCR was based upon "diplomatic

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<sup>48</sup> Personal communication, Nov. 1989.

<sup>49</sup> See Barbara Starr, "Third World SSM Threat Studied", *JDW*, Nov. 16, 1991, p.944.

consultation and information change," and any unilateral action by the U.S. could "contravene the spirit of the regime, and would very likely cause friction that could seriously threaten the regime's effectiveness as a co-operative mechanism."<sup>50</sup> But, in the wake of the Gulf War, Bush announced that the United States would seek to freeze missile proliferation and further strengthening the MTCR by generating "positive responses from non-MTCR states urged to use MTCR export guidelines",<sup>51</sup> namely, by imposing sanctions when deemed necessary. Applied to the China case, the new coercive U.S. policy did compel Beijing to officially pledge, in February 1992, to abide by the MTCR guidelines; but it consequently also damaged the basic political conditions for Chinese cooperation.

### *Beijing's 1992 Promise to Abide by the MTCR Guidelines*

In December 1989, Washington sent a team of senior U.S. officials to Beijing. The purpose was to mend the bilateral relationship after Tiananmen. It was also meant to stop China's intended sale of M-9 missiles to Syria.<sup>52</sup> Little information was available to the outside as to exactly in what manner Washington approached Beijing about the issue. What was clear was that Washington achieved little success in resolving the issue. For some reason, the two sides did not really get into discussions of the details. When the issue of China's intended sale of the M-9 to Syria was raised, Beijing simply dismissed it with an ambiguous posture. Publicly, Beijing now claimed that "China had always held a serious attitude toward the problem of selling medium-range missiles."<sup>53</sup>

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<sup>50</sup> Statement by Assistance Secretary of State, Richard Clark, "Nations Possessing Ballistic Missiles Could Double", Wellington: *USIS*, Nov. 2, 1989.

<sup>51</sup> See text of the Bush initiative presented by Under-Secretary of State, Bartholomew, to the Senate, in *Strategic Digest* 21, No.7, July 1991.

<sup>52</sup> Steven Erlanger, "Top Aides to Bush Are Visiting China to Mend Relations", *New York Times*, Dec. 10, 1989, p.1, p.22; and Andrew Rosenthal, "Bush Gamble With Beijing", *ibid*, Dec. 13, 1989, p.A1, A8.

<sup>53</sup> "China's Attitude Toward Selling Medium-Range Missiles Is Solemn and Serious", *RMRB* (OE), Dec. 12, 1989, p.1.

In the absence of a cordial bilateral relationship and political goodwill, differences in technical definitions became a serious barrier for solving the problem. More specifically, according to traditional Chinese definitions, missiles with a range less than 1000km belong to "short-range" ( 近程, *jincheng*) missiles, whereas those with a range between 1000-3000km belong to "medium-range" ( 中程, *zhongcheng*) missiles.<sup>54</sup> Thus, while the Americans regarded the M-9 (with a range of 600km) and M-11 (with a range of 300) as medium-range missiles that should not be exported, the Chinese perceived them, at least the M-11, to be short-range missiles and insisted that they should not be a concern to the MTCR. As the range of a missile depends on the payload, there could be merit in both the U.S. and the Chinese positions. But due to the strained political relationship, the two sides could not sit down to discuss the technical disagreement in details. In fact, there was no direct communications going on between the two governments regarding the issue.

A year passed. Washington made little headway to enlist Beijing's support for the MTCR, while there were continued reports of Chinese involvement in a number of Third World countries' missile projects. By early 1991, Washington became strongly suspicious that there was a potential Chinese transfer of M-11 missiles to Pakistan. Washington had long suspected Chinese assistance to Pakistan's missile development efforts, including the passing-on of ballistic missile technology. For Washington, Chinese missile assistance to Pakistan pointed directly to the potential for nuclear-tipped missiles in the latter and, thus, the danger of nuclear proliferation in South Asia. Washington's suspicion of a potential transfer coincided with the signing of a Sino-Pakistani ten-year memorandum of understanding on defence matters, including cooperation in such areas as weapons procurement, military production and R&D, and the transfer of military-related technology.

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<sup>54</sup> See Xie Guang, Vol.I, *Dangdai Zhongguo de Guofang Keji Shiyie* (The Course of Contemporary China's National Defense Science & Technology), Beijing: *Dangdai Zhongguo Chubanshe*, p.280, 282-3, 286-98; Lu Jingzheng, et al., *Dangdai Zhanlue Zhinan* (A Guide to Contemporary Strategic Studies), Beijing: *Guofang Daxue Chubanshe*, 1994, pp.482-83.

In an effort to stop the deal, Washington warned Beijing, through public media, of profound consequences to Sino-American ties if China went ahead with the sale. Washington was hoping that it could halt the transaction by issuing such a public warning, but it proved the measure was ineffective. On June 16, upon concluding that the M-11 launchers and missile guidance components had been supplied to Pakistan, Washington took action and imposed sanctions on two Chinese defense industrial companies. The sanctions blocked sales to the China Great Wall Industrial Corporation (which is affiliated to Ministry of Space Industry and had been offering satellite launch services since 1986), and sales to the China Precision Machinery Import-Export Corporation (which had been marketing the M-series missiles abroad). The banned sales of American high-tech products included satellite components and high-speed computers.<sup>55</sup>

Beijing was infuriated and denounced the sanctions as pure hegemonic power politics. Apart from the technical differences as discussed earlier, the Chinese also maintained very different views about the function of the MTCR, most of all, about the scope of the regime. In the Chinese view, the scope of the regime was very imbalanced by controlling only the transfers of missiles and relevant technology. It was argued that such weapons like strike aircraft could also be equipped with nuclear weapons; and in such a context, it was no less destructive and destabilising than missiles. Therefore, the Chinese position was that nuclear and chemical weapons technology should not be proliferated, but that missiles could be sold so long as other countries were selling strike aircraft.<sup>56</sup> As late as 1996, Chinese analysts

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<sup>55</sup> Section 73(a) of the Arms Export Control Act (Public Law, 90-629) and Section 11B of the Export Administration Act (Public Law 96-72) require U.S. sanctions if the president determines that a foreign entity, after Nov. 5, 1990, knowingly "exports, transfers, or otherwise engages in the trade of any MTCR equipment or technology that contributes to the design, development, or production of missiles in a country that is not an MTCR adherent." See *Nuclear, Biological, Chemical, and Missile Proliferation Sanctions: Selected Current Law*, CRS Reports, Nov. 25, 1997 (Internet version).

<sup>56</sup> See, for example, Wang Ling, "Lengzhanhou Meiguo de Fang Hekuosan Zhengce" (The U.S. Nuclear Non-Proliferation Policy After the Cold War), *Xiandai Guoji Guanxi*, July 1994, p.17.

still maintained a strong critical view of the unfairness and double-standard contained in the MTCR. As analysed by Pan Zhenqiang, the MTCR regulations has played certain role in preventing proliferation of ballistic missiles in the Third World, but the regime itself contains serious defects:

First of all, the MTCR guidelines were made by several developed countries unilaterally. It is an agreement which imposes restrictions on small and developing countries by big and developed countries. The majority of the developing countries have shown discontent to the agreement. They believe the regime is for the purpose of maintaining the technical superiority of the few developed countries by limiting the space plans of the developing countries;

Second, many big companies in the Western countries violate the MTCR guidelines and secretly provide missile relevant technologies to some developing countries for gaining high economic benefits. For this, the regime lacks of effective measures for verification and sanctioning;

Third, the making of the MTCR guidelines was too late. Some Third World countries already possessed ballistic missiles and relevant technologies that exceed the technical level restricted by the guidelines (in terms of range, payload and accuracy, etc.). Moreover, the developing countries can recruit Western experts and engineers to help them develop missile technologies.<sup>57</sup>

As seen by Chinese analysts, the MTCR guidelines was merely a "gentlemen's agreement" of intention between several countries. They are based on related unilateral U.S. export control regulations. It is not a formal international treaty but an agreement of cooperation intended to co-ordinate missile export between the member partners.<sup>58</sup> Also, the regime only restricts the transfer of ballistic missiles, without at the same time trying to restrict the transfer of strike aircraft, artillery and other offensive conventional weapons. It was seen by

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For a comparison of the functions between missiles and strike aircraft, see John R. Harvey, "Regional Ballistic Missiles and Advanced Strike Aircraft: Comparing Military Effectiveness", *International Security*, Vol.17, No.2, Fall 1992.

<sup>57</sup> Pan, "Guoji Wuqi he Wuqi Jishu de Zhuanrang jiqi Kongzhi" (International Weapons and Relevant Technology Transfer and Its Control), in his (chief ed.) *Guoji Caijun yu Junbei Kongzhi*, pp.360-1.

<sup>58</sup> *Jiefangjun Bao*, June 25, 1991, p.3.

Chinese analysts that strike aircraft and artillery are also capable to carry or deliver nuclear weapons. Moreover, the U.S., while insisting on other countries not to transfer missile technology, itself is not a full abider of the regime. It is still implementing its contract with Britain for the sale of nuclear-fuelled sea-launched ballistic missile *Trident*. So, the U.S. is acting in a hegemonic way, with an attitude by which, as a Chinese saying goes, 'Only magistrates are allowed to set fires. Ordinary people are not allowed to light lamps.' (*Zhixu Zhouguan fanghuo, buxue baixing diandeng*). To truly realise the goal of controlling arms race through the restriction of arms sale, it is necessary carry out comprehensive and balanced restrictions of arms trade. During a press conference held in Cairo, then Premier Li Peng, who was then visiting Egypt, said,

"We are adopting an active position on ... arms control. We maintain that arms control should adhere to a principle of comprehensiveness and balance. By comprehensiveness, we mean that an arms control measure should apply to all countries. It should not try to exert restrictions to some countries while at the same time adopt a relaxed policy on others. ... By balance, we mean that weapons with similar destructiveness should all be controlled, even if they belong to different types. ..."59

Just prior to Washington's enforcement of the existing MTCR rules in accordance with the U.S. legislation, Beijing was still trying to advance its own views and positions on the MTCR issue through available channels. In March, while visiting Tokyo, Chinese Vice Foreign Minister Qi Huaiyuan told his Japanese counterpart Owada that Beijing was ready to cooperate with tighter controls on conventional arms trade (*not merely* ballistic missiles) *within* the framework of the United Nations (not the U.S.-initiated MTCR).<sup>60</sup> Speaking to the World News Media Association in Washington on May 7, the Chinese ambassador to the United States announced that "China stands for a fair, reasonable and effective solution to the arms proliferation issue, including missile exports, through overall and equal

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<sup>59</sup> *RMRB*, July 7, 1991, p.1.

<sup>60</sup> *Japan Times*, Mar. 18, 1991, p.8. Emphasis added.

consultation among all countries, not through a decision made by a few countries."<sup>61</sup> Through these remarks, Beijing's opposition to the principles undergirding the MTCR was spelled out. But more fundamentally, they conveyed a desire for more direct involvement in the MTCR process, rather than being a mere participant of the regime. Actually, Beijing felt it was being treated as a target rather than as a partner. (Chinese security analysts felt especially so when the MTCR was announced simultaneously by the seven industrialized countries in 1987). Washington's approach to Beijing in the wake of Tiananmen did little to build trust with Beijing, which would otherwise have been helpful in enlisting Beijing's support for the regime. In denouncing the sanctions, the Chinese argued that the M-11's range and payload were lower than the ceiling mandated by the MTCR regime.<sup>62</sup>

Still, for the purpose of having the sanctions lifted, Beijing made a tentative retreat. When Under-Secretary of State Bartholomew travelled to Beijing in an effort to solve the stalemate, Beijing promised to "seriously consider" abiding by MTCR guidelines.<sup>63</sup> In November in Beijing, after protracted talks with visiting Secretary of State James Baker, Chinese officials verbally agreed to "*Kaocha*" (考查, meaning investigate, examine) the MTCR guidelines and parameters when transferring missiles,<sup>64</sup> "based on the condition that the U.S. lifted the sanctions imposed in June."<sup>65</sup> However, the Chinese foreign minister did

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<sup>61</sup> *RMRB* (OE), May 9, 1991, p.3.

<sup>62</sup> Interviews with research fellows in the Academy of Military Science and the National Defense University. The U.S. unwillingness to accommodate Chinese views at the time can, in a way, be illustrated by the following story. Pan Zhenqiang, now Director of the NDU's Institute for Strategic Studies, wrote a major proposal in the spring of 1988 detailing Chinese views of the MTCR and conditions under which China would join the regime. At the time of his writing, Pan was a senior visiting fellow in Stanford University's Center for International Security and Arms Control (CISAC). But the article was rejected by the *New York Times*, the *Washington Post*, the *San Jose Mercury* and the *San Francisco Chronicle* as not being newsworthy. Personal communications.

<sup>63</sup> "US and China Begin Talks on Beijing Arms Sales", *Straits Times*, June 17, 1991, p.3.

<sup>64</sup> "Waijiaobu Fayaren Jieshao Mei Guowuqin Beike Fanghua Qingkuang" (Foreign Ministry Spokesman Describes the Visit by the U.S. Secretary of State Baker), *RMRB*, Nov. 18 1991, p.3.

<sup>65</sup> *Ibid.* The Defense Authorisation Act contains a provision that allows a Presidential waiver of the sanctions upon determination of overriding U.S. national interests.

not hold a joint press conference with Baker to publicly confirm the Chinese promise. When Premier Li Peng met with President Bush at the United Nations on January 31, 1992, he did not give any written assurance, nor did he personally state China's position on the MTCR. Public Chinese announcement to abide by the MTCR guidelines came only after the Bush Administration had indicated its willingness to lift the June 1991 sanctions. On February 22, 1992, the Chinese government issued a statement clarifying that it would respect the existing MTCR guidelines and parameters upon the "effective lifting" of the ban on American high-tech exports to China.<sup>66</sup> On March 23, 1992, the Bush Administration effectively waived those sanctions in an effort to secure Chinese non-proliferation commitment.

Without solving those technical as well as political differences with the U.S., Beijing's promise to abide by the MTCR guidelines was, in theory, a compromise of Chinese views and positions. Apart from the desire to avoid the impact on China's science and technology development of the U.S. sanctions which banned high-tech exports to China, the MFN trading status could have played a role, too, in Beijing's verbal retreat from its independent position. There had been an increasing Congressional antipathy to Beijing's human rights and arms transfer records. Beijing's announcement of the commitment came just on the eve of an abortive Congressional effort to terminate the status. Theoretically speaking, China's acceptance of the MTCR guidelines served as a recognition of the value of the MTCR for international security. Though a verbal commitment without making China subject to any solid legal binding power, which left widely open future possible Chinese retreat from the promise, it would at least cost Beijing potential normative damages if it was caught in defying the norms. Later development proved that Chinese security policy makers chose to

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<sup>66</sup> "Weijiaobu Fayanren jiu Meiguo Zhengfu Dasuan Quxiao dui Hua Sanxiang Zhicai Shi Fabiao Tanhua" (Foreign Ministry Spokesman Issues Talks on the Plan by the U.S. Government on Lifting the Three Sanctions against China), *RMRB*, Feb. 23, 1992, p.5; and "China", *A-PDR*, Apr.-May 1992, p.25.

take the normative cost for obtaining perceived more important strategic and political interests.

***Repeated Report of Chinese "Violation" of the MTCR***

In an effort to have the U.S.'s sanctions lifted, Beijing agreed in March 1992 to abide by the guidelines of the MTCR. However, the pledge did not last long. In November that year, two months after the Bush administration's decision in September to sell 150 F-16 fighter aircraft to Taiwan, U.S. intelligence learned of the delivery of M-11 missiles or components to Pakistan. Following the November report, U.S. intelligence analysts became increasingly convinced that China had decided to circumvent the MTCR commitment by selling components and technology rather than whole systems to a range of countries, including Iran and Pakistan.<sup>67</sup>

For the purpose of preventing the further development of Chinese missile assistance to those countries, Lynn Davis, U.S. Under-Secretary of State for International Security Affairs, went to China in July 1993, seeking clarification on the nature of Chinese missile sales to Pakistan. But the Chinese were less than cooperative. They "were totally contemptuous," according to one source, "They just stifled her, saying 'We have abided by the MTCR guidelines.'"<sup>68</sup> A month later, the Clinton administration determined that China had violated the MTCR guidelines by transferring M-11 missile-related equipment to Pakistan.<sup>69</sup> On August 24, the administration imposed a two-year sanction on ten Chinese aerospace companies believed to be involved in the transfer, such as the China Great Wall Industrial Corporation and China Precision Machinery Import-Export Corporation. The

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<sup>67</sup> Sandy Gordon, "US Erratic on Non-Proliferation", *Canberra Times*, Sept.3, 1993; Nayan Chanda, "Red Rockets' Glare", *FEER*, Sept. 9, 1993, p.10; *Arms Control Today*, Vol.23, No.7, Sept. 1993, p.27.

<sup>68</sup> Chanda, *ibid*, p.11.

<sup>69</sup> "China Protests Against US Sanctions", *BR*, Sept. 6-12, 1993, pp.6-7.

sanctions, which banned U.S. exports of dual-use high-tech products, were based on alleged Chinese transfer of items from the "Category II" of the MTCR guidelines, namely, important items for missiles but not complete missiles or substantial parts. This categorisation either indicated that the U.S. intelligence did not believe that complete M-11 missiles were exported or demonstrated that the Clinton administration was reluctant to impose other than relatively light sanctions on China.<sup>70</sup> According to related U.S. export control legislation, transfers of items listed under "Category I" (i.e. complete missiles or substantial parts) of the MTCR would require more severe sanctions, including limits on certain imports from China. If the alleged transfer was determined as falling into Category I, the Clinton administration would have to take measures that would not only severely strain the already troubled relations with China but also considerably affect the U.S. economic interests, particularly the interests of those U.S. aerospace companies selling satellites to China or using Chinese rockets to launch U.S.-made satellites.

While the imposed sanctions were the lightest under the requirement of relevant U.S. law, Beijing lodged strong diplomatic protests. Chinese Vice Foreign Minister Liu Huaqiu summoned U.S. Ambassador Stapleton Roy on 27th. In his protest, Liu stated that, "China has honoured its commitment to act in accordance with the MTCR guidelines and parameters, and has done nothing in contradiction to that commitment." "The stark hegemonic act of the US side has brutally breached the basic norms governing international relations. ... the Chinese government and people express their utmost indignation at such a move on the part of the US government, which compromises China's sovereignty, dignity and interests and places Sino-US relations in serious jeopardy."<sup>71</sup> Chinese officials threatened that it would completely ignore the MTCR guidelines from then on. In an article published by the U.S. journal Arms Control Today, China's Ambassador to the U.S. wrote,

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<sup>70</sup> Eric Chauvistre, "Chinese Missiles - US Sanctions", Pacific Research, Vol.6, No.4, Nov. 1993, p.28.

<sup>71</sup> "China Protests Against US Sanctions", BR, Sept. 6-12, 1993, p.7; and Lena Sun, "China Says U.S. Sanctions Are 'Entirely Unjustified' ", Washington Post, Aug. 27, 1993, p.A21.

The Missile Technology Control Regime (MTCR) is an arrangement among a group of countries for controlling the transfer of missile and missile-related technologies to other countries. China is not a party to the agreement. Following U.S. Secretary of State James Baker's visit to China in November 1991, the Chinese government announced on February 22, 1992 its intention to act in accordance with the existing MTCR guidelines and parameters. This commitment was predicated upon U.S. removal of its June 1991 sanctions on China, which took effect on March 23 and thereby triggered enactment of China's commitment concerning MTCR. In August of this year the U.S. government decided to impose new sanctions against China, ... In strongly protesting the U.S. decision ..., the Chinese Foreign Ministry has stated it is left with no alternative but to reconsider its commitment to MTCR."<sup>72</sup>

Before the above U.S. sanctions could be lifted, reports that China had provided M-11 assistance to Pakistan surfaced again in September 1994.<sup>73</sup> This time the U.S. sought to avoid a new rift with Beijing, particularly in view of China's critical role in solving the North Korean nuclear issue.<sup>74</sup> Ironically, the result of protracted discussions between the two sides was the signing of an agreement (by the visiting Chinese Vice Premier Qian Qichen and the U.S. Secretary of State Christopher) on October 4, 1994 waiving the U.S.' August 1993 sanctions. It was in return for a pledge from Beijing not to export surface-to surface missiles "inherently capable of reaching a range of at least 300km with a payload of at least 500kg."<sup>75</sup> The two also agreed to carry out deeper discussions on the MTCR.

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<sup>72</sup> Ambassador Li Daoyu, "Foreign Policy and Arms Control: the View From China", Arms Control Today, Dec. 1993, p.11.

<sup>73</sup> See, for example, R. Jeffrey Smith, "Pakistan M-11 Funding Is Reported", Washington Post, Sept. 8, 1994, p.A32.

<sup>74</sup> For more information about the 1994 North Korean nuclear issue and China's role in solving the crisis, see S. Strasser, "China Plays the 'American Card': Beijing Is Working to Bring the Nuclear Stand-off with North Korea to a Peaceful End", The Bulletin, Jan. 11, 1994; "Vulnerable North Korea", The Economist, June 11th-17th, 1994, pp.24-25; "U.S. Raises Nuclear Threat", Waikato Times, June 11, 1994, p.5; "Carter Rejected, Sanctions Urged", *ibid*, June 18, 1994, p.5; "China's North Korean Test", The Economist, June 11th-17th, 1994, pp.12-13.

<sup>75</sup> See "Zhongmei Liangguo Zhengfu de 'Guanyu Tingzhi Shengchan Yongyu Hewuqi de Liebian Cailiao de Lianhe Shengming' he 'Guanyu Daodan Kuosan Wenti de Lianhe Shengming" (The Two Governments of China and the U.S. Signed a 'Joint Declaration on

Despite the sanctions being lifted and the pledge from Beijing in October 1994, by July 1995, U.S. intelligence officials claimed that China had shipped complete M-11 missiles to Pakistan. "Satellite reconnaissance photographs and intercepted communications provide strong evidence that China has shipped complete M-11 missiles to Pakistan."<sup>76</sup> Similar reports continued. For instance, in July 1996, it was reported that the Chinese manufacturer of M-11 missiles had sent a shipment of military cargo to Syria. The CIA believed that it might have contained missile-related components.<sup>77</sup> In most cases, Beijing either denied any Chinese involvement in the alleged transfer or simply dismissed related reports as groundless rumours. In other times, when confirming some of the transfers, Chinese officials would claim that the range of the M-11 was under 300 km and therefore was not covered by the MTCR.

One may raise the question: to what extent was the central leadership able to overcome various domestic obstacles and effectively control those defense-trading companies' arms trade? It is true that without any institutionalised legislation specifically designed to regulate the country's arms export, many of the arms deals and transactions were freely handled by the trading companies themselves without having to go through any formal legal procedures. They were out of the reach of the central government in Beijing. In fact, Beijing had not (until 1997) bothered to exert much formal control over the military's arms trade activities it had encouraged through the policy of the defense industry's civilian conversion.<sup>78</sup> But the case of sensitive missile and relevant technology transfers was

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Stopping the Production of Fissile Material for Nuclear Weapons' and a 'Joint Declaration on the Issue of Missile Proliferation), in Liu Liandi, *Zhongmei Guanxi Zhongyao Wenxian Ziliao Xuanbian*, p.479; and Barbara Starr, "USA Links Chinese Ties to Missile Exports", *JDW*, Vol.22, No.15, Oct. 15, 1994, p.6.

<sup>76</sup> Reuters via ClariNet, <clari.world.asia.china>, July 2, 1995.

<sup>77</sup> "U.S. Probes Reported Chinese Missile Sale to Syria", in <clari.world.asia.china>, July 23, 1996.

<sup>78</sup> In Oct. 1997, Beijing set up a special organisation, the State Commission for Administration of Arms Trade under the joint leadership of the State Council and the CMC, and designated the Commission to be in charge of the work to regulate arms export

different. As mentioned earlier, virtually all sensitive arms deals, including the much controversial missile sales, were handled by Poly Technologies, a defense trading company directly under the administration of the General Staff Department. For those potentially controversial items which could endanger broader national interests, Poly must receive clearance from the Central Military Commission as a routine procedure. And the Chinese Party-military relationship developed since 1949 allows the Party, officially, to exert overall administrative control of the military. The Commission was headed by Deng until November 1989 when Jiang, the CPC General Secretary, took over the Chairmanship. In other words, Beijing could effectively halt those sensitive transfers if it chose to. Moreover, to over-emphasize the military's profit seeking motivation on issues of sensitive arms transfers would downplay the filtering effect of the Chinese nationalism in this regard.

### **Factors Propelling Chinese Defiance of the MTCR Spirit**

Without accessing solid primary data, it is difficult for one to ascertain the exact degree of Chinese "violation" of the MTCR rules. The above development, however, did readily convey a Chinese defiance of the MTCR spirit and a failure of those U.S. sanctions to (fully) stop the controversial Chinese missile transfers. This begs the question: why had Beijing taken a "less than cooperative" attitude in its dealings with Washington on the matter? In view of the overall development of Sino-U.S. relations during the period, one can see there were good reasons for Beijing's lack of "cooperation" with Washington, even

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throughout the country. The State Administration of Arms Trade, the executive organ of the Commission, was designated to exercise supervision over and administration of the nation-wide arms export. Under the *Regulations of the People's Republic of China on the Administration of Arms Export* promulgated by Beijing on Oct. 22, 1997, "Items of arms export shall be examined and approved by the State Administration of Arms Trade or by the State Administration of Arms Trade jointly with the relevant departments under the State Council and the Central Military Commission." (Article 14) And arms shall be exported on the strength of a licence for arms export (Article 13).

though it had taken the MTCR regulations into consideration in its real practice (This will be analysed in more detail in the section "Involved Chinese Compromise").

First of all, Beijing's violation of its March 1992 promise to abide by MTCR guidelines was directly prompted by the Bush administration's decision in September that year to sell 150 F-16 fighter aircraft to Taiwan. Beijing had long opposed U.S. intended sale of F-16 fighters to Taiwan, regarding it as a violation of the U.S.-China agreement made in 1982 concerning the U.S.'s arms sales to Taiwan. In the 1982 Sino-U.S. communiqué, Washington pledged that it would "reduce gradually its sales of arms" to Taiwan. It also agreed that its future military sales to Taiwan would not exceed "either in qualitative or in quantitative terms" the level of the previous four years. Washington had withhold to approve the business deal with Taiwan for the sale of F-16 for years on account of Beijing's strong objection. But Bush made a decision and approved the deal (worth of US\$6 billion) during his 1992 Presidential campaign. Some Western analysts, including a number of U.S. officials, agreed that the sale was in clear violation of the 1982 communiqué.<sup>79</sup> While Bush personally did not have to deal with the consequences the sale had on U.S. relations with China, the sale had exerted a long-term negative impact on Beijing's commitment to the MTCR. In the same article written by Ambassador Li Daoyu, a close linkage between the two issues was clearly shown:

"It is clear that the U.S. decision [to impose sanctions on China against the alleged Chinese transfer of missile components to Pakistan in 1993] has compromised China's sovereignty, dignity and interests, interfered in China's internal affairs and put China-U.S. relations in serious jeopardy. The U.S. action is most unreasonable and totally unacceptable to the Chinese side, especially in view of the fact that the U.S. government decided to sell 150 F-16 jet fighters to Taiwan in September 1992. This and many other instances of continuously upgrading its arms sales to Taiwan in both quality and quantity violate the Sino-U.S. Joint Communiqué

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<sup>79</sup> See "US Firms Assured of Trade Support", *JDW*, May 14, 1994, p.9; and Nayan Chanda, "Red Rockets' Glare", *FEER*, Sept. 9, 1993, p.11.

of August 17, 1982. The Chinese government had demanded that the U.S. government stop this erroneous course of action."<sup>80</sup>

The importance Beijing has attached to the Taiwan issue in China's national security interests is indisputable. Upon Washington's announcement of the sale of F-16 to Taiwan, China, in angry protest, suspended its participation in the P-5 talks, a process started in 1991 by the five permanent members of the UN Security Council to discuss the control of arms transfers and the proliferation of weapons of mass destruction. As Li said, "Pending a reversal of the decision by the United States on the F-16 sales, China would find it difficult to stay in the meeting of the Perm-5 on arms control issues." While it was impossible for Li to directly state a linkage between the Chinese transfer of missile components to Pakistan and the U.S. sale of F-16 to Taiwan (because Beijing had officially denied the transfer), one cannot fail to see a close linkage between the two developments. Similarly, any Chinese observer with some insight of Chinese politics would not have failed to see the connection between Taiwanese President Lee Tenghui's triumph U.S. visit in July 1995 and the U.S. intelligence report of China's shipment of complete M-11 missiles to Pakistan that same month! Over time, Beijing may well have come to use the MTCR issue as a retaliatory instrument in its dealings with the U.S., particularly on issues related to Taiwan.

The second factor contributing to Chinese non-commitment to the MTCR guidelines was both technical and political. First of all, Beijing's 1992 promise to abide by the MTCR guidelines was made without resolving the technical differences China had with the U.S., which would inevitably give rise to future technical disputes. Beijing's February 22 1992 statement spoke of abiding by "the existing MTCR guidelines and parameters."<sup>81</sup> The 1987

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<sup>80</sup> Li Daoyu, "Foreign Policy and Arms Control", p.11.

<sup>81</sup> The contents of Beijing's written pledge has never been disclosed. A U.S. official who had had access to the contents stated that the pledge was, "not as explicit as we would have liked" concerning the cessation of all missile sales to Pakistan. R. Jeffrey Smith, "U.S. Lifts Sanctions against Chinese Firms", Washington Post, Feb. 22, 1992, p.A15.

MTCR Guidelines concentrated on preventing the proliferation of nuclear-capable missiles, but exactly what constituted a nuclear-capable missile remained unclear.

As mentioned earlier, it was estimated by Westerners that the M-11 had a payload of 500 kg with a maximum range of 300km. In objecting to the Chinese related transfers, the Americans would argue that the M-11 transfers violated the MTCR because the missiles could reach the minimum range threshold if the payload was lighter than the maximum capacity. But China insisted that the missiles did not exceed the range threshold criteria established by the MTCR. Western sources said that China claimed the range of the M-11 was 185 miles (296km) with a payload of 1,000lbs (453kg).<sup>82</sup> During an interview in Beijing in December 1994, a senior expert on nuclear arms control in the CIIS, said firmly that the missile China had transferred to Pakistan did not exceed the limit set by the MTCR (300 km and 500 kg). When I asked why, then, did the U.S. still object to the transfer? He explained that part of the reason was because the recipient country may be able to improve its function through certain technical revisions; after revision, it is very possible that the missile would extend over the range of 300km. But he mentioned: "China is not the only country that sells missiles. The U.S. itself is also selling. Only very recently it has provided a type of tactical missile to Israel, on the excuse that it is for the purpose of enhancing Israel's security in the Arabian world." He further analysed, "For the U.S., it is a matter of double standards. If the recipient country is a friend of the U.S.'s, it won't say anything. But if it is not a friendly country, like Iran, then the U.S. would lash out, saying it is politically dangerous; it is increasing the threat of war and so on." Again, in the absence of a cordial bilateral relationship, technical disputes became insurmountable barriers for resolving the problems that existed.

Added to the above technical and political differences that already existed, it might have been an unnecessary mistake on the U.S. side being technically too "cautious" to fully

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<sup>82</sup> See *The Military Balance* (IISS), 1995/96, p.152.

engage China into the MTCR process, which consequently affected Chinese willingness to comply with the MTCR rules. Before 1994, while it had been urging Beijing to respect the missile control regime, Washington had objected to letting China become a formal member of the MTCR (whether Beijing would want to formally join the regime if offered to is a different matter.) Washington had been concerned that, as a formal member, China would have to be provided with detailed technical information of related missile technology, which could be used by China in developing high quality tactical ballistic missiles.<sup>83</sup>

As mentioned earlier, though originally intended for marketing abroad, the M-9 and M-11 were later incorporated into the PLA's force modernisation programme. While their relevant technologies and even complete systems had been offered to some Third World countries, their domestic versions were seen as still under development in the early 1990s. It was not until 1994 that Western defense-related sources began to suggest that the two appeared to have entered service, in 1991 and 1992, respectively.<sup>84</sup> There were no signs until then suggesting that Washington might reconsider its position. Beijing's October 1994 second promise to comply with the MTCR guidelines was made when both Washington and Beijing agreed to "work together to promote missile non-proliferation through a step-by-step approach to resolve differences over missile exports."<sup>85</sup>

Understandably, Washington's reluctance to share detailed technical information with China in part explained the exclusion of China in the regular revisions of the MTCR guidelines and parameters, which further antagonised Chinese attitude towards the regime. In 1992, the guidelines were expanded to include all ballistic missiles and cruise missiles capable of delivering not merely nuclear weapons but also chemical and biological weapons. In 1993,

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<sup>83</sup> See Chanda, "Red Rockets' Glare", p.11; and Chauvistre, "Chinese Missiles - US Sanctions", p.28.

<sup>84</sup> "Ballistic missiles hit new heights", *JDW*, Apr. 30, 1994, pp.24-5.

<sup>85</sup> "Clinton Offers China a Deal to Pre-empt MTCR Sanctions", *Arms Control Today*, Vol.24, No.10, Dec.1994, p.23; "China to Curb Missile Exports", *Asahi Evening News*, Oct. 5, 1994.

the parameters of the MTCR were further revised to expand the scope of the list of items under restriction. Without being actively involved in the process of setting up the guidelines and the regime's parameter, the Chinese not only lacked the incentives to abide by them, but also tended to regard the development of new parameters mainly targeted at China.<sup>86</sup> As a renowned China expert rightly pointed out, "It is going to be awkward for the US to ask China to abide by rules that they are not allowed to make. It is like taxation without representation."<sup>87</sup> When making the assurance to Washington in October 1994, Beijing emphasized that it would adhere only to the original 1987 MTCR guidelines and Annexes.<sup>88</sup> If Washington had tried in good-faith to involve Chinese active participation in the MTCR process, it could have served to remove the main Chinese argument against the MTCR, namely, that the regime is not *an international treaty* but a "gentlemen's agreement" by a few Western developed countries.

Due to the tight linkage between politics and economics, it is natural that, over time, the retaliatory function of the MTCR for Beijing could expand from the military field to the economic field. In this connection, the third factor that had very likely contributed to the Chinese lack of commitment to the MTCR is China's repeated failure of its bid to join the GATT/WTO. As has been mentioned in Chapter 5, China had been applying for admission to the GATT/WTO ever since 1986. It had been an important Chinese foreign policy objective in the past decade, especially after the end of the Cold War. But Beijing had encountered repeated and more often, unexpected, failure in the process. Over time, it proved to Chinese observers that the United States was the "Number one obstacle" to China's return to the world trade organisation.<sup>89</sup> Washington's ever increasing demand of

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<sup>86</sup> See, for example, Yi Si, "He Junkong Xingshi Fenxi" (An Analysis on Nuclear Arms Control), *CONMILIT*, No.231, Apr. 1996, p.14.

<sup>87</sup> Harry Harding, quoted in Chanda, "Red Rockets' Glare", loc. cit.

<sup>88</sup> Ian Anthony, et al., "The Missile Technology Control Regime", *SIPRI Yearbook*, 1998, p.395.

<sup>89</sup> See, for example, Li Dibin, "'Fu Guan' Mandao Zhen Ru Tie", *Liaowang*, No.45, Nov. 7, 1994, p.15. The title of the article uses one sentence, with one word difference, from a famous poem written by Mao Zedong in 1935 during the Red Arm's Long March.

more Chinese concessions for membership was seen not merely as an economic issue but was intended primarily to slowdown the development of a rising China. So, if Washington had been close to establish a public and direct linkage between its MTCR objectives with China's MFN trading status, there is no reason why Chinese security policy makers could not gradually build a similar linkage, covert if not overt, between China's WTO goal and the U.S. MTCR concern. Thus, the repeated Chinese defiance of the U.S. MTCR concern could well be a signal from Beijing intended to compel Washington to consider the effect of a U.S. "mistreatment" of Chinese important national interests. Therefore, it can be argued here that the U.S. obstruction to China's entering into the GATT/WTO had been an important factor prompting Chinese defiance of the MTCR spirit.

Added together, the above three factors had, among others, impeded the development of a cooperative Chinese attitude towards the MTCR issue, which had largely been an issue dealt with in the realm of U.S.-China bilateral contacts. Under the U.S. various political and economic pressures intended to secure a Chinese commitment to the regime, there had been an on-going mutual recrimination between the two. While the Americans were labelling China as an irresponsible state destabilising regional and international security, the Chinese were denouncing the U.S. hypocritical and double-standard behaviour in the field of international arms control. There were a considerable number of Chinese articles written by top-level Chinese security analysts detailing Washington's various efforts to expand the U.S. arms sales abroad after the end of the Cold War.<sup>90</sup> Tang Tianri, a prominent political commentator and frequent contributor to *Liaowang*, wrote,

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The original sentence in Mao's poem is "Xiong Guan Mandao Zhen Ru Tie", which can be translated as "Tell me not the great pass is iron wall kissing the cloud", describing the arduous long march the Red Army was go through.

<sup>90</sup> See, for example, Sa Benwang, "Lengzhanhou de Shijie Junhuo Maoyi" (World Arms Trade after the Cold War), *Liaowang*, Aug. 16, 1993, p.37 (Sa is a strategic studies expert in the Ministry of National Defense and a fellow in CISS; and Wu Peng, "Lengzhanhou de Shijie Junhuo Maoyi", *CONMILIT*, Apr. 1995, p.53.

In recent years, the U.S. government has adopted a policy of hegemonism on the issue of arms sale, similar to its policies on many other issues. It repeatedly declares to strengthen the control of weapons' proliferation. It flagrantly interferes into other countries' normal arms trade of limited value, being swift to use "sanctions" or threaten to use "sanctions". But itself tries without any limit to expand its overseas arms market, sells a large amount of various advanced weapons. The U.S. itself has become the number one arms trader in today's world proliferation of weapons. ... On the matter of arms sale, the U.S. has been pursuing a policy of double standards, by which it only tries to control others, not itself."<sup>91</sup>

Needless to say, by all standard of international relations, it had been important for China to maintain a good cooperative relationship with the U.S., the remaining single superpower in the post-Cold War era. But here it involves some key questions regarding the concept of "cooperation": how to cooperate? What are the conditions of international cooperation? In an article addressing the problematic Sino-U.S. relations after the end of the Cold War, one analyst argued that cooperation is based on understanding. He said,

In terms of national interests, there exists a contradictory aspect between each individual state. But in the meantime, there also exists an interdependent aspect. How to handle contradictory interests? There are two choices. One way is to carry out retaliations and counter-retaliations. This would hurt both, and could bring disaster to other countries and regions. The only difference would be one is more hurt than the other. The other way is to try to solve the problem through equal negotiations. During the process of negotiations, the two sides should increase mutual understanding so as to reach a mutually-beneficiary compromise."<sup>92</sup>

To further extend the author's argument here, the need for mutual understanding may well mean a need for mutual accommodation of each other's concerns.

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<sup>91</sup> Tang Tianri, "Meiguo Shi Kuosan Wuqi de Touhao Junhuoshang" (The U.S. is the Number One Arms Trader in Weapons' Proliferation), *Liaowang*, No.13, 1996, p.45.

<sup>92</sup> He Tianyuan, "Lijie Caiyou Hezuo" (Only Understanding can Produce Cooperation), *Liaowang*, Mar. 6, 1995, p.44.

### **Involved Chinese Compromise**

Public discourse nonetheless, the technical differences and fundamental political disagreements with the United States did not fully prevent the government in Beijing from making necessary compromises. However, the repeated report of Chinese "violation" of the MTCR rules during the period often prevented one from taking a more analytical view of the reported Chinese controversial transfers. And the dearth of primary data from the Chinese side did not help to disperse certain misperceptions.

During my field trip to Beijing from November 1994 to January 1995, I conducted some interviews with a number of security analysts, arms control experts and Foreign Ministry officials regarding those reported controversial missile and relevant technology transfers. The answers that I received can be conveniently grouped into three categories. The first one falls into the official line of declared policy. Most of the officials from the Ministry of Foreign Affairs would say (in occasions of my formal interview), "No, China did not sell those missiles as reported. Those reports are groundless. We have taken a responsible attitude in regard to arms transfers."<sup>93</sup>

The second one, given mainly by those security and arms control analysts in civilian institutions like the IIS, did not deny nor directly confirm the reported sales. They used such words "Not very clear," "Not too sure. This might be revealing state military secrets." But from the way they analysed the U.S. double-standard practice and Chinese related policy, like the views given by the senior expert from the CIIS which I referred to earlier, one can detect an acknowledgement of those reported transfers. One analysts emphasized, "In fact, we also have our own strict controls and principles in regard to arms transfer. So we have

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<sup>93</sup> Interviews with the MFA officials, Nov. and Dec. 1994.

reduced arms transfers in the last one or two years [1994, 95]."<sup>94</sup> The linkage between the two statements was a bit vague. Did the strict controls and principles predate or post-date the reduced transfers from 1994?

At a more personal and more military level, I got a more detailed and also more convincing picture from those analysts and experts in PLA institutions. It was revealed that upon Beijing's re-promise to abide by the MTCR guidelines in October 1994, the CMC issued a directive to the defense-industrial trading companies, ordering strict controls in future sensitive arms transfers.<sup>95</sup> One insider said, "We basically have stopped selling since then." When asked why, then, there were still reports about controversial Chinese transfers, he explained, "They are not new deals. Some of the contracts have been made several years ago. China has to implement those business contracts. Otherwise they will say that we don't have credit."<sup>96</sup> Judging from this information, one may say that the CMC directive was a decision to generally stop those controversial transfers, especially those more economic-profit oriented deals. Any exception would be strictly controlled and granted only when required by critical national strategic and political interests.

It appeared that the U.S. sanctions and an emerging linkage of China's MFN had, among others, played important roles in generating the above decision made by Beijing in 1994. The sanctions, though directed only at 10 Chinese aerospace trading companies, banned some important dual-use high-tech products, like high-speed computers. In terms of the MFN status, as discussed in Chapter 4, Washington's threat to revoke China's MFN status had influenced Beijing's decision in mid-1991 to sign the NPT. In the following years since then, there was consistent Congressional pressure for a conditional renewal of the status,

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<sup>94</sup> Interviews with senior researchers from the MFA's IIS and the Society of International Strategic Studies (affiliated with then Department of General Staff).

<sup>95</sup> Interviews with researcher fellows in COSTIND's Arms Control and Disarmament Divisions, the Academy of Military Science, the NDU's Institute for Strategic Studies, and officials of the CPAPD, Nov. 1994-Jan. 1995.

<sup>96</sup> Interview with a senior research fellow in COSTIND, Jan. 1995.

and Washington repeatedly warned Beijing of the danger posed by China's poor records of human rights and non-proliferation to the status. Although publicly, Chinese officials and policy analysts argued that the status was a mutually-beneficial practice,<sup>97</sup> China was enjoying a considerable amount of trade surplus through the preferential access to the U.S. market (though the exact figure was debatable). Rationally, Beijing had to weigh carefully the economic and political benefits it gains through sensitive arms transfers against the costs of losing trade and technological benefits from the U.S. It was revealed that once an official from the Ministry of Foreign Trade argued against the sensitive missile sale when talking with some officials from the Space Industry. He said, "Don't sell any more. You only earn several hundred millions of dollars through the sale of missiles, while we could lose scores of billions of dollars if we lose the MFN status."

In light of the above discussions, it is plausible to group the continuing transfers reported since 1994 under two general categories. First, the strategic requirement, where a most typical case that can be put under this category could be transfers to Pakistan. They were part of a strategic process that had started in the early 1970s; and contained its own dynamics and momentum relatively independent from outside influences, like political and economic pressures from Washington. The other transfers can be put under the second category, that is, implementation of signed contracts. Of course, for this second category, Beijing could always stop to materialise the transactions if it had really deemed them as necessary. But in the context of perceived U.S. gross interference into China's "internal affair", the "implementation of signed contracts" may have well been used as a retaliatory instrument against the U.S. "mistreatment" of China's critical national security interests. In this connection, Beijing may well choose not to formally join the MTCR regime so as to

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<sup>97</sup> See, for example, Ying Qian, "Fazhan Zhongmei Jingmaoguanxi Fuhe Shuangfang Liyi" (To Develop Sino-U.S. Economic and Trade Relations Is Mutually Beneficial), *RMRB* (OE), May 17, 1993, p.6; and "Jingji Zhicai jiang Sunhai Zhongmei Maoyi Guanxi" (Economic Sanctions Will Damage the Sino-U.S. Trade Relations), *ibid*, Aug. 28, 1993, p.1.

legally preserve this foreign policy instrument. Privately, some analysts asserted, "If they [the U.S.] sell advanced weapons to Taiwan, then we will sell missiles!"<sup>98</sup>

### *Conclusion*

At the time when the MTCR was produced, China was just entering the missile market in the Third World. Its launch into the commercial market of missiles and relevant technology transfer was a result of Beijing's nation-wide policy to convert part of the nation's defense industries into civilian use. The sale of the advanced weaponry and dual-use technology not only provided a lucrative economic profit for the PLA but also certain political and strategic influences for Beijing. As seen by Chinese security analysts, the MTCR was largely a product of self-interest by a few developed countries, especially the United States. Its purpose was not only to protect the security of U.S. overseas troops and its allies but also to protect their advantageous position in the field of space industry. Though it did serve to prevent, to a certain extent, the proliferation of ballistic missiles in the Third World, the regime contained serious defects. By restricting only the transfer of ballistic missiles without at the same time restricting the transfer of other advanced weaponry like strike aircraft, the scope of the regime was unbalanced lacking of more universal interests.

In light of this, Beijing's 1992 promise to abide by the MTCR guidelines, which served to give a normative recognition, albeit limited, of the value of the regime in preventing the proliferation of weapons of mass destruction, compromised those Chinese views to a certain extent. Though without making any formal commitment, Beijing's verbal promise did leave room for future possible attacks by the U.S., if it continued to carry out those controversial transfers, for violating its promise. That would at least cost an image lost for Beijing. In this connection, Beijing would have to exert certain control of those potential sensitive transfers

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<sup>98</sup> Personal communications, Beijing, Sept. 1998.

so as to avoid an image damage. In other words, the promise not only constituted a compromise of Chinese views but also potential Chinese economic interests.

The development of Beijing's 1992 promise to abide by the guidelines showed a direct linkage to the U.S. sanctions in the form of banning export of high-tech products to involved Chinese defense industrial trading companies. Beijing's promise was made on an agreement by Washington to lift those sanctions. Apart from the desire to avoid the impact on China's science and technology development by the sanctions, it appeared that the MFN trading status could have played an influence, too. The study has shown that there had been an increasing antipathy since 1990 by the U.S. Congress to Beijing's human rights and arms transfer records. Beijing's announcement of the commitment came just on the eve of a Congressional effort to terminate the status.

The repeated report of China's controversial transfers in the period between 1992 and 1996 served to suggest that China did not fully comply with the MTCR spirit. But those reported controversial transfers cannot serve to negate positive changes made by Beijing during the period. In an effort to prevent future U.S. sanctions which would seriously endanger the bilateral relationship, Beijing made a decision in 1994 to exert strict controls over those sensitive transfers. Though reports over those controversial transfers did not stop after 1994, it is plausible to suggest that Beijing had basically stopped those defense industrial trading companies to make new deals purely for economic benefits. Except those transfers based on already made contracts which legally require their implementation, Beijing had largely confined possible sensitive transfers within the area of strategic requirement, and had limited the use of the issue as a political instrument in an effort to influence the U.S. political and economic policies in favour of China. In this regard, similar to controversial Chinese nuclear transfers, there existed a political economic bargaining relationship between Beijing and Washington. In both cases, there was not merely a positive linkage between China's potential economic interests from the U.S. and Beijing's movements closer to observing the two regimes. Potential political and economic interests which could be gained

from more favourable U.S.'s China policies had in the meantime contributed to China's actions in defiance of the two regimes' spirit.

Involved in the MTCR issue were significantly different political and security interests between Washington and Beijing. Therefore, as far as China was concerned, more effective functioning of the MTCR -- an informal regime lacking of the power of an established global norm -- in preventing missile proliferation in the Third World required to a considerable extent Chinese goodwill and a sincere wish to cooperate.<sup>99</sup> Yet, without achieving a more favourable image of the U.S. in areas of serious Chinese concern, Chinese security observers and policy makers could hardly possess those two elements. Indeed, only until late 1996, when the second Clinton Administration began to pursue a China policy of "constructive engagement" which promotes cooperation and quiet dialogue instead of open confrontation with Beijing on issues in dispute, could Chinese security policy makers agree to meet regularly with their American counterparts to discuss non-proliferation and export control issues.

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<sup>99</sup> In its 1997 *Regulations of the People's Republic of China on the Administration of Arms Export*, Beijing set out three principles (Article 5) to be observed in exporting arms: i) conduciveness to the capability for just self-defense of the recipient country; ii) no injury to the peace, security and stability of the region concerned and the world as a whole; and iii) no interference in the internal affairs of the recipient country. Beijing made it clear that "Where *an international treaty concluded or acceded to* by the People's Republic of China contains provisions different from these Regulations, the provisions of the international treaty shall prevail, except for the provisions on which reservations are made by the People's Republic of China." (Article 6) (Emphasis added)

## CHAPTER 7. CONFIDENCE AND SECURITY BUILDING MEASURES OVER THE SPRATLY DISPUTES

An examination of China's approach to the issue of Confidence and Security Building Measures (CSBMs) centred around the Spratly Islands disputes constitutes a final case study for this thesis. The reason for choosing the inter-state management of the Spratly territorial disputes as a focal point of study is because, first, China has been a major party involved in the disputes; second, it is a multilateral issue involving more than two parties; and third, development of related CSBMs has major implications for multilateral arms control in the wider context of the Asia-Pacific region.

**Defining the Term** In the existing arms control literature, definitions of CSBMs are many and varied, ranging from the very narrow (looking almost exclusively at military measures) to much broader interpretations encompassing almost anything that builds confidence. As evolved in the European and Western context, the term has referred more narrowly to initiatives addressing military planning and operational activity. It generally refers to measures that are designed to "increase military transparency, enhance predictability, and minimise the prospects of surprise attack, thereby creating and enhancing confidence about the adversary's military activities."<sup>1</sup> Despite its traditional military

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<sup>1</sup> Phil Williams, "Nuclear Weapons and Arms Control", in John Baylis and N.J. Rengger (eds.), *Dilemmas of World Politics*, p.215. The term CSBMs has evolved from its predecessor CBMs (confidence building measures). First used in the mid-1950s in connection with U.S. and Soviet open skies and ground post control proposals at the UN, the term CBMs was later adopted to refer to the modest, politically binding, largely voluntary provisions on exercise notification and observation in the 1975 Helsinki Final Act of the Conference on Security and Cooperation in Europe (CSCE). The term CSBMs was introduced at the 1981-1983 CSCE Review Conference in Madrid by the neutral and non-aligned European nations to denote measures that were more "militarily significant, politically binding and verifiable" than earlier measures. Cf. M. Susan Pederson and Stanley Weeks, "A Survey of Confidence and Security Building Measures", in Ralph A. Cossa (ed.), *Asia Pacific Confidence and Security Building Measures*, Washington, D.C.: The Centre for Strategic & International Studies, 1995, pp.81-86; and James Macintosh, "Confidence-

orientation, there is a tendency in recent discussions of CSBMs in the Asia-Pacific region -- where practice of arms control is yet in its embryonic stage -- to adopt a broader conception of the term that is more approachable to regional state players. For instance, a definition given by Desmond Ball is expansive and includes "a myriad of political, economic, and environmental arrangements which are themselves not concerned with security, but which in sum indirectly probably contribute more to regional confidence and security than those measures specifically designed for that purpose."<sup>2</sup> Ball's insights provides a very pertinent understanding of the emerging practice of confidence- and security- building measures within the region, but unfortunately it lacks an analytical focus due to its broadness. Given the specific conditions of the region, and the constraint of a chapter length, this study employs a *limited* expansive definition of CSBMs. It is defined as *multilateral measures, ranging from political to military and including both formal and informal elements, that are designed to alleviate tension, increase military transparency and reduce risks of war*. Such measures have an intention to have the territorial disputes peacefully resolved. They help manage problems and avoid confrontations.

In the light of the above definition, the task of this chapter is three-fold. First, it will examine China's traditional policy towards the Spratly disputes and its various underlying factors. Second, it will look at the effect caused by China's pursuit of its traditional territorial claims on regional stability and Beijing's approach toward the regional tension since 1990. Third, in examining Beijing's approach, it will identify and explain any compromise involved. Important questions that need to be answered include: Has Beijing taken any measure to alleviate the tension, and been responsive to CSBMs as well as proposals initiated by other countries which put potential constraints on China's pursuit of

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and Security-Building Measures: Asia-Pacific Application", Paper delivered at the *Conference on Arms Control in the Post-Cold War World* held in Canberra, June 25-26, 1992, pp.2-9.

<sup>2</sup> Desmond Ball, "The Most Promising CSBMs for the Asia/Pacific Region", Paper prepared for an international conference on *The Asia-Pacific Region: Links Between Economic and Security Relations*, organised by the Institute on Global Conflict and Cooperation, University of San Diego, May 13-15, 1993, p.2.

its perceived sovereign rights? If *yes*, what were the Chinese compromises involved? And what were the underlying factors that had contributed to the development of a multilateral approach from Beijing?

### *Background to the Disputes*

#### **The Geostrategic/Geoeconomic Importance of the Spratly Archipelago**

A smattering of more than 100 islets, shoals, reefs and sandbanks, the Spratly archipelago is scattered throughout the southern part of the South China Sea. Many of these so called islands are submerged features, with only 36 above water at high tide. The largest one has a land area of less than half a square kilometre. Hardly any physical value in themselves, these minuscule islands possess significance well beyond their actual size. The sea lane between the two archipelagos of the Paracels and the Spratlys is the only major route that links East Asia with Africa and Europe. Stretching for more than 500 nautical miles (nm) from north to south, the Spratly archipelago straddles one of the world's busiest shipping routes. It sits astride sea routes through which twenty-five percent of the world's shipping passes, including the supertankers carrying the petroleum that fuels the economies of Japan, Taiwan, and South Korea. In addition to the claimants' interests, the national security interests of Japan and the United States are directly involved.<sup>3</sup> At least in times of hostilities the U.S. would have to convoy sea-borne oil headed for Japan and the United States. In this connection, those Spratly islands are of strategic significance for both major and minor powers. So far as navigation is concerned, it would not be in the interest of those major powers like Japan and the United States if the Spratlys falls into the hands of any single

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<sup>3</sup> Esmond D. Smith, "China's Aspirations in the Spratly Islands", Contemporary Southeast Asia, Vol.16, No.3, Dec. 1994, pp.274-94; Mark J. Valencia, "China and the South China Sea Disputes", Adelphi Paper, No.298; Valencia, "The Spratly Islands: Dangerous Ground in the South China Sea", The Pacific Review, Vol.1, No.4, 1988, pp.439-40.

claimant alone. By the same token, it would be to those major powers' advantage if the disputes were frozen at the status quo than changed in any party's favour. Along this line, the least desirable situation the major powers would like to see would be the Spratlys' falling into the hands of mainland China which already possesses firm control of the Parcel Islands since 1974.

Added to the strategic importance of the archipelago are its material properties and economic potentials. The area is a rich fishery. A single figure could well illustrate this point: 2.5 million tons of fish were harvested from the waters around the islands in 1980.<sup>4</sup> Besides the known fact about the fishery, it is widely believed by international geologists that the seabed around the islands and reefs harbours vast reservations of oil and gas. In fact, it is believed that the Asian continental shelf composed by the South China Sea and the East China Sea is one of the four main ocean oil reservations in the world.<sup>5</sup> Oceanographic surveys conducted by the United Nations Economic Commission for Asia and Far East as well as maritime explorations by Western oil companies since the mid 1960s seem to confirm the above belief.<sup>6</sup> The consequential effect and implication of this belief are twofold: on the one hand, it has become a main incentive for the surrounding countries to *pursue* claims or *join* the competing claims. On the other, the status quo of the disputes external powers may prefer, the development of sea resources to their interests would be obstructed if the sovereignty disputes remain unresolved and the sea boundary delineation delayed. In other words, the territorial disputes over the Spratly Islands have broad geostrategic/geoeconomic implications affecting the entire Asia-Pacific region: the prospect for a maritime regime in general and national jurisdictions in particular.

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<sup>4</sup> Michael G. Gallagher, "China's Illusory Threat to the South China Sea", *International Security*, Vol.19, No.1, Summer 1994, p.171.

<sup>5</sup> The other three are the Persian Gulf, the Gulf of Mexico and the North Sea. See Pan Shiyong, *Xiandai Zhanlue Sikao*, Beijing: *Shijiezhishi Chubanshe*, 1993, p.90.

<sup>6</sup> *Ibid.* For a discussion of those UN survey reports, see Selig S. Harrison, *China, Oil and Asia: Conflict Ahead?* New York: Columbia University Press, 1977.

## Conflicting Claims

The purpose of this section is to provide not only a picture of the current competing claims to the Spratly Islands but also the necessary historical background. There have been many misconceptions and blind spots -- sometimes more than academic misinterpretations -- in recent literature in regard to the competing claims. For the purpose of building a sound theory, a well-informed understanding of the basic nature of the problem is indispensable.

As of 1990, six countries -- Brunei, Malaysia, Vietnam, China, Taiwan and the Philippines claim part or all of the Spratly Islands and/or their attendant maritime area.<sup>7</sup> Of them, China, Taiwan and Vietnam each claim the archipelago as a whole and the attendant maritime area; Malaysia and Philippines part of it; whereas Brunei only territorial waters. By nearest-point measures, the archipelago is less than 100 nm from the coast of either the Philippine Palawan or the Malaysian Borneo. It is about 350 nm east of the southern coast of Vietnam and about 400 nm south of the Paracel archipelago.<sup>8</sup> The southernmost shoal claimed by China, the *Zenmu Ansha* (曾母暗沙, "James Shoal" in English) is about 1000 nm south of China's Hainan Island. China and Taiwan's claims to the Spratly Islands are part of a wider claim to islands in the South China Sea as well as some in the East China Sea. Based largely on historical discovery and usage, the Chinese claim dates back 1700 years to the time of the Han Dynasty. However, there was perhaps only one independent foreign confirmation to the Chinese claim dated from 1867, when a British survey ship discovered a

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<sup>7</sup> Given the problematic international status of Taiwan due to its political dispute with mainland China, the term "country" is somewhat loosely used here in regard to Taiwan for the sake of convenience. Some writers try to solve the problem by clarifying the six claimants as "five countries and six governments" (see Mark J. Valencia, "The Spratly Imbroglia in the Post-Cold War Era", in *Southeast Asia in the New World Order: The Political Economy of a Dynamic Region* edited by David Wurfel and Bruce Burton, Basingstoke: MacMillan, 1996, p.244). More recently, the term "territory" is adopted in some official documents published by regional security organisations, e.g., the CSCAP's (Council for Security Cooperation in the Asia Pacific) founding statement, in an effort to incorporate both China and Taiwan.

<sup>8</sup> Cf. Chi-Kin Lo, *China's Policy Towards Territorial Disputes: The Case of the South China Sea Islands*, London: Routledge, 1989, pp.10-11.

group of fishermen from the Hainan Island working in the area's rich fishing grounds.<sup>9</sup> The existing PRC's claim line covering the entire South China Sea (see Map 7-1) is inherited from official maps issued by the Nationalist Government under the KMT (Kuomingtung) since the 1930s.<sup>10</sup> Ever since it raised objections to the terms of the 1951 U.S.-British Draft Treaty with Japan<sup>11</sup>, the government in Beijing has pressed consistently Chinese claims to those South China Sea islands.<sup>12</sup>

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<sup>9</sup> Stephen Parksmith, "Spratly Claims Conflict", *A-PDR*, Annual Reference Edition, 1993, p.48; and Gallagher, "China's Illusory Threat to the South China Sea", p.171.

<sup>10</sup> In April 1935, the Review Committee on Land and Water Maps of the Kuomintang Government issued a map called *Zhongguo Nanhai ge Daoyu Tu* (Map of Islands in China's South Sea). This is the first Chinese map that gives a relatively detailed geographic positions of those South China Sea islands, and has served as a basis for various subsequent Chinese official maps. See Jiang Wentian, "Nanhai Zhudao Fanweixian de Youlai" (The Origins of the Territorial Line of the South Sea Islands), in A Sen (ed.), *Zhongguo Haijiang Fengyun Lu* (Important Events Related to China's Coastal Areas and Territorial Seas), Beijing: *Luyou Jiaoyu Chubanshe*, 1993, p.11. The Chinese call the South China Sea as "*Nanhai*" and the Spratly archipelago as "*Nansha qundao*".

<sup>11</sup> The Draft Treaty merely stipulated that Japan should renounce all rights to the Chinese territory it had occupied (including the Diaoyus -- the Senkaku in Japanese) since the 1894 Sino-Japanese war. It made no mention of restoring Chinese sovereignty over them. See Chi-Kin Lo, *China's Policy Towards Territorial Disputes*, pp.27-28.

<sup>12</sup> For a chronological record of the PRC's diplomatic as well as military pursuance of its claims, see John Zeng, "Focus China's South China Sea", *A-PDR*, Vol.XXI, No.10/11, July-Aug. 1995, pp.10-12.

Map 7-1.

Map 7-1. Chinese Claims in the South China Sea



Source: Richard E. Hull, "The South China Sea: Future Source of Prosperity or Conflict in South East Asia?", *Strategic Forum* (the Institute for National Strategic Studies of the U.S. National Defense University), No.60, February 1996, p.2.

Vietnam bases its claim on similar historical records, albeit more recent: it dates several centuries later than the Chinese claim.<sup>13</sup> Vietnamese claims date from 1862 and 1865, when cartographic surveys of the South China Sea showed the islands as part of Vietnam.<sup>14</sup> In 1956, the government of the Republic of (South) Vietnam for the first time sent navies to put Vietnamese flags on some of the Spratly Islands. The Philippine exploration of the Spratly archipelago dated in the mid-1950s, when an area of some 64976 square miles (the northern portion of the Spratly Islands) was named as "Kalayaan" (Freedomland) in 1956 following several expeditions. But official Philippine claims to sovereignty over the area was not stated until 1971,<sup>15</sup> and post-dated its military occupation of two islands near Taiping Island in 1970. The Philippines justifies its claim to the area on the basis that it is vital to the state's security and economic survival; that the territory did not legally belong to any other state and that any claims by other states had been abandoned.<sup>16</sup> Partially parallel to the emerging trend of a new international Convention on the Law of the Sea since the late 1960s, Malaysia had joined the contest for part of the Spratlys by the end of the 1970s.<sup>17</sup> It claims seven features outright in the southern Spratlys because they fall within its continental shelf boundary. The Malaysian claim overlaps with part of the area of Kalayaan claimed by the Philippines. Finally, Brunei lays claim to an Exclusive Economic Zone (EEZ), a 200 nm resource zone as defined by the United Nations Convention on the Law of Sea (UNCLOS), part of which falls into the Chinese claimed waters.

Understandably, the Spratly disputes are extremely complex, sometimes referred to as an "imbroglio", to quote one scholar.<sup>18</sup> It seems that none of the claimants has sufficiently

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<sup>13</sup> Marko Milivojevic, "The Spratly and Paracel Islands Conflict", *Survival*, Vol.XXXI, No.1, Jan./Feb. 1989, p.71; Greg Ansley, "The Spratlys: Asia's Next War?", *New Zealand Defence Weekly*, No.9, Winter 1995, p.10.

<sup>14</sup> Gallagher, "China's Illusory Threat to the South China Sea", op cit., p.173.

<sup>15</sup> Chi-Kin Lo, *China's Policy Towards Territorial Disputes*, p.13.

<sup>16</sup> Valencia, "The Spratly Islands: Dangerous Ground in the South China Sea", *Pacific Review*, Vol.1, No.4, 1988, pp.440-1; and "China and the South China Sea Disputes", *Adelphi Paper*, No.298, p.8.

<sup>17</sup> Chi-Kin Lo, *China's Policy Towards Territorial Disputes*, p.13.

<sup>18</sup> Valencia, "The Spratly Imbroglio in the Post-Cold War Era", op cit.

strong bases for their respective claims. Vietnam and China (Taiwan included) base their claims mainly on historical record, the Philippines on geographic proximity, whereas Malaysia and Brunei primarily on unilateral interpretations of the changing law of the sea. Legally speaking, the historic discovery and use of the islands by its own countrymen is a condition regarded by modern international law as one of the requirements for acquisition of territory. Discovery, however, is not a sufficient but only a necessary condition, because it must be sustained by the "continuous and uninterrupted exercise of sovereignty."<sup>19</sup> Geographic proximity or EEZ does not serve as a sufficient condition for acquisition of territory either. The distance between mainland China and the Spratlys is one of the arguments commonly used to counter China's claims of sovereignty. But title to offshore islands, even if they are within a claimant state's EEZ, does not flow with proximity.<sup>20</sup> "If it did," as John Zeng, a specialist on China and an international lawyer based in Canberra, forcibly dismisses the misconception, "then the Falkland Islands would belong to Argentina and Christmas Island in the Indian Ocean would be part of Indonesia."<sup>21</sup>

Since none possesses sufficient legal bases for their respective claims, actual possession -- mostly with the backing of military forces -- has become the name of the game, formulating a phenomenon that "possession is nine-tenths of the law."<sup>22</sup> Disregarding the military presence from Taiwan on the Taiping Island since 1947, military establishment on the Spratly islands began in 1970, when the Philippines occupied two islands near the Taiping Island in September that year.<sup>23</sup> By 1990, all six claimants except Brunei had militarily

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<sup>19</sup> Oppenheim, *International Law*, 8th edition, 1955, Vol.1, p.576. Cited in Choon-Ho Park, "The South China Sea Disputes: Who Owns the Islands and the Natural Resources?", *Ocean Development and International Law*, Vol.5, No.1, 1978, p.33.

<sup>20</sup> Zeng, "Focus China's South China Sea", note 4. See also D.W. Greig, *International Law* (2nd edition), Butterworths, London, 1976, p.168.

<sup>21</sup> Zeng, *ibid*, p.10.

<sup>22</sup> Michael Leifer, "Chinese Economic Reform and Security Policy: The South China Sea Connection", *Survival*, Vol.37, No.2, Summer 1995, p.48.

<sup>23</sup> Probably largely because of this, some Chinese security analysts see the problem of the Spratly disputes as beginning only from the 1970s. See, for example, Sun Jianshe and Xin Li, "Nansha Qundao de Zhuquan Fenzheng yu Fazhan Qushi" (The Sovereignty Disputes of the Spratly Islands and Its Developing Trends), in CASS' Institute for Asia-

possessed some features, with Vietnam took the lead: the Philippines, 8; Malaysia, 3; China, 6; and Vietnam, 21. One special characteristic of this contest between different claimants during the period from 1970 and 1990 was that, in the specific context of the Spratly archipelago, the use of military force had thus far been largely limited to occupying previously uninhabited islands and reefs, or erecting structures on them. There was only one skirmish between China and Vietnam in 1988, when the former began to establish its military presence in the Spratly archipelago.

### *China's Position Towards the Disputes Prior to the 1990s*

As a major claimant to the Spratly Islands, China's position on the disputes logically plays a significant strategic influence on the development of the problem. Prior to the late 1980s, despite the steady military penetrations by Vietnam, the Philippines and Malaysia, the jostling seemed not to be a major security concern for regional states. One major reason for the seemingly calm water was perhaps because of China's low military profile in the area. It is worth noting that most Chinese believe that China has irrefutable sovereignty over the Spratly Islands. For them, that South China Sea is part of China's territory is a historical fact; and the name itself strongly indicates traditional foreign recognition of this point. Pan Shiyong, Head of the China Foundation for International and Strategic Studies and Beijing's senior unofficial spokesman on the Spratly issue, made the following comments in 1992:

"Surprisingly, there has even been attempts to change the name 'South China Sea'. As is known to all, the Chinese themselves have historically always called the area '*Nanhai*' (南海, the South Sea). It has been foreigners who have always called it the 'South China Sea'. ... Why should there be any concern? Why should there be any fear?"<sup>24</sup>

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Pacific Studies (ed.), *Nansha Wenti Yanjiu Ziliao* (Research Material for the Question of Nansha), Beijing: 1996, pp.185-7.

<sup>24</sup> Pan Shiyong, *Xiandai Zhanlue Sikao*, p.96. He noted in an angry manner that there had been ASEAN attempts to change the name "South China Sea" into, say, "ASEAN Sea" in order to dequalify China's claim to the area.

As seen by many Chinese analysts, that sovereignty over the Spratly Islands had become a serious issue was primarily caused by the oil crisis in the early 1970s. One PLA strategist said, "The issue of *Nansha* came into being in the 1970s. Wasn't there an oil crisis in the early 1970s? There had been people who said that they discovered oil and minerals, that the place is rich in gas, and also comments about how important the place would be in future development. Then, under this context, those Southeast Asian countries such as Vietnam began to occupy some islands."<sup>25</sup>

However, although the government in Beijing had pressed consistently China's traditional claims to the entire South China Sea, Chinese military presence in the disputed area had until 1988 been confined to the Paracels,<sup>26</sup> an area where Vietnam is the only competitor. Apart from objecting strongly to both the Philippine and the Malaysian claims to the Spratly islands as well as their establishment of military presence there, China did not set up any outpost in the area before 1988 in effective support of its claim. How can this be explained? Did this signal that the then Chinese did not harbour strong irredentist feelings towards the Spratly Islands as towards other disputed territories, say, the Paracels?<sup>27</sup>

One conventional wisdom was that Beijing's low profile in handling the Spratly disputes with the Philippines and Malaysia in the 1970s and early 1980s had largely been a compromise of its irredentism to the geopolitical requirement it was then facing. In the wider context of dealing with the Soviet threat of encirclement, Beijing was required to form a strategic united front involving the ASEAN states over Cambodia against the Soviet-backed Vietnam.<sup>28</sup> However, to the extent of fully explaining Beijing's selective use of

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<sup>25</sup> Interview, Nov. 1994.

<sup>26</sup> In Jan. 1974, Chinese forces drove South Vietnamese naval forces out of the Paracel Islands after a sharp clash. The Paracels have since been firmly in Chinese control.

<sup>27</sup> The People's Republic of China was founded in 1949 with a relatively ill-defined boundaries of the country. In various studies of China's policy towards its territorial disputes, irredentism has been widely recognised as a prevalent theme underlying Chinese approaches to the territorial problem.

<sup>28</sup> For this argument, see typically Lo, *China's Policy Towards Territorial Disputes*,

force in pressing its territorial claims in the 1970s and 1980s, China's then naval capability should not escape one's attention. Prior to the second half of the 1980s, the PLA Navy (PLAN) had been confined to a coastal defense role. Its modernisation had been hampered by the threat of a Soviet land invasion. In fact, as was pointed out by two Chinese scholars, although the PLAN scored better during the 1974 Paracel expedition, its difficult victory over a stronger Vietnamese navy alarmed the command of the PLA.<sup>29</sup> Shortly after, a decision was taken to quickly boost the PLAN's equipment.<sup>30</sup> Despite that, the navy's modernisation efforts did not bear fruit until well into the 1980s. In the light of this, a point can be made that despite being very much concerned about the encroachment in Chinese territorial waters around the Spratly Islands, the Chinese could do little except the routine issue of official statements and diplomatic protests. Effective military protection or recapture of those Spratly Islands -- the nearest is about 600 nm south of China's Yulin Naval Base on Hainan Island -- would require a high level of green water and blue water capabilities, including necessary equipment, training, logistic supply and an effective C<sup>3</sup> system. Yet only in 1985 was the PLAN able to start expanding its green water fleet. In that year, the navy announced that its maritime strategy would be shifted from passive brown water defense to active green water defense.<sup>31</sup> With the receding of a Soviet land attack from the north, the last few years of the 1980s saw an expansion of the Chinese naval capability from a coastal defense role to an ability to project power further offshore.

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op cit. Also, Robert S. Ross, "China and Southeast Asia: The Challenge of Economic Competition", in David Wurfel and Bruce Burton (eds.), *Southeast Asia in the New World Order: The Political Economy of a Dynamic Region*, Hampshire: MacMillan, 1996, pp.142-7.

<sup>29</sup> You Xu and You Ji, "In Search of Blue Water Power: The PLA Navy's Maritime Strategy in the 1990s and Beyond", *Working Paper*, No.222, Canberra: Strategic and Defense Studies Centre, Australian National University, Dec. 1990, p.1.

<sup>30</sup> The decision was made by General Liu Huaqing shortly after he was appointed the PLA navy commander in 1982.

<sup>31</sup> See Wang Shichang, "Zhengshi Haiyang, Tiaozhan Julang" (Confronting the High Seas and Challenge the Big Waves), in *Tiaozhan: Yanhai Fazhan yu Guofangjianshe* (The Coastal Development and Defense Development), Beijing: *Guangming Ribao Chubanshe*, 1989, pp.455-67.

Underpinning the Chinese shift of their naval strategy was also the new Chinese appreciation of their maritime economic interests. This appreciation became increasingly strong together with China's growing population and ever-dwindling agricultural as well as energy resources.<sup>32</sup> Under this context, the main role of the PLAN has come to be defined as i) the exploitation of the sea for its oil, fishery and mineral resources; ii) better protection of China's fast-growing coastal economy in times of war; and iii) protection of sea lanes to guarantee the free flow of China's growing sea trade.<sup>33</sup> Not surprisingly, parallel to the shift of the naval strategy aimed at protection of Chinese territorial waters -- now called by the Chinese as the "second territory" ( 第二领土, *di-er ling-tu*) has been the emergence of the defense of the Spratly Islands as the number-one operational priority for China's defense forces.<sup>34</sup> The Chinese military vowed that "China will not occupy any inch of another country's maritime space. But those islands and reefs left by our ancestors cannot be lost by our generation at all. Those who lose them will be held responsible by history."<sup>35</sup> The first materialisation of such a defense policy was the Chinese military establishment on Yongshu Jiao (the Fiery Cross Reef) in the northern sector of the Spratly archipelago in 1988 after an armed clash with the Vietnamese navy. Chinese forces subsequently took control of six major islands/reefs within a matter of several months.

From the perspective of the late 1980s, the Chinese seemed to be well poised to further advance into the Spratly archipelago, unconstrained by a diminishing great power threat in the north, and backed by an increasing naval capability boosted by national economic growth. Regional states' fears and anxieties seemed not to worry Beijing very much, and

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<sup>32</sup> China became a net importer of oil during 1994. Many Chinese security analysts are apt to point out that mainland China supports 22 per cent of the world's population on only seven per cent of the world's arable land.

<sup>33</sup> See General Liu Huaqing's article in *Liaowang*, No.8, 1984, pp.8-9; and Huang Caihong, "Zhongguo Haijun Fazhan Zhanlue" (The PLA Navy's Development Strategy), *Jianchuan Zhishi*, No.4, 1989, pp.2-3.

<sup>34</sup> See Clare Hollingworth, "PLA Looks to the Future", *A-PDR*, Vol.XIX, No.10/11, Apr./May 1993, p.14.

<sup>35</sup> Pan Shiyong, *Xiandai Zhanlue Sikao*, p.244.

arms control -- understood in this specific context as CSBMs -- appeared to be far from the Chinese security agenda. Was it really the case for the subsequent development in the past few years after the end of the Cold War? This answer is to be given in the following examinations.

*China's Role in the Regional Building of Security and Confidence:  
One Step Back, Two Steps Forward*

**"Carrying Out Joint Explorations While Putting Aside Disputes":  
The Imperative of Improving Relations with the ASEAN Countries**

The beginning of the 1990s seemed to be cast by a reversing trend for the Chinese. Instead of trying to make further quick advance into the Spratly archipelago, Beijing in fact began to take steps to mitigate regional states' fears and concerns, and sought to avoid military conflict over the Spratly disputes. A first such step was the Chinese proposal of "carrying out joint explorations while putting aside disputes" ( 搁置争议, 共同开发, *Ge-zhi zheng-yi, Gong-tong kai-fa*). When conducting a Southeast Asian tour in August 1990, Chinese Premier Li Peng announced in Singapore that China was prepared to put aside the question of sovereignty and to develop the Spratlys jointly with other claimants. "China is ready to *join efforts with Southeast Asian countries* to develop [the Spratly] islands, while putting aside for the time being the question of sovereignty."<sup>36</sup> Li also said that Beijing would negotiate with Hanoi over the Spratlys "after relations are normalised". Theoretically speaking, the Chinese proposal served to circumvent the major obstacle of disputed sovereignty, and set stage for a multilateral peaceful resolution to the disputes.

The idea of shelving sovereignty disputes for the purpose of avoiding military conflict and carrying out joint development was not a new concept in China's policies towards territorial

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<sup>36</sup> Nayan Chanda and Tai Ming Cheung, "Reef Knots: China Seeks ASEAN Support for Spratly Plan", *FEER*, Aug. 30, 1990, p.11. Emphasis added.

disputes.<sup>37</sup> But Li's statement in Singapore was the first time when China placed the stand in a multilateral context, indicating the opening of a window by which China might participate in multilateral discussions. Prior to that, Beijing had advocated the principle on various occasions to other claimants, but the subject had always been addressed in a bilateral context. To contain the problem largely within a bilateral context certainly serves Chinese interests better. Multilateral discussions could put China in a disadvantageous position by derailing its strategy of postponing settlement of the sovereignty issue with Taiwan and defusing tension through improved bilateral relations with other claimants. Moreover, a collective ASEAN position on the disputes countering the Chinese one could arise from multilateral negotiations, reducing significantly Chinese room of leverage.

Indeed, from the Chinese military perspective, Beijing's proposal of shelving the disputes was less than an active pursuance of China's traditional claims. In fact, the Chinese military worried that by not physically implementing the Chinese claim in the near future, the status quo might become a *fait accompli* and China would eventually lose those unoccupied islands. As early as 1988, a naval officer warned that:

"According to the general practice of international law, as embodied in the case of Permas Island in 1928, the longer the dispute over the sovereignty of islands remains unsolved, the greater the danger that we will never recover these islands."<sup>38</sup>

The Chinese military's worry was not without any ground. Evolvement of the Chinese position *vis-à-vis* that of Japan in regard to the Diaoyutai dispute may serve as a good case in point for the Chinese. Although Beijing and Tokyo agreed in 1978 to keep the status quo by shelving the sovereignty question, later development proved that Japan strengthened its

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<sup>37</sup> For instance, to prevent the Diaoyutai Islands' dispute from impeding the development of Sino-Japanese relations, Beijing and Tokyo agreed in 1978 to shelve the sovereignty question and carry out joint development, though the latter has so far not been materialised.

<sup>38</sup> Teng Yu, "Enhance the Sense of Sea Territories and Boost the Naval Build-up", *Theory Forum*, Hubei: *Hubei Renmin Chubanshe*, 1988, p.175.

claim over time by maintaining an actual control. In fact, Japanese patrols from Okinawa occasionally chase Taiwanese "intruders" hunting the area for flying fish and birds' eggs.

Not only it was the military who had seen Beijing's proposal as a worrisome compromise. Many civilian analysts who shared the general belief that the South China Sea was an inherent part of the Chinese territory also regarded Beijing's proposal as a real compromise. One analyst said,

"China has already made considerable compromise. The Chinese policy is: 'It is Chinese territory.' But you should pay more attention to the following words: 'To carry out joint explorations while shelving disputes. This is compromise. The idea is to explore jointly and to half the harvest. If China has stuck to its view that it is Chinese territory, how could China let others to come and explore it? You should at least try give some face to China. You can't really ask China to say, 'Oh, it's not Chinese territory.' It is just not possible for China to say so in the practice of diplomacy."<sup>39</sup>

What then had caused Beijing to present the proposal? There was strong evidence to suggest that Beijing's initial retreat from China's traditional hard *realpolitik* stance was more visibly and tangibly linked to Beijing's post-Tiananmen post-Cold War political considerations. Specifically, in the wake of Tiananmen and the subsequent onset of the post-Cold War world order, Beijing was compelled to launch a diplomatic offensive aimed at breaking its international diplomatic isolation and countering the Western attack on its human rights record and undemocratic ruling system. In what came to be known as its omni-directional diplomacy,<sup>40</sup> improvement of Sino-ASEAN relations came to assume a new importance in Beijing's foreign policy readjustment. In this connection, the Spratly disputes amounted to a major issue that Beijing had to confront with. China's quick entry

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<sup>39</sup> Interview with a senior researcher in the Academy of Military Science, Beijing, Dec. 1994.

<sup>40</sup> For an excellent study on this, see James C. Hsiung, "China's Omni-Directional Diplomacy: Realignment to Cope with Monopolar U.S. Power", *Asian Survey*, Vol. XXXV, No.6, June 1995, pp.573-86.

into the Spratlys in 1988 suddenly rung alarm bells throughout the ASEAN region. Subsequently, the Spratly disputes had become a major security concern for the ASEAN countries. Thus, Beijing's proposal, which possessed an expressed intention to solve the disputes peacefully, more or less served to allay the ASEAN concern and therefore was conducive to Beijing's objective to improve Sino-ASEAN relations.<sup>41</sup> Indeed, parallel to China's new soft-line approach to the disputes, Indonesia agreed to restore diplomatic relations with Beijing in August 1990. Restoration of relations with Indonesia, the largest and most influential of the non-communist Southeast Asian nations, served to remove a major obstacle inhibiting other ASEAN countries from developing full relations with China. For example, Singapore, which had insisted that it would not establish diplomatic relations with China until Indonesia did, soon normalised its relations with Beijing in the following October.

Apart from the political need of improving Sino-ASEAN relations rendered by the post-Tiananmen post-Cold War realignment, Beijing's presentation of the proposal might also be a soft-line response to the strategic action launched by the ASEAN organisation as a whole. In January 1990, under an Indonesian initiative, the then six ASEAN nations jointly held a meeting in Bali. Entitled "Workshop of Managing Potential Conflicts in the South China Sea", the issue of the Spratly disputes was put forward in the form of how to carry out regional cooperation in the disputed South China Sea. Intended to defuse tension and engender cooperation, the 3-day Bali conference claimed that a wish shared by all the participants was to transform the potential crises in the South China Sea into areas of cooperation. The participants, primarily foreign ministry officials along with a few academics, stated that bilateral or multilateral cooperations could be carried out before the settlement of the sovereignty disputes. Proposed areas for cooperation included protection of the marine environment, marine scientific research and management of marine resources.

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<sup>41</sup> Paradoxically, one could say that it was the more visible presence of a Chinese threat that had served as an impetus for the ASEAN countries to improve their relations with the militarily more powerful China.

The conduct of the closed, quasi-diplomatic Bali conference had no doubt alerted Beijing: the holding of the conference itself defied China's claim to much of the South China Sea. The question was how to deal with the challenge? It appeared that to denounce the conference as a violation of Chinese sovereignty would not serve to strengthen the Chinese claim, but to further isolate China and reduce China's control over the problem.<sup>42</sup> This might explain Beijing's adoption of a soft-line approach to the new challenge, by which it credited such conferences as a first step to resolving the issue peacefully.<sup>43</sup> Li Peng's statement that "China is ready to join efforts with Southeast Asian countries to develop [the Spratly] islands" might well be an expression of Chinese intention to be involved in such initial multilateral activities.

Since then, Beijing has consistently advocated the principle of carrying out joint cooperation projects while shelving disputes, and reasonably positive responses have been generated from other disputant states. Though the vagueness of the proposal has yet to be filled in with much more specifics, and informal talks between the six countries on such a plan have so far made little progress, the Chinese launch of the proposal deserved a credit. The main significance of the move lay in that it marked Beijing's departure from its traditional insistence of maintaining exclusive sovereign rights and opened a window for China's participation in multilateral discussions. The multilateral exploration of the idea *per se* serves to reduce mutual suspicion by increasingly clarifying each other's positions on such issues as where to conduct joint development and what type of joint explorations should be carried out, etc. Though initially aimed at breaking its post-Tiananmen post-Cold War diplomatic isolation, this more multilateral-oriented step from Beijing has latterly been sustained by China's increasing interest in improving trade relations and strengthening economic ties with the ASEAN countries. The need to rally support from the ASEAN

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<sup>42</sup> Prior to the 1990s, China had maintained an official position that any negotiations on the "so-called question of the Spratly Islands" between other countries were actions that ignore the Chinese territorial sovereignty. See, for example, a speech by the Chinese Foreign Ministry spokesman in *RMRB* (OE), Dec. 1, 1988, p.6.

<sup>43</sup> See Chanda and Cheung, "Reef Knots", *op cit.*

states against the West on human rights and democracy issues has also been an important factor in sustaining Beijing's multilateral orientation with regard to the Spratly disputes. Friendly ties with the ASEAN states has provided Beijing a diplomatic channel to promote its own position on human rights, which were espoused by some ASEAN states like Malaysia. The sustained multilateral orientation was in the form of China's participation in multilateral discussions and security dialogues. But before we turn into that development, we will first take a look at Beijing's issue in 1992 of the Chinese Territorial Law of the Sea, a subject where much has yet to be argued.

### **The 1992 "Territorial Sea Law": A Dichotomic Analysis**

In February 1992, China's National People's Congress passed a law on China's territorial sea and contiguous zone (hereafter China's "Territorial Sea Law). It was adopted by the Standing Committee of the 7th National People's Congress (NPC) on February 25 and signed off by then President Yang Shangkun, becoming effective immediately.<sup>44</sup> With the Law, the government in Beijing once again affirmed its territorial sovereignty over the Chinese mainland and its coastal islands, as well as Taiwan and its surrounding islands including the Diaoyutai Islets, the Penghu Islands, the Dongsha (Pratas) Islands, the Xisha (Parcel) Islands, the Zhongsha Islands (Macclesfield Bank), the Nansha (Spratly) Islands, and all other islands traditionally claimed by China.<sup>45</sup> The law states that China reserves the right to use military force to recover Chinese territorial waters and islands when necessary, which, needless to say, include the Spratly archipelago.

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<sup>44</sup> *FEER*, Mar. 12, 1992, pp.8-9.

<sup>45</sup> See *Zhonghua Renmin Gongheguo Linghai ji Piliangu Fa* (The Law of the People's Republic of China on Its Territorial Sea and Contiguous Zone) (the PRC Territorial Sea Law), Article 2, in *RMRB*, Feb. 26, 1992, p.1.

The issue of the law prompted immediate protests from those states that have territorial sea disputes with China. Even Indonesia, which is not a party to the Spratly disputes but played broker by hosting two semi-official seminars between 1990 and 1991, called China's action "unfortunate". However, most of the protests were relatively low key, as if to test Beijing's response. While expressing a serious concern over the Chinese promulgation of the Law and calling on peaceful solutions to the disputes, the other three major disputants, Vietnam, the Philippines and Malaysia, all re-doubled their military efforts in order to strengthen their respective garrisons. They increased naval patrols, and began to purchase more advanced naval as well as air equipment. The actions taken by the Chinese in the latter few months seemed to demonstrate that China would "implement" the Law seriously. For example, in early May, China gave an oil exploration contract to a small American company, Crestone Energy Corporation, for a 25,000 square kilometre area of the South China Sea also claimed by Vietnam. What caused real concern to the surrounding states in the region was the promise offered by China to Crestone that China would employ all its naval force to protect the exploration work. The head of the Crestone Corporation said he was promised the full backing of the Chinese navy in exploring the area.<sup>46</sup> In July, it was reported that China took the Nan-Hsun (Da Lac) Reef, also claimed by Vietnam, by laying a territorial mark on it.<sup>47</sup> According to that report, in a diplomatic note delivered to China's embassy in Hanoi, Vietnam requested China tear down the construction and stop this kind of action, on the grounds that it impinged upon Vietnamese sovereignty. But there were no signs that China would give up its new control over the Nan-Hsun Reef. In a press conference, the Chinese Foreign Ministry spokesman stated that being supported by a large amount of historical evidence, it was unequivocal that the South China Sea Islands, including Nan-Hsun, had been Chinese territories since ancient times.<sup>48</sup>

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<sup>46</sup> "Communist China Will Protect South Sea Exploration with Its Force", China Times, Taipei, June 1992, p.10; and Kristof, "The Rise of China", p.68.

<sup>47</sup> "Communist China Occupies Ta Lac Reef, Vietnamese Government Seriously Protests", China Times Express, Taipei, July 1992, p.1.

<sup>48</sup> "Communist China Reiterates Nan-Sha Sovereignty", China Times, Taipei, July 1992, p.1.

Clearly, Beijing's approach towards the Spratly disputes at that stage was predominated by a hard-line hawkish influence. Its most visible immediate effect was fear and anxiety among China's weaker neighbours and rising tension in the region. Seen from a short-time span and judged by the immediate effect, the issue of the Law certainly did not serve to boost the sense of security of the regional states. One may ask then what was behind the Chinese issue of the Law and the series of hawkish actions? A most plausible explanation appeared to be the influence of domestic politics on Beijing's foreign policy. It was a period approaching the convening of two important conferences, the Fourteenth Party Congress in late 1992, and the Eighth National People's Congress in March 1993. The central leadership was to be reshuffled by the former and then formally established by the latter. At this critical stage, no leader could afford to be seen as weak or not patriotic on such sensitive issues as China's independence and territorial sovereignty. The influence of domestic politics also meant that the leadership was trying to use such inflammable issues to generate nationalist feelings in the populace so as to legitimise its rule and divert the attention away from domestic social and economic problems.

Seen from a historical perspective, however, the birth of the PRC's Territorial Sea Law is better understood as part of a progression in the country's legal development that had occurred over the previous decade. Under Deng's leadership, the policy of economic reform and opening up to the outside world had made Beijing increasingly conscious of the need to raise the legal system in China, and to adapt to international norms and practices. Thus, contrary to popular perceptions, the issue of the Law might be conducive to a peaceful resolution of the disputes according to, say, the related international law. Indeed, China's recognition and acceptance of the UN Convention on the Law of the Sea (UNCLOS) three years later proved this point. Though essentially aimed at strengthening the Chinese territorial claim, the promulgation of the law was a positive sign indicating Beijing's attempt to solve the disputes through legal means, rather than resorting exclusively to the use of force. In fact, there was evidence to suggest that to solve the disputes through legal means

as much as possible had already become a main guideline for Beijing's approach to the issue. Pan Shiyong, Beijing's senior unofficial spokesman on the Spratly issue, in early 1993 conveyed this point while expressing a strongly irredentist view:

"None of the 'properties' left by our ancestors -- reefs, islands and their attendant waters -- is allowed to be lost by our generation. He who loses it will be held responsible by history. The 'properties' already lost by our generation should be reconsidered, examined and approved by the state legislative institutions according to the constitution. Those territorial changes without legal procedures should, in principle, be corrected and recovered."<sup>49</sup>

In the light of this, the promulgation of the Law could well be an attempt to reinforce Chinese traditional claims ahead of the coming into force of the UNCLOS which was then expected in a year or so.<sup>50</sup> Technically speaking, the UNCLOS did not really serve to support the ambitious Chinese traditional claims (this will be examined in more detail in the section "Acceptance of the UNCLOS"). By reinforcing Chinese traditional claims to the entire South China Sea in a more formal and legal sense ahead of the effectiveness of the related international law,<sup>51</sup> the issue of the Law could be part of Beijing's strategy for

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<sup>49</sup> Pan Shiyong, *Xiandai Zhanlue Sikao*, op cit., p.244.

<sup>50</sup> The 1982 UN Law of the Sea Convention is a legal instrument intended to provide international security in the sea environment. While reaffirming the principle of the freedom of the sea, the Convention also confirms the existing restrictions on this freedom, and introduces some new ones relating to the rights, jurisdiction and duties of both the coastal State and ships and aircraft exercising the right of passage. (For details, see *The Law of the Sea: Official Text of the United Nations Convention on the Law of the Sea*, New York: St. Martin's Press, 1983) The issue of the Convention subsequently raised the demand, among others, to the coastal State to give clear definitions of its territorial sea, contiguous zone, exclusive economic zone, etc. if it had not done so.

With the required number of 60 ratifying countries achieved, the Convention went into effect on Nov. 16, 1994.

<sup>51</sup> As mentioned earlier, ever since it raised objections to the terms of the 1951 U.S.-British Draft Treaty with Japan, the government in Beijing has pressed consistently Chinese claims to those South China Sea islands. Among such efforts was an issue of a Declaration on Territorial Waters by Beijing on Sept. 4, 1958. It is worth noting that compared with the 1958 Declaration, the 1992 Chinese Territorial Sea Law merely adds the Diaoyutais to the list of claimed territories. As John Zeng argues, this comparison "should ease the concern of those who claimed that China's 1992 Declaration on its Territorial Seas turned the South China Sea into a Chinese lake and that China would use force to evict trespassers." Zeng,

future negotiations with other claimants. By placing itself on an extravagant opening bargaining position, Beijing might have hoped to minimise Chinese concessions as less as possible. As a commentary suggests, the Chinese issue of the Law could serve to draw out the legal and negotiating strategies of other countries before China itself decides on its own course of action.<sup>52</sup> This partially explains why the 1992 Chinese Law is extremely vague. It does not offer a clear legal definition, or confer upon an unequivocal legal status to the South China Sea waters, other than mentioning the four island groups in the South China Sea as China's land territories. From this long-term legal perspective, the 1992 Chinese Law of the Sea could prove to be a blessing in disguise. It could be regarded as a first concrete step in Beijing's legal approach towards the settlement of the disputes. And the formation of the Chinese legal approach could only be appreciated as a result of the outward looking contemporary Chinese realism represented by the Dengist economic reform policy.

### **Force or Friendly Ties?: Steps from Beijing Towards a Peaceful Regional Environment**

Despite the positive aspect of the 1992 Chinese Territorial Sea Law viewed from a longer-term legal perspective, the immediate effect of the Chinese reaffirmation of their traditional territorial claims was tension and anxiety around the region. Now more a joint strategic concern for the Southeast Asian nations -- including Vietnam, the issue became the focus of attention at the 25th ASEAN Ministerial Meeting held in Manila in July 1992. One critical result of the meeting was the issue of an "ASEAN Declaration on the South China Sea", ASEAN's first-ever formal declaration touching on regional security. The Declaration emphasised the necessity to resolve the disputes by peaceful means and called on all claimants to establish a code of international conduct over the area.<sup>53</sup> As seen by the Chinese, however, this signalled an emerging ASEAN joint counteraction against Chinese

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"Focus China's South China Sea", p.13.

<sup>52</sup> "Testing the Waters", *FEER*, Mar. 12, 1992, p.9.

<sup>53</sup> *Pacific Research*, Vol.5, No.3, Aug. 1992, pp.20-21.

claims.<sup>54</sup> And the likelihood of Vietnam's membership of the ASEAN organisation was seen by them as only strengthening this tendency.<sup>55</sup> Indeed, Vietnam highly credited and immediately endorsed the ASEAN Declaration. In brief, these developments confronted Beijing with serious new challenges.

In search of a breakthrough in an otherwise endless war of nerves and slogan battling, added to by the danger of an emerging ASEAN-Vietnam united front, or even a Japan-ASEAN-Vietnam-US co-ordination, it was plausible that Chinese security-policy makers -- the hard-line nationalists in particular -- must have explored the option of a quick military solution. By a quick military solution, it meant that China took a step further and militarily placed the Spratlys under its control, thus closing the disputes for good. In this way, the strategy would be to take control first and develop later. Deng's comments as early as 1984 served to prove the existence of such strategic thinking, although they turned out to be the origin of Chinese proposals to carry out joint developments while shelving disputes. In addressing the question of Diaoyu Island and the Nansha Islands, Deng said, "World maps have always shown the Nansha Islands as part of China. ... What is to be done? *One alternative is to take all these islands back by force*; another is to set aside the question of sovereignty and develop them jointly. By so doing we can make the problems that have piled up over the years disappear."<sup>56</sup>

What about the Chinese military capability for such a quick solution by force? As pointed out earlier, the build-up of Chinese naval power has been going on since the mid-1980s. In April 1991, China purchased 26 Su-27 air-defense fighters from the Soviet Union. Arguably, they were capable of providing air-cover for Chinese warships as far as the

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<sup>54</sup> Huang Zhenzhuang, "Dongnanya Guojia zai Nansha Wenti shang de Hezuo yu Fenqi ji dui Woguo de Yingxiang" (The ASEAN Cooperation and Disagreement on the Spratly Issue and Their Impact on Our Country), in *Nansha Wenti Yanjiu Ziliao*, op cit., p.70.

<sup>55</sup> Vietnam formally joined the ASEAN in July 1995.

<sup>56</sup> *Selected Works of Deng Xiaoping*, Vol.III, p.94. Emphasis added.

disputed Spratly Islands. Though much modernisation remained to be done, sheer weight of numbers imparted very significant strength to the Chinese navy in regional terms. Thus, despite being without an aircraft carrier, China could be seen as projecting a credible and effective regional naval force.<sup>57</sup> Already, in the early 1990s, some sources believed that China's amphibious force had possessed the capability of undertaking multiple landings against Vietnamese, Philippine and Malaysian garrisons with guaranteed success. It was also believed that the PLAN had the tactical-missile capability to destroy artillery and electronic installations on islands they would attack prior to marine landings.<sup>58</sup> Apart from its naval superiority *vis-à-vis* other claimants in a bilateral context, strategic developments in the military and political balance of power in the region seemed to be on the Chinese side, too. With the dissolution of the former Soviet Union and a phased American military withdrawal from its former naval and air bases in the Philippines, a Chinese act of force seemed unlikely to be militarily checked by external powers as long as freedom of navigation was not disrupted in the process.<sup>59</sup> Finally, although there was the trend for a more concerted ASEAN strategy against China, at that stage there were no signs to suggest that an ASEAN multilateral military cooperation capable of defending against China could be quickly assembled.<sup>60</sup> Thus, simplistically, in a purely military recover sense, China could have taken

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<sup>57</sup> See, for example, Clare Hollingworth, "Power Still Grows Out of the Barrel of the Gun", *A-PDR* 1994 Annual Reference Edition, p.33.

<sup>58</sup> Valencia, "China and the South China Sea Disputes", p.17. Also, G. Jacobs, "China's Amphibious Capabilities", *Asian Defence Journal*, Jan. 1990, p.68; Tai Ming Cheung, "Fangs of the Dragon", *FEER*, Aug. 13, 1992, p.21; and Sid Balman, Jr., "China Seeks to Seize the Spratly Islands Forcibly", *Korea Herald*, Sept. 22, 1992.

<sup>59</sup> As professor Richard K. Betts argued in 1995, "Neither Hanoi nor the other claimants who oppose Beijing are likely to be able to prevent the Chinese from consolidating control of the Spratlys if the decision is taken in Beijing to do so. Only the US navy could do that, and Washington has no commitment to go to war with a nuclear-armed power over those reefs and rocks. Although some in US naval circles invoke the importance of protecting transit rights as a reason to contest Chinese claims to the Spratlys, there is no plausible reason to expect a strategic consensus for doing anything. Washington failed to back Malaysia or its ally the Philippines in the mid-1970s when China took the Paracels, and more recently it tacitly agreed to the joint venture in the South China Sea between an American company, Crestone, and China." See Betts, "Vietnam's Strategic Predicament", *Survival*, Vol.37, No.3, Autumn 1995, p.73.

<sup>60</sup> For a brief outline of the various factors hindering the formation of an independent

back those islands occupied by others, and tried to establish a military *fait accompli*. But, as history shows, China did not opt to do so in the four years between 1992 and 1996.

What might have prevented China from taking such major military assertiveness? It must be said that it appeared to be the involvement, and combined effect, of several factors. Militarily, considerations regarding China's related strategic vulnerability could have been a factor holding back such an action. This refers to the PLAN's lack of rear equipment as well as the Spratlys' geographic distance. The distance between the Spratlys and the naval base holding China's South Sea Fleet in Yulin on Hainan Island is about 1,000 km. Considering the PLAN's lack of warships equipped with surface-to-air missiles and the absence of aircraft carrier, even if those occupied islands could be recovered, it would be difficult for the PLAN to maintain an effective control over the vast area. Some Chinese analysts pointed out that given the fact that the archipelago was much closer to other claimants say Vietnam, even if China recovered those occupied islands, it would face the two major problems of both defending against harassment and long-term effective garrison.<sup>61</sup>

Military uncertainty and strategic cautiousness aside, such a hasty military solution would no doubt damage China's image, affecting its efforts to develop stronger links with the world economy at large. Already, the theory of "China threat" centred around the Spratly disputes was spreading and gaining currency from the West to the East. A military expedition obviously would also drain China's financial resources and affect domestic economic reforms. More critically, in the wider context of Beijing's high consideration given to foreign trade and investment, the ASEAN countries as a whole had increasingly become

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ASEAN collective defense, see Leszek Buszynski, "ASEAN Security Dilemma", *Survival*, Vol.34, No.4, Winter 1992/93, pp.100-101. Also, Gallagher, "China's Illusory Threat to the South China Sea", p.182.

<sup>61</sup> Lin Zirong, "Nansha '3.14' Haizhan Qianqian Houhou" (The Origins and Development of the March 14th South Sea Conflict), in A Sen (ed.), *Zhongguo Haijiang Fengyun Lu*, op cit., p.30. March 14th was the date of the Sino-Vietnamese skirmish in 1988 when China seized Yongshu Jiao and militarily entered the Spratly archipelago.

an important entity occupying Beijing's attention and consideration. During an interview in November 1994, one prominent Chinese strategic analyst said,

"We are making compromises because we are carrying out a policy of reform and opening up, in which our economic development is the high priority. In fact, if you talk the issue with the military, many of them would say that we should '*da yi chang*' (make a fight) and recover the *Nansha* islands. We *can* retrieve the islands back by force. But military strategy should be subjected to overall national strategy. If we recover those islands back by force, then, it would likely push those countries to the confrontational side against us. This is not good for our overall national interests."<sup>62</sup>

Indeed, the country's need to concentration on modernisation seriously require a peaceful international environment, a peaceful regional environment in particular.

Regarding the economic importance of the ASEAN grouping to China, it needs to be emphasized here that since 1992, it has been more in the sense of its role in regional economic integration than in the existing level of its trade with and investment in China. Surely, ASEAN's economic importance to China measured by trade and investment figures has been on a rising course since the mid-1980s. But by the early 1990s, China's ASEAN trade and investment remained modest as compared to its other major trading partners in Asia. For example, in 1993 China's combined trade with all the six ASEAN countries amounted to only US\$10.5 billion, approximately equal to the total Sino-South Korean trade, and considerably less than the total trade between China and Taiwan. Typically, Singapore had been the most significant among the ASEAN states in terms of trading with and investment in China. But in 1993 it ranked only seventh in total trade among China's trading partners. Although it ranked fifth among the sources of China's DFI, its percentage was less than half of that of Taiwan. In other words, in the early-to-mid 1990s, direct economic exchange between China and most ASEAN countries was not extraordinarily significant.

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<sup>62</sup> Interview with a senior researcher in the PLA's NDU, Beijing, Nov. 1994.

It was against the backdrop of the formation of regional trading blocs world-wide that the ASEAN states came to occupy a special importance in Beijing's perspective concerning international economic development. The North American Free Trade Area (NAFTA) was founded in 1992, and the European Common Market began to take shape in 1993. Naturally, these developments made China (as an Asian state) perceive a critical stake in the successful development of a comparable regional trading block of its own, say, the Asia Pacific Economic Cooperation (APEC) or more preferably, an East Asian Economic Cooperation (EAEC).<sup>63</sup> Chinese security policy makers deeply believed that to occupy a successful position in the world economy, China needed first to establish itself in a regional economic development bloc. As one analyst argued, "China can only establish itself in the world by establishing itself first in the Asia-Pacific. This requires that China not be content to merely tap into new bilateral and multilateral relationships. China should also make certain promises regarding military security, and be concerned with widely participating in the building of peace in the Asia-Pacific region."<sup>64</sup> Further, the authors used an expression "*anquan de jingjihua*" ( 安全经济化 , the economicalisation of security) to illustrate the type of security conception that China should maintain in the context of Asia-Pacific. Correspondingly, Beijing adopted a regional security strategy from 1992 which placed a special emphasis on China's regional relations. Beijing's 1992 Report on the Work of the Government incorporated the development of good-neighbourly relations as "an important part of China's foreign policy", whereas its 1993 one elevated it a step further as "a priority

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<sup>63</sup> See Chen Quanwei and Ou Yangliang, "Shijie Jingji Quyu Jituanhua yinqi de Guoji Zhijie Touzi Xin Taishi he Woguo Liyong Waizi de Zhanlue Tiaozheng" (On the New Pattern of DFI Caused by the Regionalisation of the World Economy and China's Adjustment of Strategy for Attracting DFI), *Shijie Jingji yu Zhengzhi*, July 1996, pp.56-59; and Wang Mingming, "Dongmeng de Jueqi yu Yataidiqu Zhongmeiri Sanbian Guanxi" (The Rise of the ASEAN and the China-U.S.-Japan Triangular Relationship in the Asia-Pacific Region), *ibid*, Mar. 1996, p.58.

<sup>64</sup> Chen Jianrong and Li Ping, "Yatai Hezuo yu Zhongguo Anquan Xingailian" (Asia-Pacific Cooperation and China's New Security Concept), *Shijie Jingji yu Zhengzhi*, Apr. 1996, p.56.

of China's foreign affairs".<sup>65</sup> Over time, this security strategy was summarised by Chinese analysts as "*Wendingzoubian, Lizuyatai*" ( 稳定周边, 立足亚太, to stabilise relations with neighbours and to keep a foothold in the Asia-Pacific).<sup>66</sup>

Based on such a security strategy, the ASEAN grouping, with its fast economic growth and steady economic integration, was increasingly seen by the Chinese as playing a key role in regional economic diplomacy.<sup>67</sup> By implication this meant that China could not afford to seriously destabilise its relations with the ASEAN countries, and thus affect the region's economic development in general, and East Asian economic growth in particular. The following comment by Kishore Mahbubani, permanent secretary of Singapore's Foreign Affairs Ministry, was remarkable: "East Asians are finally joining the league of developed nations. They also know that, having missed this boat once before, they could well do so again if they get entangled in war or conflict ... The stupidest thing that any East Asian society could do is to turn away (and) engage in military rivalries, to snatch failure one more time from the jaws of victory."<sup>68</sup> If the ASEAN nations could possess such an interdependent perspective on the critical importance of avoiding regional military conflict, it is safe to say that similar considerations from Chinese security elites could well compel Beijing to be cautious and constrain the military intentions of the PLA.

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<sup>65</sup> See Yan Xuetong, "Lengzhanhou Zhongguo de Duiwai Anquanzhanlue", p.28.

<sup>66</sup> See Wei Mingjun, "Zhongguo de Yatai Zhanlue yu Duice" (China's Asia-Pacific Strategy and Countermeasures), *Shijie Jingji yu Zhengzhi*, Jan. 1996, pp.35-38; Chen Jianrong and Li Ping, *ibid*.

<sup>67</sup> See Gu Yuanyang, "Guanyu Dongyajingji yu Maoyi Fazhan de Sange Guandian" (Three Views on the Development of East Asian Economy and Trade), *Shijie Jingji yu Zhengzhi*, July 1995, pp.11-12; Chen Yan, "Dui Zhongguo Guojizhanlue de Xinsikao" (A New Perspective on China's International Strategy), *ibid*, Aug. 1995, p.63; Ma Shengrong, "Dongnanya Jingji Fazhan Quxiang Yitihua" (The Integrational Trend of the Southeast Asian Economies), in *RMRB* (OE), Jan. 20, 1993, p.6; and Ma Zhigang, "Dongnanya 'Chengzhang Sanjiaoqu' de Fazhan ji Zuoyong" (The Development and Role of the Southeast Asian 'Growth Triangle'), *Xiandai Guoji Guanxi*, Mar. 1994, pp.34-37.

<sup>68</sup> Quote in Greg Ansley, "The Spratlys: Asia's Next War?", *New Zealand Defence Quarterly*, No.9, Winter 1995, p.11.

It is difficult to say whether Beijing's perception on the importance of regional economic interdependence has played a more decisive role in constraining the PLA's military behaviour. Overall, it can be said that China's need to develop regional political as well as economic cooperation has compelled Beijing to try to avoid antagonising the ASEAN states, and to try and facilitate the development of regional multilateral CSBMs. The positive role China has played in regional CSBMs, which is conducive to a peaceful settlement of the disputes, has been manifested in its i) official diplomatic reassurances; ii) participation in the Indonesian-sponsored multilateral meetings; and iii) avoiding military confrontations with Vietnam.

### **Diplomatic Reassurances:**

In order to allay regional concerns, the Chinese Foreign Ministry has been active in delivering reassurances and dispensing perceptions of an expansionist China. Although it saw the 1992 ASEAN Declaration on the South China Sea as a rather thorny move directed against China,<sup>69</sup> Beijing nonetheless tried to ease the regional tension by stating that China was not out to establish "hegemony" over the Spratlys. Officials from the Ministry of Foreign Affairs repeated the Chinese proposal to set aside the core sovereignty dispute and to engage in peaceful negotiations aimed at joint development of the area.<sup>70</sup> More significantly, speaking before the Foreign Correspondent's Association in Singapore on July 24, 1993, Foreign Minister Qian Qichen expressed a Chinese willingness to settle the disputes *according to relevant international law*:

"Territorial disputes, border disputes as well as other disputes between Asian countries, should be settled peacefully through negotiations in accordance with relevant international conventions without resort to force or threat of force... The Chinese government has all along pursued an independent foreign policy of peace. We stand for mutual respect, non-

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<sup>69</sup> Cf. Michael Leifer, "The ASEAN Regional Forum", *Adelphi Paper*, No.302, p.18.  
<sup>70</sup> *The Straits Times* (Singapore), July 31, 1992.

interference in each other's internal affairs and peaceful coexistence among all countries."<sup>71</sup>

In order to maintain China's friendly relations with the Southeast Asian nations, top officials from the Chinese military would even join the peace choir in an effort to allay regional concern. While visiting Kuala Lumpur in May 1994, the Chinese Defense Minister Chi Haotian reiterated that Beijing had committed itself not to use force in pursuing its claim to sovereignty over a vast area of the South China Sea, including the disputed Spratly Islands. No matter how limited, these Chinese diplomatic reassurances did serve to ease regional tension and to keep the momentum of bilateral as well as multilateral dialogues. It is worth noting that surrounding China's policy toward the Spratly disputes prior to the Mischief incident in February 1995, there had been a conventional wisdom that China would not "encroach" territories claimed by the pro-Western ASEAN states so as to keep the flow of investment and technology from these states.<sup>72</sup> Misperceptions or not, repeated Chinese diplomatic assurances might have served to condense the belief that China would not use force against an ASEAN member.

### **Participation in Multilateral Discussions on the Spratly Disputes:**

Besides diplomatic assurances, Beijing has in the meantime taken a step further by participating in multilateral discussions on the issue. A typical example was its attendance at the Indonesian-initiated quasi-diplomatic meetings held by the claimants to the Spratlys and other states in the rim of the South China Sea. It is plausible that this Chinese move could be partly motivated by the desire to get involved, and to avoid being totally isolated thus losing control over the development of the issue. At least, by participating in multilateral procedures, the type of mindset that Beijing was accustomed to had to be altered. As an expert analysed as early as 1990, the very holding of multilateral negotiations *per se* would

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<sup>71</sup> "China Ready to Take Part in Asian Security Dialogues", Excerpts of Qian Qichen's July 24, 1993 speech, *BR*, Vol.36, No.32, Aug.9-15, 1993, p.9.

<sup>72</sup> Segal, "East Asia and the 'Constraint' of China", p.120.

presume the acceptance of the existing status quo either as a *fait accompli* or as a basis of compromise, which clearly was not equally appealing to all the claimant states. While the Philippines and Malaysia, with limited claims to the archipelago, may well accept the format of multilateral talks quite readily, neither China, Vietnam nor Taiwan could do so without immediately and inadvertently jeopardising their long-standing comprehensive claims to the archipelago.<sup>73</sup> An added difficulty for China was the tricky issue of Taiwan's stand on the format of such talks. Furthermore, although discussions were informal to begin with, those meetings could be developed into formal multilateral negotiations. The Chinese were well aware of that fact.<sup>74</sup> Thus, for China, the very decision to engage in multilateral talks meant a potential retreat from the traditional Chinese comprehensive claims.

On the other hand, since China was the dominant regional power and had the most extensive claims, any fundamental solution to the Spratly disputes was unlikely without China's participation. Therefore, it was perhaps for the purpose of enlisting and maintaining China's presence that the meetings decided at the very beginning to put aside the sovereignty question, and to concentrate on the theme of developing cooperative projects, such as marine research and environmental protection. So far, the meetings have been confined to "informal discussions" among the claimants and regional states. Indonesia and some other states attempted to raise the meetings into formal multilateral negotiations, and to extend the meetings' geographic scope to cover such external powers as the United States and Japan. In general, the security value of these quasi-diplomatic discussions, though low-key, should not be downplayed. Those marine research, environmental protection and joint development programmes for oil, gas, fisheries and other resources in the South China Sea were themselves confidence and trust-buildings measures at large.

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<sup>73</sup> Chang Pao-min, "A New Scramble for the South China Sea Islands", *Contemporary Southeast Asia*, Vol.12, No.1, June 1990, p.32.

<sup>74</sup> See Zhang Liangfu, "Lici 'Chuli Nanzhongguohai Qianzai Chongtu' Feizhengshi Taolunhui Shuping", (A Brief Assessment of All the Informal Conferences on Dealing with Potential Conflicts in South China Sea), in *Nansha Wenti Yanjiu Ziliao*, pp.107-13.

China's opposition to the formalization of the meetings and their transformation into multilateral negotiations may recede over time.

**Avoiding Confrontation with Vietnam:**

For the complex Spratly disputes, China and Vietnam are the two strongest and most aggressive states among the six claimants. Both have deployed warships on the islands they occupy. The several major military conflicts over the South China Sea since the 1970s were all taken place between the two. Consequently, the Sino-Vietnamese dispute has become the most critical one affecting the entire situation. Telling examples include 1974 Sino-Vietnamese fighting, when China pushed the South Vietnamese out of the Paracels, and as a consequence drove the Vietnamese advance into the Spratlys. Again in 1988 a skirmish between the two marked China's military entry into the archipelago. In other words, peace between China and Vietnam could mean peace for the whole area to a large extent. Therefore, Beijing's effort to defuse tension and avoid military confrontation between the two deserves special credit.

The contract China issued to the Crestone Energy Corporation in May 1992 covered an area also claimed by Vietnam and, thus, renewed tension between the two in the South China Sea. It became an obstruction to the improvement in bilateral relations, which had been normalised less than a year ago.<sup>75</sup> To amend the damage, Xu Dunxin, one of China's deputy foreign ministers, visited Hanoi on September 18-20 of that year, to commence discussions on the territorial issue as part of the agenda. This was followed by Chinese Premier Li Peng's official visit to Vietnam from November 30 to December 4. Although no significant progress was made during the visits in settling the dispute, the two sides did agree to settle the dispute peacefully, and to upgrade the level and pace of the bilateral

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<sup>75</sup> For a study of the Sino-Vietnamese relations up till early 1993, see Ramses Amer, "Sino-Vietnamese Relations and Southeast Asian Security", Contemporary Southeast Asia, Vol.14, No.4, Mar. 1993, pp.314-31.

settlement process. Through those visits, the bilateral relations were remarkably improved. Agreements for economic, scientific as well as cultural cooperations were signed. China also granted Vietnam an interest-free credit worth about US\$14 million. Over time, economic diplomacy became an effective means for Beijing to strengthen its ties with Hanoi. Also in 1992, the Government in Beijing authorized "Hekou", a Chinese city on the boarder of the two countries, to become an open city. This enabled the set-up of more than one hundred new enterprises, and the Sino-Vietnamese border trade was greatly developed subsequently.<sup>76</sup> All these initiatives served to keep the renewed tension under control, and have facilitated the carrying out of bilateral talks since then on boundary delimitation and exploring principles through which the dispute could be settled.<sup>77</sup> In early November 1993, Beijing and Hanoi reached a verbal agreement to shelve their sovereignty dispute over the Spratlys for the time being.<sup>78</sup>

To substantiate the bilateral agreement, the Chinese military meanwhile had been exercising restraint, trying to avoid direct military confrontation and thus possible military conflict. For instance, in April 1994, a Chinese seismic research vessel chartered by Crestone Energy Corporation tried to approach a disputed oil-drilling area. Five Vietnamese gunboats surrounded the vessel and gave an expulsion order. Surprisingly, the Chinese boat followed the order and was escorted to international waters. Had there been a clash, Vietnam's navy would be no match for that of China's. But a clash of such proportions would no doubt be a serious setback for the Sino-Vietnamese political economic relations, and would strengthen the trend of Vietnamese-ASEAN strategic cooperation. More critically, it would increase regional tension, exacerbate the contention over the Spratlys and, thus, affect regional

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<sup>76</sup> For an introductory study on this, see Brantly Womack, "Sino-Vietnamese Border Trade: The Edge of Normalisation", *Asian Survey*, Vol.XXXIV, No.6, June 1994, pp.495-512.

<sup>77</sup> For more details of the Sino-Vietnamese bilateral talks, see Valencia, "China and the South China Sea Disputes", pp.30-39.

<sup>78</sup> See Pan Chengxin, "Jingji Yinsu yu Zhongyue Nansha Qundao Zhengduan" (Economic Factors and the Sino-Vietnamese Dispute over the Spratlys), in *Nansha Wenti Yanjiu*, pp.98-99.

political economic cooperation, which was what the government in Beijing had been avoiding. Consequently, the Chinese side maintained a total silence on the incident. As was rightly pointed out by a China analyst, the show of restraint by the Chinese military and Beijing's muted response to the incident were primarily due to Beijing's outward looking economic policy. Deng's political influence has set a pragmatic tone for China's foreign policy, "keeping the focus firmly on economic growth and cooperation with Asian and Western countries."<sup>79</sup>

In brief, the bilateral relations between the two has improved markedly in the last four years or so, with an ongoing dialogue seeking a resolution to the border disputes. The November 1994 visit to Vietnam by Chinese President Jiang Zemin seemed to be especially fruitful. Both sides, especially Vietnam, showed flexibility and agreed to negotiate a long-term solution to the Spratly disputes. The joint communiqué issued during the visit enunciated the positions shared by both sides: to solve the disputes through peaceful negotiations; to disavow the use and threat of use of force; to refrain from any action that might aggravate the disputes; and to prevent the disagreement from affecting the normal development of bilateral relations.<sup>80</sup> Beijing and Hanoi also agreed to deal with the two border disputes, the Gulf of Tonkin and the Spratlys, separately in an effort to solve the two countries' boundary disputes quicker. Though it is unlikely that the two could find fundamental solutions to the Spratly dispute merely through bilateral negotiations, the ongoing bilateral talks and consultations at least served to reduce tension and avoid military confrontations between the two, thus contributing to stability over the whole area. As Chinese security analysts believed, "As long as China and Vietnam do not intend to go to war, it is unlikely that any large-scale war will break out in the South China Sea."<sup>81</sup>

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<sup>79</sup> Nayan Chanda, "Show of Force: China Silent over Vietnam's Naval Intervention", *FEER*, Oct. 13, 1994, p.29.

<sup>80</sup> Cao Yunhua, "Nanzhongguohai Fengyun" (Issues over the South China Sea), in *Nansha Wenti Yanjiu*, p.48.

<sup>81</sup> *Ibid.*

The proceeding analysis shows that since 1992, for the purpose of maintaining a peaceful regional environment conducive to the regional economic growth and integration, as well as to China's own concentration on economic development, Beijing has been taking positive, albeit limited, diplomatic steps to ameliorate regional states' suspicion while exercising military restraint. It is important to note that, to a remarkable extent, the Chinese military restraint was facilitated by the regional states' careful handling of their political relations with Beijing. Significantly, amidst the spread of the "China threat" theory -- which Beijing has denounced as Western conspiracy intended to drive an edge between China and its neighbours, most ASEAN states have been trying to downplay the notion of a Chinese threat in public. For example, when visiting Bangkok in August 1993, Malaysian Prime Minister Mahathir Mohamad commented at a press conference that "China has a great potential for economic development, but it will not constitute a threat to any country in the region."<sup>82</sup> Apart from corresponding efforts to maintain friendly political relations with China, the ASEAN states have also been practising economic diplomacy, by which they try to increase trade with, and investment into, China as part of an effort to deter any aggressive Chinese moves in their direction. For that purpose, governments like Bangkok and Manila have tried to overcome the relatively small amount of compatibility between the Chinese economy and their respective economy by encouraging their businessmen and entrepreneurs to investment more in China.<sup>83</sup>

These political and economic policies upheld by the ASEAN states towards China were based on similar economic considerations from Beijing. As has been argued, the various diplomatic measures from Beijing accompanied by military restraint has been fundamentally

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<sup>82</sup> Mahathir Mohamad, quoted in Qi Deliang, "Zhongguo dui Bendiqu Buhui Goucheng Weixie" (China Will not Constitute a Threat to the Region), *RMRB* (OE), Aug. 22, 1993, p.6.

<sup>83</sup> See "Malaixiya Buzhang Guli Duihua Maoyi" (Malaysian Minister Encourages Trade with China), *RMRB* (OE), Apr. 22, 1993, p.6; and Li Guotian, "Tai Ma Zhongli Juxing Huitan: Shuangfang Renwei Dongmeng jiang Jinyibu Kuoda Duihua Touzi he Maoyi" (Thailand and Malaysian Prime Ministers Held Meeting: Both Reckon that ASEAN Will Further Increase Its Trade with and Investment in China), *ibid*, Aug. 20, 1993, p.6.

motivated by China's critical stake in maintaining a peaceful environment for national economic development, along with Beijing's perceptions on the key role played by the ASEAN grouping in regional economic integration and the importance of political cooperation for the region's economic rise. Quite clearly, ASEAN's interest of the latter has converged with the Chinese interest. The ASEAN states have been trying to maintain a friendly political relationship with China through an "engagement" policy, not simply because they are militarily weaker. Rather, they themselves maintain a critical stake in China's political stability and economic development. It was observed as early as 1984 that "Politically, a stable and secure China, fully absorbed in orderly economic development, would contribute to the region's stability, so vital for ASEAN's own economic growth and development."<sup>84</sup> More recently, Funabashi made an equally perceptive comment about this interwoven relationship, "This regional boom [the region's rising economic power] demonstrates the synergy of East Asia. By building on their neighbours' economic successes, East Asian nations can only increase their presence on the world scale."<sup>85</sup> An understanding of this interdependent relationship by the regional state actors themselves was clearly shown by the remarks made by Singapore's permanent secretary of Foreign Affairs Ministry Kishore Mahbubani as cited earlier (see p.296). In other words, a key factor affecting the development of the Spratly disputes has been an almost symmetrical economic *interdependence* between China and the other disputants in Southeast Asia.

### **Membership in the ASEAN Regional Forum**

China's membership in the ASEAN Regional Forum (ARF) -- the first-ever regular platform for holding multilateral discussions on security issues in the region -- deserves a special analysis. The ARF gradually evolved from the ASEAN Post-Ministerial Conference (PMC).

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<sup>84</sup> John Wong, *The Political Economy of China's Changing Relations with Southeast Asia*, London: MacMillan, 1984, p.9.

<sup>85</sup> Funabashi, "Bridging Asia's Economics-Security Gap", p.102.

Historically, to avoid been perceived as a strategic alliance, the ASEAN organisation had persistently resisted putting formal discussions of regional security issues on the Association's agenda. With the changing regional strategic environment however, the 24th ASEAN Ministerial Meeting in Kuala Lumpur in July 1991 agreed that the ASEAN PMC was an "appropriate base" for addressing regional peace and security issues.<sup>86</sup> The first discussion on regional security issues took place in July 1992 at the Association's 25th Ministerial Meeting in Manila, by which ASEAN's first-ever formal declaration touching on regional security -- the "ASEAN Declaration on the South China Sea" was issued. And, in July 1993, the 26th Ministerial Meeting in Singapore decided that henceforth the security component of the PMC dialogue would be known as the ARF. It was announced that there would be 18 members of the ARF -- the then six ASEAN countries; their seven "dialogue partners": Japan, the U.S., Canada, South Korea, Australia, New Zealand and the European Community; China and Russia as "guests"; and Vietnam, Laos and Papua New Guinea as "observers". The first ARF meeting was held in Bangkok in July 1994.

As the first institutionalised regional security dialogue mechanism, the ARF is a political confidence building measure in its own right as well as a vehicle for examining and promoting Asia Pacific CSBMs. Though much wider in issues and geographical scope as compared with the Indonesian initiative, one of the major concerns prompting the transformation of the ASEAN Post-Ministerial Conferences (PMCs) into the ARF was the Spratly disputes with its wider implications for the regional maritime regime.<sup>87</sup> Consequently, China's presence in the Forum was vital and it has become ASEAN's barely hidden agenda of engaging China.<sup>88</sup> "For the ARF initiative to succeed," as one analyst

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<sup>86</sup> *Joint Communiqué of the Twenty-Fourth ASEAN Ministerial Meeting*, Kuala Lumpur, July 19-20, 1991, p.5. Cited in Desmond Ball, Chapter 1, "Maritime Co-operation, CSCAP and the ARF", in Sam Bateman and Stephen Bates (eds.), *The Seas Unite: Maritime Co-operation in the Asia Pacific Region*, Canberra: Strategic and Defense Studies Centre, Research School of Pacific and Asian Studies, The Australian National University, 1996, p.9.

<sup>87</sup> Ball, "CSCAP a Milestone in Institutionalized Dialogue", pp.20-21.

<sup>88</sup> For a detailed analysis, see Leifer's "The ASEAN Regional Forum". In his article

observed, "all the great powers, especially China, must participate."<sup>89</sup> As pointed out earlier, China had traditionally insisted on a bilateral approach to regional security issues. If it had already had some difficult times adjusting to the multilateral setting of the Indonesian initiative, then China could only become more defensive in the ARF with the presence of more dominant external powers. Thus, China's presence -- though in the status of a "guest" -- at the ARF's inaugurating meeting in Bangkok in July 1994 was rightly seen as a success by the ASEAN members to bring together the 18 divergent members across the Asia-Pacific region.<sup>90</sup>

Beijing's decision to be part of the ARF process was, broadly speaking, part of its regional security policy of developing good-neighbourly relations, as examined earlier. In order to establish a firm foothold in the region, Beijing could not help but facilitate, at least in a minimal way, the building of a regional security dialogue mechanism.<sup>91</sup> It was well aware that such a mechanism seriously contains the potential of constraining China's military behaviour by its incremental build-up of CSBMs. Thus, Beijing tried to minimise the ARF's

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"Malaysia's Security Perceptions of the 1990s" (*A-PDR*, 1996 Annual Reference Edition), Abdul Razak Abdullah Baginda, Executive Director of the Malaysian Strategic Research Centre, mentioned that the ARF was often seen as an attempt to deal with China multilaterally rather than bilaterally (p.23). See also Allen S. Whiting, "ASEAN Eyes China: The Security Dimension", *Asian Survey*, Vol.XXXVII, No.4, Apr. 1997, p.300.

<sup>89</sup> Jusuf Wanandi, "ASEAN's China Strategy: Towards Deeper Engagement", *Survival*, Vol.38, No.3, Autumn 1996, p.121.

<sup>90</sup> Given the complex geo-strategic relationships among those countries present, the ARF meeting was a success merely for having taken place. The new body especially acknowledged the widespread feeling of Asia-Pacific foreign ministers that China and Russia must be included if future regional security talks were to be significant. See "Asia-Pacific Security Group Launched", in *CND-Global*, <aus.culture.china>, July 27, 1993.

<sup>91</sup> Though, in an analysis given by a Chinese security analyst, the evolving relationships between the major powers in the region was seen as played a leading role in the set-up of the ARF. It was argued that, on the one hand, the improved relations between the four major powers of the United States, China, Russia and Japan had provided the necessary basic condition for the set-up of a region-wide security-building mechanism. On the other, because there were still many problems between the quadruple relationship, none would be willing to let any other to lead such a multilateral process. Thus the building of such a mechanism by the ASEAN countries, with the engagement of the four major powers. See Liu Jianguo, "Gongjian Shijie Heping yu Fazhan Dasha" (Cooperatively Build the Big Shelter of Peace and Development), *Xiandai Guoji Guanxi*, Dec. 1996, p.7.

constraining effect from the very beginning, and the slow as well as soft approach adopted by the first session in Bangkok was seen, in part, as an effort to treat China gently in order to maintain the dialogue.<sup>92</sup> In the session, foreign ministers of those participant countries agreed to hold annual talks and develop measures to defuse potential conflicts, but there was no agreement on detailed steps to build confidence and reduce tension. Prior to that, at a meeting of senior officials in May, Australia promoted -- with Canadian support -- to make concrete confidence-building measures through the upcoming working groups of officials, but it was resisted by Chinese representatives. During the first session, the issue of the South China Sea was only briefly addressed within a closed session. As Leifer observed, "China only just tolerated this discussion, having earlier ruled out any negotiations on the matter within the ARF."<sup>93</sup> Qian Qichen, China's Foreign Minister, told a small group of reporters after the meeting that China was prepared to engage in defense cooperation with its neighbours. But, he said, China stood for a "gradual approach" in finding practical means of security cooperation. He cautioned that "no attempts should be made to use confidence-building measures and preventive diplomacy to resolve international conflict or problems of a country."<sup>94</sup> Qian's statement reflected Beijing's policy to oppose the internationalisation of the Spratly issue through such multilateral mechanisms as the ARF.<sup>95</sup>

Yet, once in, it became simply unavoidable for China to retreat gradually from its traditional positions aimed at defending its unilateral security interests. Indeed, at the second ARF meeting in Brunei in August 1995, Beijing considered and adopted the Concept Paper, a document prepared by the ASEAN senior officials three months earlier which set out more practical measures to be carried out by the ARF gradually for the building of regional

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<sup>92</sup> Robert Karniol, "ASEAN Puts Regional Security on Agenda", *JDW*, July 23, 1994, p.14.

<sup>93</sup> Leifer, "The ASEAN Regional Forum", p.34.

<sup>94</sup> Michael Richardson, "ASEAN Security Forum Takes First Small Step", *A-PDR*, Vol.XXI, No.4/5, Oct./Nov. 1994, p.7.

<sup>95</sup> For more Chinese explanation on such a policy by Beijing, see Yan Yang and Chu Dao, "Yataidiqu Anquan Wenti ji Gefang de Jibengtaidu" (Asia-Pacific Security Issues and the Basic Attitudes of the Parties Involved), *Xiandai Guoji Guanxi*, July 1994, p.7.

security. The Concept Paper included two lists of confidence-building measures and other cooperative activities. The first list presented measures which could be explored and implemented in the immediate future, such as the publication of statements on defense policy, participation in the UN Conventional Arms Register and reciprocal high-level personnel exchanges. The second one was an indicative list of other proposals which could be explored over the medium and long-term, including cooperative approaches to SLOCs, the establishment of zones of cooperation in areas such as the South China Sea and maritime information databases.<sup>96</sup> Although China's subsequent implementation of these agreed policies was not all guaranteed, it *has been* moving along in that direction. For instance, Beijing published a defense *White Paper* at the end of 1995 -- however limited and unrevealing it may have been; and it agreed to publish such a document every two years. Its willingness to co-chair the ARF's inter-sessional group on CBMs was also a positive step conducive for further development of the ARF process. In July 1996, China's membership status changed from a "guest" to a formal "dialogue partner".

Through the ARF, China was brought into a region-wide institutionalised multilateral security framework. Although it has opposed the discussion of the Spratly disputes as part of the Forum's agenda, it should be expected that, in the long run, the ARF will prove to be an important vehicle to generate more concessions from Beijing in appropriate balance of other disputants' security interests, if the process is more evolutionary than revolutionary. Already, Beijing's acceptance of the UNCLOS as a basis for solving the Spratly disputes, which was expressed during the second ARF meeting in late July and early August 1995, serves as a good case in point. The significance of Beijing's acceptance of the UNCLOS will be discussed in more detail in the section "Acceptance of the UNCLOS: A Remarkable Compromise".

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<sup>96</sup> See Shang Qianhong and Ding Kuisong, "Dadongmeng jiqi zai Yatai de Diwei" (Greater ASEAN and Its Position in the Asia Pacific), *Xiandai Guoji Guanxi*, Aug. 1996, p.12-13; and Ball, "Maritime Cooperation, CSCAP and the ARF", pp.10-15.

### **The Mischief Incident of February 1995: Strategic Advance at the Expense of Economic Interdependence?**

Those constructive Chinese steps reflecting Beijing's effort to facilitate the building of regional CSBMs had consequently enabled Beijing to build closer political and economic ties with the ASEAN countries. Needless to say, this was conducive to the flow of trade and investment between China and the ASEAN countries, including Vietnam. More importantly, the relatively peaceful environment was favourable for each state's domestic economic growth as well as the process of regional economic integration; which in turn served to increase the region's economic profile in the world. In the meantime, the ASEAN states had in general been taking a relatively soft-line approach to the issue of China threat. Besides publicly downplaying the chances of Chinese threat, they stood for a policy of "engagement" rather than "containment", maintaining that a Chinese challenge to the *status quo* could be mitigated by the benefits of economic interdependence.<sup>97</sup> In brief, those Chinese steps aimed at facilitating the building of regional confidence and security had been helpful in maintaining the regional states' reluctance to rally around the idea of China containment. Moreover, they served to make it difficult for a collective region-wide response countervailing China's Spratly claims to be mobilised. However, there appeared a reversal of these trends and conditions with the incident at Mischief Reef in February 1995.

In February 1995, China constructed what it claimed to be fishing shelters on one of the disputed islands commonly known as the Mischief Reef ("美济礁" -- Mei Ji Jiao -- in Mandarin, and "Panganiban" in Pilipino). The island falls far into the Philippine claim. Seeing the construction as sophisticated military structures, Manila immediately lodged a strong diplomatic protest. But Beijing claimed that the new facilities were for protecting the lives and labour of Chinese fishermen. The Philippine side took a series of minor actions in the following several months: arrested some Chinese fishermen and removed a number of

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<sup>97</sup> See, for example, the view given by Lee Kuan Yew, Singapore's Senior Minister and elder statesman, during a discussion with Michael Richardson, Associate Editor (Asia) of *A-PDR*. See Richardson, "How to Live with China: Lee Kuan Yew's Prescription", *A-PDR*, Aug.-Sept. 1994, p.13.

Chinese navigation markers from surrounding reefs in March. A press tour composed of both local and foreign journalists was organised in May to observe what the Philippines believed to be Chinese naval structures. In June, some more Chinese markers were destroyed. The removal of the Chinese markers went quietly without Chinese counter actions. But the May press tour was a critical moment close to a military showdown. Fortunately, China only dispatched two frigates armed with missiles which could be seen on the horizon, in an attempt to deter the Philippine ships launching the helicopter trips. It did not open fire on the helicopter that carried the journalists, which China did consider as an intrusion into its territory.<sup>98</sup>

According to some international sources, the platforms at the Mischief Reef were similar to garrisons that the Chinese had built on reefs elsewhere in the Spratlys.<sup>99</sup> Clearly, the Chinese possession of the reef was a carefully thought-out strategic advance. Control of the reef, which lies in the eastern part of the Spratly archipelago, expands the Chinese footholds easternward in its strategic posture, which had thus far been limited to the central-to-western part of the archipelago (see Map 7-2). One favourable condition for the Chinese action was the fact that the reef was previously unoccupied, taking control of which therefore did not require a direct military clash.

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<sup>98</sup> See Tien Zhang, et al., "Journalists Depict Nansha (Spratlys) Tour as 'Hair-raising' ", in *CND -Global*, <aus.culture.china>, May 22, 1995.

<sup>99</sup> Michael Richardson, "US and ASEAN Tiptoe Round China on Spratlys", *A-PDR*, Vol.XXI, No.8/9, May/June 1995, p.17.



Moreover, the Philippines claim to the reef was as weak as -- if not inferior than -- the Chinese claim;<sup>100</sup> and its Armed Forces had few operational ships or aircraft. Also critical was the fact that the Philippine claims to the Spratly Islands post-dates the 1951 U.S.-Philippine Mutual Defense Treaty and has not been recognised by the U.S. government. For most part of the last few years, the U.S. has been trying to stay out of the South China Sea disputes.<sup>101</sup> Washington stated on several occasions that "it takes no position on the legal merits of the competing sovereignty claims" to islands in the South China Sea.<sup>102</sup> With these combined factors in favour of China, the Chinese military, which had long complained that Beijing's attitude had been too soft,<sup>103</sup> might have finally persuaded the government in Beijing to approve the move by emphasising the maxim that "possession is nine-tenths of the law."<sup>104</sup>

Those nationalist Chinese must be pleased with the Mischief acquisition: China has demonstrated its resolve to back up its claims to the Spratly Islands. Clearly, the Chinese action was an advance of their unilateral national security interests at the expense of regional confidence and trust. Upon this incident, many countries in the region issued statements regretting the rise of tension and calling for all parties to avoid the use of force. More relevantly, it was detrimental to an understanding the government in Beijing had been

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<sup>100</sup> The Mischief Reef is not part of the Philippines' continental shelf. It is a coral reef formed by the accumulated skeletons of coral polyps. In geological terms, it is part of the seabed, and it is not therefore the "natural prolongation" of the adjacent landmass. See Zeng, "Focus China's South China Sea", p.10.

<sup>101</sup> Valencia, "China and the South China Sea Disputes", pp.25-30.

<sup>102</sup> *Ibid*, p.26. For more detailed information about the U.S. related policy, see *United States Government Policy on the Spratly Islands and the South China Sea*, Washington D.C.: American Enterprise Institute, 1994; *United States Security Strategy for the East Asia-Pacific Region*, Washington D.C.: Office of International Security Affairs, Department of Defense, Feb. 27, 1995.

<sup>103</sup> Interviews, Nov. 1994 to Jan. 1995.

<sup>104</sup> This is an extended view from professor Leifer. Leifer's original view goes as follows: "Apart from a conviction that it possesses the only authentic claim to the Spratlys, the government in Beijing appears fully conscious of the maxim that possession is nine-tenths of the law." See Leifer, "Chinese Economic Reform and Security Policy: The South China Sea Connection", p.48.

carefully building in its relations with the ASEAN states over the Spratly disputes. The take-over of Mischief was the first time China seized territory claimed by an ASEAN member, thus destroying the conventional illusion that China would not take on directly the pro-Western ASEAN states in its pursuit of territorial claims. Understandably, this resulted in less difficulty the ASEAN states had in concerting their thinking and policy toward the Spratly issue. After an initial failure to come out in open support of the Philippines, ASEAN foreign ministers issued a joint statement on 18 March expressing serious concern over recent developments in the South China Sea. Although it declined to criticise China explicitly for its actions on Mischief Reef, the document did show an ASEAN joint view that China's actions "threaten peace and security in the South China Sea."<sup>105</sup> Reportedly, during the first ASEAN-China consultative meeting in April in Hangzhou of China, a unified ASEAN expression of concern over Chinese actions was presented to Chinese officials behind closed doors. Beijing was "asked" to cease building military structures on disputed islands.<sup>106</sup>

In a parallel development, there were changes in Washington's public discourse on the Spratly disputes indicating a possible U.S. change of policy unfavourable to China. At the beginning, the Clinton Administration tried to distance itself from the recent dispute. But the Republican-led Congress, which has played a remarkably influential role in U.S. foreign policy in recent years, was not hesitant in introducing resolutions warning China not to use force or to show intimidation in the Spratly area. In early April, there was a major foreign-policy bill before Congress which condemned China's "acts of aggression against the Philippines", and called on the Clinton administration to review the defense needs of democratic states claiming territory in the South China Sea.<sup>107</sup> Then on April 17, U.S. Secretary of State Warren Christopher reminded Chinese Foreign Minister Qian Qichen that

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<sup>105</sup> "ASEAN Ministers Voice 'Concern' on Spratlys", The Sunday Nation, Mar. 19, 1995, p.A1.

<sup>106</sup> Segal, "East Asia and the 'Constrainment' of China", pp.122-23. Cf. a regional intelligence report "Loud and Clear" in *FEER*, Apr. 20, 1995, p.12.

<sup>107</sup> Nigel Holloway, "The Enemy Within", *FEER*, Apr. 13, 1995, pp.14-15.

the United States has a treaty obligation to defend the Philippines from attack. Further, on May 10, the Clinton Administration issued a statement declaring that "the United States has an abiding interest in the maintenance of peace and stability in the South China Sea. ... [It] would ... view with serious concern any maritime claim, or restriction on maritime activity, in the South China Sea that was not consistent with international law, including the 1982 United Nations Convention on the Law of the Sea."<sup>108</sup> This clearly indicated a possible adjustment in the U.S. policy changing from "passive" neutrality to a more "active" neutrality, protecting the interests of its allies as well as the principle of freedom of navigation.<sup>109</sup>

At issue, however, was the linkage between the Mischief incident and Sino-ASEAN economic interdependence. The incident seemed to suggest that China could not be constrained by economic interdependence in its military pursuit of territorial claims.<sup>110</sup> The question here is: how significant was the Sino-Philippine relationship in influencing the economic interdependence between China and the ASEAN grouping? To answer this question, first of all it is necessary to point out that economic interdependence between China and the Philippines *per se* was rather weak as measured by the level of trade and investment between the two. In fact, the Philippines' trade with China had been the lowest among the ASEAN countries, except Brunei. For instance, in 1994, Sino-Philippine trade totalled only US\$0.75 billion, less than one-third of that between China and Malaysia (US\$2.74 billion), and much less than compared to the volume between China and Singapore (US\$5.05 billion).<sup>111</sup> As mentioned earlier, among the ASEAN countries,

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<sup>108</sup> Larry A. Niksch, "The South China Sea Dispute", *CRS Report for Congress*, 95-934F, Aug. 29, 1995, p.4. Cited in Jian Sanqiang, "China and the Spratly Islands Dispute", *WCCS Papers* (the Washington Center for China Studies, Inc.), Vol.6, No.8, July 1996, pp.10-11.

<sup>109</sup> According to Valencia, in the wake of the Mischief Reef incident, Philippine President Ramos claimed that the U.S. had offered to take part in bilateral naval exercises. See Valencia, "China and the South China Sea Disputes", p.29.

<sup>110</sup> Segal, "East Asia and the 'Constrainment' of China", pp.116-22.

<sup>111</sup> See *ZGTJNJ*, 1995, p.513.

Singapore has been the most significant trading partner as well as investor in China; while it is not a claimant directly involved in the Spratly disputes. In addition to its lack of economic exchange with China, politically Manila had not been as "cooperative" with Beijing as compared to other ASEAN states. In fact, before the ASEAN organisation was expanded to include Vietnam, the Philippines was the only one among the ASEAN states that publicly endorsed the notion of a China threat.<sup>112</sup>

Despite the Philippines' relatively weak economic interdependence with China and its lack of political friendship with Beijing, one may ask, would an action against the Philippines seriously affect Sino-ASEAN economic relations as a whole? In Beijing's calculation, the answer might be a "no". As mentioned earlier, the Philippines' claim to the Mischief Reef was as weak, if not weaker, than China's. Apart from that, the Philippines' voice within the ASEAN entity had been traditionally weak, due primarily to its overt pro-Western stance. Finally, due to their economic stakes in maintaining regional stability, the other ASEAN countries had been keen not to provoke Beijing by being seen as ganging up against China. Indeed, this explains the ASEAN's slowness in coming out with open support for the Philippines after the incident.

### **Acceptance of the UNCLOS: A Remarkable Compromise**

Although the existing economic interdependence was not sufficient enough -- as far as the Philippines' was concerned -- to deter the Chinese military advancement in the form of taking control of a previously unoccupied islet, the Mischief incident did seriously affect China's regional image. The follow-on development of regional as well as international reactions became unfavourable to China's overall foreign policy objectives in the region.

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<sup>112</sup> See Luo Jie, "Dongnanya Guojia Ruhe Kan 'Zhongguo Weixielun' (The Views of the Southeast Asian Countries on the Theory of 'China Threat' ), *Yatai Cankao* (Asia-Pacific Reference) (Beijing), Feb. 3, 1997, p.2.

Consequently, substantial amendment measures were required from Beijing to ease fears in Southeast Asia and improve China's diplomatic standing over the Spratly issue internationally. In reconciliation to its fundamental interests in the region, Beijing soon embarked on a new series of diplomacy. To allay ASEAN's fears and relieve tension in the region, Chinese officials, including Chinese Vice Premier Zhu Rongji, Foreign Minister Qian Qichen and General Liu Huaqing, Vice Chairman of the CMC, were dispatched to make trips to the Southeast Asia countries. During their visits, they reassured the ASEAN nations that China would like to settle the disputes through peaceful means. On those various occasions, the principle of joint development was reiterated. At Beijing's repeated request, Sino-Philippine bilateral talks on the sovereignty dispute formally began on March 20 in Beijing. In the summer of 1995, Beijing took a further initiative by inviting representatives from the disputant countries to hold a consultation meeting in Hangzhou to exchange views.

Meanwhile, Beijing was making efforts to ease the external concern about freedom of navigation in the South China Sea. When in New York attending the 1995 NPT Review Conference, Foreign Minister Qian assured Warren Christopher that China did not intend to settle the Spratly disputes by military means.<sup>113</sup> Upon the U.S. issue of the statement warning China that it would protect the safety of sea-lanes and freedom of navigation, Beijing for the first time explained its position stating that Chinese claims will not affect the freedom of passage for ships and aircraft through the South China Sea. As early as 1992, upon Beijing's issue of its Territorial Sea Law, there were concerns that the Law turned the South China Sea into a Chinese lake and that China would use force to evict trespassers. On May 19, the Chinese foreign ministry made a more explicit statement saying that China's policies on the Spratly Islands would not pose a threat to freedom of navigation based on international law principles.<sup>114</sup> This clarification on the rights of passage of shipping through the South China Sea more or less mollified the U.S., Japan and other trading states.

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<sup>113</sup> Reuters via Internet, Apr. 19, 1995.

<sup>114</sup> *RMRB* (OE), May 19, 1995, p.1.

A more significant Chinese compromise came when Beijing publicly announced its willingness to use the 1982 UNCLOS as basis for resolving the conflicting claims in the South China Sea. This policy change was first made public through the ARF. During a meeting with ASEAN officials on July 30 at the 1995 ARF annual meeting in Brunei, Foreign Minister Qian, while reiterating that China had 'indisputable sovereignty' over the Spratly Islands, announced Beijing's decision. He stated that China would be willing to recognise international laws, *including the 1982 UN Convention on the Law of the Sea*, as a basis for negotiating differences.<sup>115</sup> Qian also said that China would discuss differences in the South China Sea with all seven members of ASEAN.<sup>116</sup> which indicated a possible Chinese retreat from the long-held position of conducting bilateral negotiations only. The announcement by Qian was the first time that China had clearly indicated an acceptance of the 1982 UN Law of the Sea. In its previous numerous statements portraying a Chinese inclination to solve the disputes according to international law, the only principle of international law ever mentioned had been an "agreement between the states concerned." While certainly a major principle of international law, the phrase seemed to be little more than a multipurpose noncommittal expression of indeterminate meaning. In welcoming China's new posture, Indonesian Foreign Minister Ali Alatas hailed, "On that basis, there's no more guessing how you draw lines for an EEZ or a continental shelf." And, he further added, "There's no more disputes over what are considered the lines of an archipelagic state."<sup>117</sup> A U.S. official gave a more prudent but also positive comment, "The tone of China referring to international law and the law of the sea gives greater possibility for trying to find a diplomatic solution, even though China hasn't changed its fundamental position on its sovereignty claims."<sup>118</sup>

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115 See Murray Hiebert, "Comforting Noises", *FEER*, Aug. 10, 1995, pp.15-16.

116 Vietnam became a formal member of ASEAN on July 28, 1995.

117 Hiebert, "Comforting Noises", p.16.

118 *Ibid.*

By accepting the UNCLOS as basis for negotiations, what exactly were the implications for China's position in settling the disputes and for resolving the conflicting claims? First of all, by admitting the validity of the UNCLOS, it potentially validates the claims of other disputants to a certain extent. This contrasted China's previous denunciation of other disputants' claims as total violation of Chinese sovereignty or as encroachment of Chinese territorial waters. By validating the UNCLOS, it would at least require relinquishing or suspending China's claims to portions of the continental shelves of ASEAN members.<sup>119</sup> At the same time, by introducing the factor of UNCLOS into future negotiations, it means very likely a cutting back of the traditional extravagant Chinese claims based exclusively on historical rights. As mentioned earlier, according to traditional Chinese claims as indicated in official maps since 1935, the James Shoal, the southernmost Chinese signpost, is about 1500 km away from the undisputed Chinese territory of Hainan Island. Even if the Ladd Reef -- the southernmost island currently occupied by China (as shown in Map 7-2) -- could serve as a base point, the James Shoal is still about 300 nm away, far beyond the two hundred miles EEZ a coastal country could claim. Whether the Ladd Reef *can* serve as a base point for measuring EEZ is as a matter of fact very much in doubt. The 1982 UNCLOS states that rocks which cannot sustain human habitation or economic life shall have no exclusive economic zone or continental shelf. In brief, by letting in the factor of the UNCLOS, China can only go into the specific at its disadvantages. Precisely because of this, a multilateral solution to the disputes is now more feasible, although the degree of feasibility under which cooperation occurs depends on both the political will and mutual accommodation from all the parties involved.

From the above analysis, one can see that substantial Chinese compromises were contained in Beijing's willingness to use the UNCLOS as a basis for resolving the Spratly disputes. A combined set of factors could have triggered Beijing to make the move. Most directly was Beijing's wish to avoid the formation of a more united ASEAN front *vis-à-vis* China in the

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<sup>119</sup> Cf. Mark j. Valencia, "How to Carve Water", *FEER*, June 6, 1996, p.32.

upcoming ARF annual meeting. A week before the scheduled ARF meeting, Beijing sent out the signal of a more flexible Chinese position through the Indonesian Foreign Minister Ali Alatas who was then visiting Beijing.<sup>120</sup> Chinese delegates arrived in Brunei with the new proposal, by which Beijing managed an understanding with the ASEAN countries -- who were also keen to reduce tension with Beijing -- on avoiding to make the Spratly disputes a major issue of the eye-catching regional security meeting.

In the meantime, the specific international environment which China was facing also demanded that Beijing be more flexible. In mid-1995, the Sino-U.S. relationship was in a tailspin over Taiwan, whereas Sino-Japanese relations considerably soured in part due to China's nuclear tests. While Washington and Tokyo were strengthening and redefining their mutual security alliance with the "China threat" as a main parameter, there were also signs suggesting that the U.S. and Japan were making moves intending to solicit ASEAN participation in an extended regional containment strategy against China.<sup>121</sup> Facing this serious security challenge, understandably, Beijing would have to be cautious and take effective measures to prevent the situation developing from bad to worse. As many analysts have pointed out, a wise Beijing would not fail to see the need to avoid antagonising everyone at the same time.<sup>122</sup> In short, by reaching a new understanding with the ASEAN countries, Beijing managed to avoid becoming a focal target in the multilateral forum. Above all, as a conciliatory gesture, the move served to maintain ASEAN's "engagement", rather than "containment", policy towards China. The mutual understanding reached in July 1995 and China's subsequent status development in the ARF in 1996 from a "guest" to a "dialogue partner" were seen by Chinese security observers as a Chinese success in countering the development of a U.S.-Japan-led regional containment of China.<sup>123</sup>

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<sup>120</sup> Xiong Bo and Zheng Liedong, "China to Settle Disputes in the South China Sea on U.N. Sea Law", in <aus.culture.china>, July 28, 1995.

<sup>121</sup> See Tang Tianri, "Anquan Hezuo de Xinmoshi" (New Models of Security Cooperation), *Liaowang*, No.31, 1997, p.44.

<sup>122</sup> See Segal, "East Asia and the 'Constraint' of China", pp.123-8; Leifer, "The ASEAN Regional Forum", pp.38-39; and Hiebert, "Comforting Noises", pp.15-16.

<sup>123</sup> Tang Tianri, "Anquan Hezuo de Xinmoshi", op cit.

Despite the potential significance contained in Beijing's acceptance of the UNCLOS, one should not expect too much too soon. The incorporation of the UNCLOS does not make a multilateral solution to the disputes much simpler or easier. That explains why, when applauding China's new position, Alatas cautioned that a lot of hard work remained before the conflict could be resolved.<sup>124</sup> The rival claimants were all aware that any talks over the Spratlys could take years to bear fruit. This awareness was all the more heightened by the fact that it took Indonesia and Australia more than ten years before the two could finally agree to establish a cooperative zone in the Timor Sea. As long as Beijing feels the need to remain committed to the UNCLOS and keep moving towards it, the prospect for a multilateral solution is promising. And so far, the development has been encouraging. The Chinese NPC ratified the UNCLOS in May 1996.

### *Conclusion*

In the mid-to-late 1980s, with the receding of a Soviet land attack from the north, there had been a shift of concern by the Chinese military from land defense to maritime defense. The last few years saw an expansion of the Chinese naval capability from a coastal defense role to an ability to project power further offshore. The year 1988 when China took control of a reef in the northern sector of the Spratly archipelago marked the beginning of Chinese military presence in the disputed area. This chapter has examined Beijing's approach towards the subsequent regional tension and security concerns caused by its pursuit of China's traditional territorial claims. It shows that, in the period between 1990 and 1996, Beijing took a series of diplomatic measures to ease regional tension. Further, it put forward proposals intended to resolve the territorial disputes peacefully. The first of such integrative steps made by Beijing was the proposal to "carry out joint exploration while shelving

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<sup>124</sup> Hiebert, "Comforting Noises", p.16.

disputes". As most Chinese believe that the South China Sea is inherently part of the Chinese territory and China has irrefutable sovereignty over the Spratly Archipelago, the proposal represented a compromise in such a belief. Moreover, by shelving the sovereignty disputes, the proposal contained the potential to let the status quo become a *fait accompli* meaning China would eventually lose those unoccupied islands. The ideal of multilateral exploration and development *per se* served to reduce mutual suspicion by increasingly clarifying each other's positions on related technical issues and maintaining a dialogue mechanism.

If the erosion of Chinese sovereignty over the Spratlys was relatively vague in the proposal, then Beijing's acceptance to use the UN Convention on the Law of the Sea as a basis for resolving the conflicting claims in the South China Sea represented a more visible and more concrete compromise in Chinese traditional claims. By admitting the validity of the UNCLOS, it potentially validates the claims of other disputants to a certain extent, at least requiring the relinquishment or suspension of China's claims to portions of the continental shelves concerning ASEAN members. It was all these potentials contained in Chinese acceptance of the UNCLOS that had considerably eased the concern of other disputants as well as other regional states more generally. While those Chinese diplomatic proposals contained significant potential of Chinese retreat from its traditional claims, Beijing's engagement in the meantime in regional CSBMs initiated by regional states, most tellingly, its participation in the ARF, has contained potential compromise in Chinese military options. Involvement in the region-wide institutionalised multilateral security mechanism enforced China to exercise military restraint in its pursue of traditional claims. Although it could not fully contain Chinese military-related actions, such as the Mischief episode, one should not fail to see the security regime's long-term possible effect on Chinese military behaviour through its incremental build-up of CSBMs.

The most fundamental reason for the series of integrative steps taken by Beijing was its desire to maintain good-neighbourly relations with the ASEAN countries in its post-

Tiananmen post-Cold War foreign policy. In the wake of Tiananmen, Beijing launched a diplomatic offensive drive aimed at breaking its international diplomatic isolation, by which improvement of Sino-ASEAN relations assumed a high priority. The multilateral orientation Beijing developed from the diplomatic drive with regard to the Spratly disputes was later to a considerable extent sustained by Beijing's need to rally ASEAN support against the West on human rights and democracy issues. Overtime, Beijing realised that to create a good international environment for China's national development in the post-Cold War era, it would need first and foremost to have a friendly regional environment to serve as a strong foothold. Only with this could China better advance its national interests and establish a major power status in the post-Cold War international competition. Consequently, Beijing developed a security policy by which good-neighbourly relations with regional countries, especially the ASEAN states, came to assume a high priority. And, against the backdrop of sharply deteriorating relations with the U.S. and Japan, friendly ties with the ASEAN group had become the more important objective for Beijing to rally ASEAN support against an expanded U.S.-Japan strategic containment.

At an important level, the development and further strengthening of such a policy, by which Beijing has taken a series of integrative measures in dealing with the Spratly disputes, was underpinned by the perceived economic importance of the ASEAN grouping. As has been analysed, the economic importance of the ASEAN countries to China could not be simply measured by the existing volumes of ASEAN's trade with and investment in China. The importance has been more in the sense of the ASEAN group's role in regional economic integration. With the global trend of forming regional trading blocs, Chinese security policy makers saw the ASEAN grouping as playing a special role in regional economic diplomacy in such important multilateral economic institutions like APEC. For the purpose of developing a viable regional trading bloc comparable to, say, the European Union, Chinese security policy makers saw a serious stake in forging friendly ties with the ASEAN nations and maintaining regional peace and stability. Thus, the subordination of the irredentist impulse to the economic priority when necessary.

It was due to the common quest for a regional economic rise and integration that the economic relations between China and the ASEAN nations has contained economic interdependence as its central tenet. While it was important for China to develop friendly ties with the ASEAN states and maintain regional stability for the benefit of regional economic development as a whole, it was equally important for the ASEAN states to maintain peace with China so as not to affect national economic growth as well as regional economic integration. Based on this economic interdependence with China, the ASEAN states have generally maintained a non-confrontational approach in their contact with Beijing. By downplaying the "China threat" and promoting an "engagement" rather than "containment" policy towards China, the ASEAN states have been able to create the necessary political conditions for Beijing to sustain a compromising attitude towards the disputes and to constrain the PLA's tendency of conducting military adventures.

One may argue that although China's participation in the regional multilateral security mechanisms holds out the potential for future Chinese compromises in its comprehensive Spratly claims, the importance of the Islands also holds out the potential that Beijing will not compromise. Indeed, such a potential cannot be excluded. But the significance of those constructive Chinese steps lies in China's moving closer to the mechanism of multilateral security *per se*, by which even if the potential for compromises cannot be materialised, the chances for China to use force to pursue its claims are reduced. And, it is reasonable to assume that, as long as Beijing continues to perceive a critical stake for China in maintaining regional stability and facilitating regional economic development as a whole, major military conflict over the Spratly disputes is unlikely and multilateral security measures will continue to grow with China's participation, no matter how passive it may be in each of its steps. In this way, a *multilateral* solution to the disputes will be eventually reached. By the word "multilateral" *per se*, it means that China simply cannot avoid but make certain compromises in its traditional *realpolitik* unilateral interests.

## CHAPTER 8. CONCLUSION

The primary purpose of this study, as set out in Chapter 1, is to examine in a systematic way China's approach to multilateral arms control issues since the end of the Cold War, with an emphasis on identifying and explaining the development of Chinese integrative steps. It has tried to argue that, in its approach to post-Cold War multilateral arms control issues, the leadership in Beijing has made compromise<sup>S</sup> in security interests linked to traditional hard *realpolitik* power politics. To advance the argument, the four most controversial issue areas in post-Cold War Chinese arms control policies, namely, China's accession to the NPT; its participation in negotiations for a CTBT; its ambivalence towards the MTCR; and its attitude towards regional CSBMs centred around the Spratly disputes, have been taken as four case studies respectively.

Through careful examination, evidence of compromise from Beijing in China's traditional independent and hard *realpolitik* state interests have been found in all four cases (see Table 8-1), though to varying degrees and in various forms. Among those compromises, some were substantial, others were relatively limited. But added together, they served to indicate a significant change in China's relationship with the international arms control system. Through those compromises, China has been increasingly accepting international norms in arms control and moving step by step closer to interdependent multilateral security regimes. They have served to move China away from free-ride/defect strategy that characterised Chinese arms control behaviour in the 1980s.

### *Elements of Compromise*

One of the earliest compromises from Beijing that served to move China into the multilateral security system was in the area of Chinese traditional beliefs in fairness and

equal obligations among nations. It was found in Beijing's decision to accede to the NPT and its promise to abide by the guidelines of the MTCR, two export control regimes. As has been analysed, one of the main factors underpinning Beijing's public denunciation and non-participation of the NPT was its view that the regime was discriminative, containing unequal and unbalanced obligations between the nuclear haves and the have-nots. Similarly, the MTCR has been largely criticised by Chinese analysts as a "gentlemen's agreement" by a few developed countries intended to maintain their advantageous position in the field of science and technology in the space industry. It was seen that the MTCR was aimed at binding the developing countries only. Chinese security policy makers have long held a view that science and technology are the common property of mankind and therefore should be used in all countries' peaceful development and economic construction.

Most of the views are still held by the Chinese today, at least in written language, though more positive comments about the role of the NPT in preventing the proliferation of nuclear weapons have been added in Chinese evaluations. Of course, to what degree those views represent true Chinese beliefs and to what degree they are propaganda intended to advance China's own national interests remain open questions. Despite that, Beijing's formal accession to the NPT and verbal observation of the MTCR guidelines *per se* represented a normative compromise in those traditional ideological views. Beijing's decision to make such a compromise constituted the first necessary step for China's evolving convergence to international norms in arms control in the specific form of export control.

**Table 8-1. Development of Chinese Integrative Steps: Elements of Compromise**

	<b>Regime Character (vis-à-vis China)</b>	<b>Chinese Integrative Steps</b>	<b>Elements of Compromise</b>	<b>Degree &amp; Nature of Compromise</b>
<b>NPT</b>	Long-established international treaty emerging as a global norm	Accession to the treaty	<ul style="list-style-type: none"> <li>• Potential constraint on Chinese nuclear development;</li> <li>• Traditional foreign policy principle for a fair and just world;</li> <li>• Potential violation of Chinese sovereignty by major powers through manipulating the IAEA</li> </ul>	Significant, involving both an erosion of sovereignty and a potential limit to military capability development
		Reduced transfer of controversial nuclear technology/equipment	<ul style="list-style-type: none"> <li>• Potential financial gains;</li> <li>• Potential regional political influence</li> </ul>	
<b>CTBT</b>	The first international arms control treaty in which negotiations China has participated from beginning to end	Participation in treaty negotiations	<ul style="list-style-type: none"> <li>• Potential constraint on Chinese nuclear development</li> </ul>	Substantial, with concrete legal constraint on military development, and potential damages to state sovereignty
		Gradual retreat from hard-line opening negotiation positions and signing the treaty	<ul style="list-style-type: none"> <li>• Perceived benefit of PNE to economic development;</li> <li>• Potential damage to national sovereignty during verification;</li> <li>• Relative gains in negotiations in comparison with other NWSs;</li> <li>• Legal constraint on developing national nuclear capability</li> </ul>	
<b>MTCR</b>	Informal arrangement between a few industrialised supplier countries lacking of a global status	Promise to abide by the regime's Guidelines	<ul style="list-style-type: none"> <li>• Traditional foreign policy principle for a fair and just world;</li> <li>• Perceived defects of the regime</li> </ul>	Relatively little, with only a normative compromise, in addition to some potential economic profit and political influences
		Reduced transfer of controversial missile technology/equipment	<ul style="list-style-type: none"> <li>• Potential financial gains;</li> <li>• Potential regional political influence;</li> <li>• Perceived U.S. double-standard practice</li> </ul>	
<b>CSBMs</b>	Multilateral security arrangements between China and neighbouring countries with strong and symmetrical economic interdependence	The proposal of "carrying out joint explorations while shelving territorial disputes"	<ul style="list-style-type: none"> <li>• Potential <i>fait accompli</i> of existing status quo;</li> <li>• Chinese irredentist impulse</li> </ul>	Substantial, mostly, with erosions of state sovereignty and a likely retreat from traditional territorial claims
		Diplomatic reassurances and participation in multilateral discussions on the Spratly disputes	<ul style="list-style-type: none"> <li>• The above elements; and</li> <li>• Possible disadvantageous position in a multilateral diplomatic setting</li> </ul>	
		Membership of the ARF	<ul style="list-style-type: none"> <li>• Possible disadvantageous position in a multilateral diplomatic setting;</li> <li>• Limit on potential military options</li> </ul>	
		Acceptance of the UNCLOS as a basis for resolving the territorial disputes	<ul style="list-style-type: none"> <li>• Potential retreat from comprehensive Chinese claims over the entire South China Sea;</li> <li>• Potential sharing of economic resources with other claimants</li> </ul>	

As has been shown in chapters 5 and 7, Beijing's facilitation -- albeit slow and quite reluctant -- of the development of related multilateral security regimes had contained compromises in China's potential sovereignty interests. In the case of the CTBT, Beijing's retreat from one of its opening negotiation positions regarding verification represented such a compromise. As has been pointed out, due to China's less developed level of science and technology, Chinese officials and security experts were concerned that reliance on national technical means instead of on a well-equipped international monitoring system could produce situations that would violate Chinese sovereignty. Countries with more advanced technologies like the U.S. and Russia could call for an investigation of China for political reasons. If such a compromise in China's potential sovereignty interests can be argued as rather remote and not very likely to materialise, then Beijing has certainly made more visible and tangible compromise in its potential sovereignty interests in the case of developing CSMBs with the ASEAN countries. Beijing's proposal to carry out joint development of the Spratly area while shelving the sovereignty disputes was in effect a practical retreat from China's traditional exclusive claims to the Spratly archipelago. A step further, its acceptance of using the UNCLOS potentially validates certain claims by other disputants and, thus, becomes a more formal potential legal compromise in traditional comprehensive Chinese sovereignty claims. As has been explained, using UNCLOS as a basis for solving the disputes would at least require Chinese relinquishment or suspension of claims to portions of the continental shelves of concerned ASEAN disputants, although when such a potential will materialise remains uncertain.

The integrative steps taken by Beijing in the case of CSBMs centred around the Spratly disputes, like the one discussed above, also contained compromise in Chinese irredentism. As examined in Chapter 7, the Chinese historical claim to the South China Sea dates back 1700 years to the time of the Han Dynasty. Although there is a lack of historical records to confirm the Chinese claims which makes for a lack of a strong legal base, most Chinese do regard the South China Sea as part of Chinese territory and believe they have irrefutable sovereignty over the Spratly Islands. Since 1951 the government in Beijing has consistently

pressed Chinese claims to the South China Sea islands. Moreover, by the 1990s, if not yet in the previous decade, the Chinese have possessed a military capability to recover those "lost" islands in the South China Sea, though how effective a control can the Chinese exert once recovering those islands involves much less certainty.

Though in public discourse, Beijing still maintains its traditional comprehensive claims, the parallel existence of the Chinese proposal of shelving disputes and carrying out joint explorations and the Chinese acceptance of using the UNCLOS as a basic parameter for solving the disputes represents a compromise in those Chinese irredentist feelings. During the course of developing diplomatic measures to ease tension and strengthen regional confidence, Beijing has been constraining the PLA's military actions in defending and advancing Chinese claims. Many PLA officials and strategists worried that by shelving the disputes and not physically implementing China's claims in the near future, the status quo could become a *fait accompli* meaning China would eventually lose those unoccupied islands. Though Beijing has not exerted full control of the PLA's military advancement into the Spratly islands, its compromise in Chinese irredentism, both potential and in real practice, should not be overlooked.

In arms control negotiations, considerations of relative gains often inhibit cooperation between states. This is because states in a realist world are concerned about the balance of power, therefore, relative gain concerns are usually a primary motivation for states when considering cooperation. If states are attuned to relative-gains logic rather than absolute-gains logic, then cooperation is more difficult to achieve.<sup>1</sup> In this regard, it is noteworthy that Beijing had made certain compromise in the area of relative gains when negotiating the CTBT. As has been shown in Chapter 5, during 1992/93 when Russia and the U.S. started to initiate a total test ban treaty, the number of nuclear tests China had conducted was the

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<sup>1</sup> John J. Mearsheimer, "The False Promise of International Institutions", *International Security*, Vol. 19, No.3, Winter 1994/95, p.13.

smallest among all the five declared nuclear-weapon states (nearly 1,000 times less than the United States). This means that the nuclear data China had collected, important for future new designs of nuclear weapons, has<sup>ve</sup> been very limited. Besides, at the time of signing the total test ban treaty, there were no firm signs indicating that China had acquired computer simulation technology as a means to develop new types of warheads, whereas all the other four NWSs had already possessed the technology.

Due to the unique nature of nuclear weaponry, those relative weaknesses in the existing Chinese nuclear stockpiles do not really affect the nuclear deterrent that China already possesses. The U.S. and Russia have produced more than enough nuclear weapons, and anyway there exists a nuclear parity of "equal effect" between a relatively small nuclear power and a more advanced nuclear power within the context of "mutual-assured destruction." The practical effect notwithstanding, from a purely technical point of view, Beijing's signing of the CTBT did contain a relative loss for China as far as the more advanced nuclear powers were concerned. If China's security policy makers had regarded those relative gains as indispensable and had insisted on a "zero-sum" game during the negotiations, as India has done, it would be very doubtful whether there could have a CTBT in September 1996.

Apart from those main compromises discussed above, there were other forms of compromise made by Beijing in the four cases, such as compromise in China's potential financial profits by restraining from sensitive nuclear and missile technology transfer, and of potential economic development benefit by dropping its proposition of PNEs in the CTBT. Integrative steps taken by Beijing in developing CSBMs with regard to the Spratly disputes also contained a potential loss of economic interests linked with Beijing's compromise in China's traditional comprehensive claims over the Spratly archipelago. However, among all the compromises that can be identified, it is difficult for one to find much that can be used to suggest that Beijing has made substantial compromises with regard to China's strategic security interests (perceived by Chinese security elites as important or vital to China). For

instance, in the case of the CTBT, this point was manifested by the pre-planned series of nuclear tests which Beijing was determined to achieve before the signing of a total ban treaty. Although a limited modernisation objective, its achievement was considered vital to China's strategic security in the coming 21st century. Despite the tremendous international political and economic pressures, Beijing did not compromise. And, in both cases of the NPT and the MTCR, as directly related to the Pakistani nuclear issue, it appeared that Chinese commitment to the spirit of non-proliferation was yet to overcome the barrier of perceived important strategic security interests.

### *Main Contributing Factors*

There were a combination of domestic and external factors that have served to enlist compromises from Beijing (see Table 8-2). But it is difficult to give an across-the-board generalisation about their relative importance. On the one hand, post-Cold War Chinese domestic politics has been greatly intermeshed with China's international politics. On the other, some of the factors did not necessarily appear in all the compromises, and some have played a more important role than others in generating a compromise. Some of the factors not only helped produce compromise from Beijing but also affected development of Chinese compromise. But the overall pattern seems to suggest that considerations of China's interests in economic development and modernisation have played a more important role than others in generating compromise from Beijing. This can be inferred from the combination of the following indicators. First of all, the factor with direct Chinese economic interests involved has appeared in all the four cases. In the NPT, it was economic aid from Japan and the MFN trading status. In the CTBT, it was perceived importance of national economic strength. In the MTCR, it was the U.S. economic sanctions and the MFN status. Whereas in the CSBMs, it was China's interests in regional economic integration.

**Table 8-2 Development of Chinese Integrative Steps: Contributing Factors**

	<b>Integrative Steps</b>	<b>Contributing Factors and Their Degree of Influence</b>
<b>NPT</b>	Accession to the treaty	<p><b>Systemic:</b></p> <ul style="list-style-type: none"> <li>• Global embrace of nuclear non-proliferation (S);</li> <li>• France's decision to join the treaty (M);</li> <li>• Western pressure over the human rights issue (which was perceived as a serious threat to China's domestic stability) (S);</li> <li>• Japan's political pressure through its economic assistance (the reduction of which could considerably affect China's economic modernisation drive) (M);</li> <li>• Possible conditional renewal or withdrawal of the MFN trading status (with similar implications for China's economic development) (W. I);</li> <li>• Perceived opportunity to increase Chinese influence as a NPT-member in the process of nuclear arms control (W. I)</li> </ul> <p><b>Domestic:</b></p> <ul style="list-style-type: none"> <li>• Leadership's desire to maintain domestic stability (S);</li> <li>• The open-door economic policy (S)</li> </ul>
	Reduced transfer of controversial nuclear technology /equipment	<p><b>Systemic:</b></p> <ul style="list-style-type: none"> <li>• Global embrace of nuclear non-proliferation (M);</li> <li>• U.S. political pressure (S);</li> <li>• Potential damage to national image if being accused as violating the treaty (W. I);</li> <li>• Possible conditional renewal or withdrawal of the MFN trading status (M)</li> </ul>
<b>CTBT</b>	Participation in treaty negotiations	<p><b>Systemic:</b></p> <ul style="list-style-type: none"> <li>• Global demand for nuclear arms control and disarmament (S);</li> <li>• Multilateral pressure over the human rights issue (W. I);</li> <li>• Achievement in U.S.-USSR/Russia nuclear arms control (S);</li> <li>• U.S.'s abandoning of the SDI programme (M);</li> <li>• Perceived importance of economic strength in national security (S)</li> </ul> <p><b>Domestic:</b></p> <ul style="list-style-type: none"> <li>• Leadership's desire to maintain domestic stability (vis-à-vis Western pressure over the human rights issue) (M)</li> </ul>
	Gradual retreat from hard-line opening negotiation positions and signing the treaty	<p><b>Systemic:</b></p> <ul style="list-style-type: none"> <li>• The above systemic factors contributed to China's participation in treaty negotiations; and</li> <li>• The need to reduce the notion of "China threat" to avoid U.S. containment strategy (M);</li> <li>• Japan's economic sanction (W. I)</li> </ul> <p><b>Domestic:</b></p> <ul style="list-style-type: none"> <li>• Security elite's general desire to concentrate on national economic construction (S);</li> <li>• The ascending role of the arms control-minded MFA (M);</li> <li>• Internal debate about the utility of nuclear weapons in the post-Cold War era (W. I)</li> </ul>

**Note:** S=strong; M=moderate; W. I=weak but identifiable

**Table 8-2 (Continued)**

**Development of Chinese Integrative Step: Contributing Factors**

	<b>Integrative Steps</b>	<b>Contributing Factors and Their Degree of Influence</b>
<b>MTCR</b>	Promise to abide by the regime's Guidelines	<b>Systemic:</b> <ul style="list-style-type: none"> <li>• U.S. economic sanctions (S)</li> <li>• Possible conditional renewal or withdrawal of the MFN trading status (M);</li> <li>• Western pressure over the human rights issue (M)</li> </ul> <b>Domestic:</b> <ul style="list-style-type: none"> <li>• Leadership's desire to maintain domestic stability (W. I)</li> </ul>
	Reduced transfer of controversial missile technology /equipment	<b>Systemic:</b> <ul style="list-style-type: none"> <li>• The above factors</li> </ul> <b>Domestic:</b> <ul style="list-style-type: none"> <li>• Internal debate over the relative financial gains through missile transfer versus the importance of the MFN trading status (W. I);</li> <li>• Nascent Chinese arms export regulations (M)</li> </ul>
<b>CSBMs</b>	The proposal of "carrying out joint explorations while shelving territorial disputes"	<b>Systemic:</b> <ul style="list-style-type: none"> <li>• To break post-Tiananmen international diplomatic isolation (S);</li> <li>• To unite ASEAN states to counter Western pressure over China's human rights issue (M)</li> </ul> <b>Domestic:</b> <ul style="list-style-type: none"> <li>• Leadership's need to improve its ruling legitimacy (M);</li> <li>• Leadership's desire to maintain domestic stability (M)</li> </ul>
	Diplomatic reassurances and participation in multilateral discussions on the Spratly disputes	<b>Systemic:</b> <ul style="list-style-type: none"> <li>• To unite ASEAN states to counter Western pressure over China's human rights issue (W. I);</li> <li>• Perceived importance of good relations with neighbouring countries for national security in the post-Cold War era (S);</li> <li>• Perceived importance of regional strategic stability for regional economic development and integration (M)</li> </ul>
	Membership of the ARF	<b>Systemic:</b> <ul style="list-style-type: none"> <li>• The above systemic factors contributed to Beijing's diplomatic reassurances and participation in multilateral discussions</li> </ul> <b>Domestic:</b> <ul style="list-style-type: none"> <li>• Advocacy by the MFA (M)</li> </ul>
	Acceptance of the UNCLOS as a basis for resolving the territorial disputes	<b>Systemic:</b> <ul style="list-style-type: none"> <li>• The above systemic factors contributed to China's membership of the ARF; and</li> <li>• To rally ASEAN support to counter an emerging U.S. containment strategy (S);</li> <li>• ASEAN states' less than confrontational attitude towards China (M)</li> </ul> <b>Domestic:</b> <ul style="list-style-type: none"> <li>• Internal debate over the cost-effectiveness of the use of force in resolving the conflicting claims (M);</li> <li>• Beijing's national priority of economic development &amp; modernisation based on a relatively peaceful external environment (S)</li> </ul>

Secondly, closely linked with the required condition of domestic political stability and a peaceful international environment for Beijing to succeed in modernising the country, the human rights factor has also been a force to compel Beijing to make necessary compromises in multilateral arms control issues. Scrutinization by foreign media and international organisations of its human rights record not only affected Beijing's relations with major industrialised countries, but also challenged Beijing's domestic authority and ruling legitimacy. In this context, to act against established international norms in arms control would provide no help for Beijing in its effort to reduce Western criticism and rally support from the rest of the world to counter Western scrutinization of its human rights record. Consequently, Beijing's need to ameliorate the international pressure on its human rights record had served as a contributing factor to generate compromises from Beijing, moving Beijing to following the global trend of building the NPT and the CTBT. The influence of the human rights factor was more visible in the case of CSBMs centred around the Spratly disputes. The need to rally support from the ASEAN states in countering the U.S.-led Western attack on its human rights record served as an important incentive for Beijing to go "multilateral" in its approach to the Spratly disputes. Friendly ties with the ASEAN states helped Beijing defend its human rights practices. It also provided a useful diplomatic channel for Beijing to promote its own positions on human rights issues, which had been espoused by some ASEAN states like Malaysia. Beijing's convergence to global norms contained in the NPT and the CTBT and its multilateral orientation in dealing with the Spratly disputes certainly contributed to Beijing's consecutive success in defeating the U.S.-led Western attempt to censor its human rights abuses in the UN Human Rights Commission.

Thirdly, as analysed in Chapter 3, in the Chinese post-Cold War security conceptions, there was a significant change of the relative weight of national military security and economic security. Although they continued to regard the use of force as a legitimate means for national security, and national military security continued to occupy an important place, Chinese leaders and security elites came to see national economic security as the top priority

of national security. They believed that in the post-Cold War competition of comprehensive national strength, national economic strength would play the most decisive role, whereas the military would serve as the basic supporting factor for achieving and protecting a major power status. Consequently, there was a general consensus among Chinese security elites, including military officials and strategic thinkers, that military development is, in principle, subject to the need of national economic development.

While this new security conception had produced some un-negligible negative impact on the building of certain multilateral arms control regimes, notably, the two export control regimes of the NPT and the MTCR, it had also played an important role in enlisting positive changes from Beijing in other arms control issues. Most tellingly, it was one of the main factors that had contributed to Beijing's decision to scale down China's nuclear modernisation programme and to participate in the CTBT negotiations. As shown in Chapter 5, the rapid and substantial progress in the U.S.-Soviet/Russia nuclear arms control and the new security policies adopted by all the major powers at the end of the Cold War were seen as a reflection of the reduced role of nuclear weapons and the increasing importance of national economic development. To be sure, for Chinese security policy makers, more and better types of nuclear warheads were naturally preferable for a more credible nuclear deterrence. But in the context of significant U.S.-Soviet/Russia nuclear arms control and widespread international demand for a cessation of nuclear testing, considerations of the country's general financial and technical conditions and its top priority of economic development contributed to Beijing's decision to scale down its ambitious nuclear modernisation programmes.

Apart from the above factors which are closely linked to China's national priority of economic modernisation, external conditions, as shown by this study, have also played an important role in moving China closer to multilateral arms control regimes. In this regard, achievement in international arms control *per se* can significantly change Chinese security thinking and induce China to move towards the direction of multilateral security. Notably,

achievement in international arms control was a more decisive factor in influencing Beijing's decision to make compromise in China's interest in narrowing the gap between China's nuclear capability and that of the more advanced nuclear stockpiles. As discussed above, the significant achievement in the U.S.-Soviet/Russia nuclear arms control in the late 1980s and early 1990s had been seen by the Chinese as indicating, apart from the increasing economic importance, the much reduced role of nuclear weapons in national security as well as in international politics. In addition to achievements in the bilateral nuclear arms control between the two major nuclear powers, France's decision to scale down its nuclear development programme served to further indicate to the Chinese that there was a marginalization of nuclear weapons in international politics. The point is, Chinese arms control policy was not formulated in a vacuum without being influenced by development in the outside world. Progress in international arms control by the major powers could positively influence the Chinese related security conceptions. It could subsequently reduce Chinese security elites' self-help impulse, enable them to make compromise in Chinese unilateral security interests and to make correspondent adjustments of Chinese policy in the area concerned.

The role played by China's relationship with the United States in influencing Beijing's arms control policy is worth a special attention. Ever since the founding of the People's Republic in 1949, China's foreign and defense policies have been greatly influenced by its relations with the two superpowers, especially the United States. In the wake of Tiananmen and the subsequent demise of the bipolar confrontation, the U.S.-led Western political crusade and economic sanctions made Beijing feel much less secure in the new era, both domestically and internationally. Domestically, the Communist-Party-led government faced a serious challenge to its continuing legitimacy; whereas internationally, deprived of its advantageous position in the U.S.-China-Soviet Strategic Triangular, Beijing's international position seriously deteriorated. The consequent immediate results of this new development include the exacerbation rather than amelioration of the traditional Chinese political philosophy of realist self-help, a new swing to Third World political and economic (including military)

diplomacy, and a new quest for unilateral military preparedness in the coming decade and beyond.

Clearly, a sound relationship with the United States is an especially important aspect of Beijing's foreign policy. As the single remaining superpower at the end of the Cold War, Washington's international influence is unmatched by any other state. Though Chinese observers and security analysts have perceived a relative decline of the U.S. hegemonic power and the world is moving towards a multi-polar international system, Beijing does recognize that the U.S. continues to play a dominant role in international affairs; and it will remain so for a fairly long while during the transitional period. A sound relationship with the U.S. could better facilitate China's four modernisation drive. It could possibly speed up China's process of joining the GATT/WTO, relax Washington's control of high-tech and dual-use products export to China, and facilitate China's access to the U.S. market. All these Chinese interests in a sound China-U.S. relationship have served to give the relationship a restructuring power over Beijing's arms control behaviour to a certain extent.

There was evidence in all the four cases to suggest that the relationship was among the factors, direct or indirect, that served to generate compromises from Beijing by which China moved closer to concerned multilateral arms control regimes. In the case of the NPT, as shown in Chapter 4, consideration of China's MFN trading status and import of U.S. nuclear technology contributed to Beijing's decision to accede to the NPT. Similarly, in the case of the MTCR, the U.S. sanctions in the form of banning export of high-tech products to China and Washington's threat of conditioning China's MFN status compelled Beijing to verbally agree to abide by the regime's guidelines. In both cases, consideration of their possible adverse impact on China's relations with the U.S. had, among others, made Beijing refrain from potentially controversial nuclear and missile technology export. In the case of the CTBT, the need to rally international support against an emerging U.S. strategic containment of China had very likely translated into a force to compel Beijing to retreat from its original hard-line negotiation positions so as to facilitate the reach of a CTBT

agreement by its scheduled time. In the case of CSBMs centred around the Spratly disputes, in a way indirectly, the problematic and, at times, confrontational U.S.-China relationship had considerably helped entail compromises from Beijing for the building of regional confidence and cooperation.

But, the effect of the U.S.-China relationship on Beijing's arms control behaviour was not simply confined to the positive side. In fact, the relationship had had a multi-facet effect on Beijing's arms control policy making. For example, in the case of the CTBT, it was arguable that the much deteriorated Sino-U.S. relationship after the end of the Cold War had been a main factor contributing to Beijing's determination to complete the series of nuclear testing. As analysed in Chapter 5, the series of tests was for the purpose of achieving a second generation nuclear weaponry capable of reaching the main cities in the United States. For Chinese security policy makers, achievement of the new generation nuclear ability could at least be used as a means to counter the U.S. exercise of hegemonic power and to deter its possible strategic containment of China in the coming decades.

Apart from the above direct negative effect unfavourable for China to move towards arms control, overtime, the relationship had also produced a more problematic effect on Chinese arms control behaviour. This statement is made with specific reference to the formation of a political and economic bargaining relationship between Washington and Beijing. And it is in the specific context of Washington's concern over China's export control policy on the one side, and Beijing's concern over the U.S.'s Taiwan policy and China's bid to join WTO (as well as other major political and economic issues concerning Beijing where Washington has a role to play) on the other. Analysis in chapters 4 and 6 showed Washington was attempting to use the MFN status as a leverage to bring Beijing into its non-proliferation line. Although it was difficult from the available evidence for this study to show more clearly the integration in Beijing's arms control policy of its considerations of China's possible political and economic interests from the U.S., there was no reason not to believe that, overtime, Beijing could come to use the export control issue as an instrument to

influence U.S.'s foreign policies in favour of China. In the two cases of export control, identified evidence suggesting such a linkage include Beijing's intention to sell nuclear reactor to Iran stated by Chinese foreign ministry officials in the wake of China's failure in its bid to join WTO; and reported Chinese missile transfer to Pakistan in the wake of U.S. decision to sell F-16 strike aircraft to Taiwan. Such a political and economic bargaining relationship between Washington and Beijing may be regarded as a negative variant of the positive linkage discussed below between China's external economic interests and Beijing's arms control policy.

As set out in the introductory chapter, this study pays special attention to the possible linkage between China's external economic interests and Beijing's arms control policy making. Presumably, China's need for foreign investment, foreign trade and integration into existing international economic institutions would exert a modifying effect on China's pursuit of unilateral security interests. Indeed, evidence of such a modifying effect has been found in all the four cases. Beijing's consideration of China's external economic interests contributed, to a varying degree, to its decision to compromise certain inward-looking unilateral interests and make necessary conformity with the concerned international norm in arms control.

In the three cases of the NPT, the MTCR and the CTBT, China's external economic interests are identified as China's MFN status from the U.S., imports of high-tech products from the U.S. and economic aid from Japan. While consideration of these economic interests had played quite an important role in generating compromises from Beijing in the first two cases, it seemed that it played only a limited role in the case of the CTBT. As shown in Chapter 5, Japan lodged an economically-substantiated protest against China's continuing nuclear testing in May 1995, and Tokyo subsequently suspended its 1996 grant-in-aid to China. But it could not serve to prevent Beijing from completing the pre-planned series of tests. Nonetheless, Beijing was seriously concerned about the suspension and its implication for more substantial economic sanctions from Japan. Such a consideration might

have contributed to Beijing's decision to retreat from its hard-line positions presented at the beginning of the treaty negotiations. It was also likely that it contributed to Beijing's decision to halt the testing and commence a nuclear moratorium earlier so as to facilitate the reach of the CTBT by its scheduled time frame.

Comparatively speaking, it appeared that considerations of China's regional economic interests played an outstanding role, though not the only role, in generating compromises from Beijing in the case of CSBMs with regard to the South China Sea territorial disputes. But, to better appreciate the linkage, one has to be aware that although it was important for China to maintain the flow of trade with and investment from the ASEAN countries *per se*, the more critical economic component helped generate compromises from Beijing was the ASEAN grouping's role in regional economic integration. Against the backdrop of the emergence of regional trading blocs in Europe and North America, Chinese officials and security policy makers found a critical stake in developing a viable regional trading bloc of its own. In this connection, friendly relations with the ASEAN entity and maintenance of a peaceful environment necessary for regional economic growth had become a top priority in Beijing's regional security policy. It was primarily this linkage that has prevented a more robust Chinese military pursuit of their territorial claims. Apart from rendering Beijing to exercise military restraint, such a linkage has contributed to sustain Beijing's efforts to ease regional tension and facilitate the building of regional multilateral security mechanisms. Combined with such prompting factors as the sharply deteriorating Sino-U.S. relationship and a possible more united ASEAN front *vis-à-vis* China, it served to enlist Beijing's acceptance of the UNCLOS. Beijing's acceptance of using the UNCLOS as a basis for solving the territorial disputes contains a serious potential for China's compromise in its comprehensive territorial claims in future negotiations.

It is necessary to mention here that under the general structural requirement posed by Beijing's economic reform and opening up policy that China moves closer to multilateral arms control, there could be fluctuations caused by domestic politics. The requirement of

domestic politics, possibly combined with other factors, could temporarily override the general need of maintaining friendly external relations. Under this situation, instead of making compromises for the benefit of building multilateral security regimes, Beijing would act in a way that would strengthen China's unilateral national interests. For Jiang Zemin, the designated heir of Deng, such domestic politics requirement during the period 1990-1996 took the form of maintaining domestic stability and political cohesion in general, and consolidating his personal ruling power in particular. The influence of domestic politics was mostly notable in the case of CSBMs with regard to the Spratly territorial disputes.

As analysed in Chapter 7, one of the reasons for Beijing's 1992 issue of China's Territorial Sea Law, which consequently caused considerable regional fear and concern, was domestic politics. On the one hand, pending the convention of two national conferences where the central leadership was to be reshuffled, no leader could afford to be seen as not patriotic or being unable to protect China's national interests. On the other, within the broad context of a receding communist ideology in the country since the carrying-out of economic reform and opening up to the outside world, the Party found it necessary -- especially after Tiananmen and in the face of Western isolation -- to promote nationalism among the populace in an effort to unite the people around the party leadership. Highly emotionally charged for the Chinese, the Spratly issue served as a good input for the Party to generate nationalist feelings among the populace, which in turn helped to strengthen the Party's ruling legitimacy.

The 1995 Mischief incident could be regarded as another fluctuation of the general trend. As was mentioned, the Chinese military had been extremely irredentist in their attitude towards the Spratly issue. Military officials had long been complaining that Beijing's attitude towards the disputes had been too soft since 1992. They worried that the longer the sovereignty disputes remained unsolved, the greater the danger that China would never recover the Spratly islands. Clearly, such complains and resentment from PLA generals affected Jiang's influence and support in the military, which was critical during a period of

the central leadership's power transition. As the history of China's Party-military relationship has proved, strong military support was essential for a Chinese top leader to remain in power. Within this context, the Mischief action allayed the Chinese military's concern, pleased those irredentist PLA generals, and subsequently increased Jiang's prestige in the military.

One of the key research findings of this study was in regard to the political conditions necessary for the development of Chinese cooperation in issues of multilateral arms control. The point can be best illustrated through a comparison between the case of the MTCR and the case of CSBMs centred around the Spratly disputes in the South China Sea.

As mentioned earlier, in the two export control issues of the NPT and the MTCR, the principal party involved in dealing with Beijing was the United States. Due to the NPT's status as an established global norm, Beijing's transfer of controversial nuclear technology could potentially antagonise more parties at a more universal level other than the United States. But such was not too much a worry for Beijing in the case of missiles and missile relevant technology transfers. In other words, in considering a potentially controversial transfer of missiles or relevant technology, the primary concern for Beijing would be its likely adverse impact on China's relationship with the U.S., apart from a potential image cost in the Western world. Among all the four cases that have been studied, it appeared that the MTCR norm was one that China was least converged to with least compromises from Beijing in China's involved unilateral interests. In a way, it was puzzling. As far as the regime itself was concerned, joining the regime would contain the least potential cost for China's strategic security or potential military capability (unlike the NPT, joining of which had contained the possibility requiring China to carry out nuclear arms control and disarmament so as to fulfil its treaty obligations). But as of the end of 1996, Beijing had only verbally promised to abide by the regime's guidelines, and reports of controversial Chinese transfers had repeatedly appeared. Though it did not mean that Beijing had not made any compromise, at least in appearance the repeated report served to suggest

Washington's failure to secure Beijing's commitment to the MTCR spirit. Despite its compromises, it was difficult for one to label Beijing's approach to the issue during the period as "cooperative" with Washington.

When Washington first approached Beijing in 1988 and early 1989, however, its expressed concern over China's missile transfers did receive a positive response from Beijing. Chinese top leaders, including Deng Xiaoping, showed accommodation of the American concern and subsequently exercised restraint on missile transfers. But this accommodation of Western concern and promising responsiveness soon evaporated following the Western sanctions and isolation of China in the wake of Tiananmen. In the first two years following Tiananmen, in the context of the much strained Sino-U.S. bilateral relationship, the two sides could hardly sit down and talk things through. Beijing would either dismiss the issue with an ambiguous gesture in the limited number of bilateral meetings, or simply declare that China had always held a responsible attitude towards the issue of arms sales. Washington's subsequent sanctions in 1991 and 1993, though did serve to extract verbal promise from Beijing to abide by the MTCR guidelines, further affected Beijing's willingness to cooperate and damaged the regime's effectiveness as a cooperative mechanism.

In the lack of diplomatic consultation and information change, the much troubled and sometimes even confrontational bilateral relationship only served to form a political and economic bargaining relationship between Washington and Beijing on the MTCR issue, in the nature of a "zero-sum" game. Partly based on the China case, researchers in the Stockholm International Peace Research Institute argued, "Export controls cannot overcome political barriers."<sup>2</sup> It was observed that "it has become difficult for governments to obtain support for national export controls without making at least a *good-faith effort* to

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<sup>2</sup> Ian Anthony, et al., "Export Control Measures", *SIPRI Yearbook*, 1995, p.627.

achieve multilateral support."<sup>3</sup> Although the MTCR may be regarded as an exceptionally extreme case, as it lacks the status as an established global norm, it did serve to illustrate the importance of relatively harmonious government-to-government relations for the development of cooperative arms control.<sup>4</sup>

Indeed, friendly or at least less than confrontational relations at the government level *can* help promote the development of multilateral security regimes, even though the issue involved could be serious enough to be regarded as part of vital national security interests. The slow but steady development of regional CSBMs with regard to the Spratly territorial disputes was such an example. Although there were serious contentions over the disputed area between China and ASEAN claimants, overall, the ASEAN states had managed a friendly and consultative relationship with Beijing during the period. This served to give rise as well as to sustain an expectation by Beijing of forming an integrated political and economic community with the ASEAN countries. In turn, it served as an impetus for Beijing to compromise China's more inward-looking unilateral interests and make steps conducive to the building of a pluralistic security community. As analysed in Chapter 7, the involved Chinese compromise was remarkable, especially Beijing's acceptance of using the UNCLOS as a basis for resolving the territorial disputes. In this regard, the role played by the friendliness underlying the Sino-ASEAN relationship in the development of regional CSBMs deserves a special attention.

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<sup>3</sup> Statement of Ashton Carter to the National Security News Service, Apr. 1994. Cited *ibid.* Emphasis added.

<sup>4</sup> As mentioned in chapters 4 and 6, only until late 1996 when the second Clinton Administration began to pursue a new China policy termed "constructive engagement" did the Chinese agree to meet regularly with their American counterparts to discuss issues of non-proliferation and export control. Instead of open confrontation, the Clinton Administration's new China policy promotes cooperation with Beijing on issues of mutual interests and quiet dialogue on those in dispute. In Sept. 1997, prior to Jiang's summit meeting with Clinton in Washington the next month, Beijing issued its first ever export control legislation *The Regulations of the People's Republic of China on Control of Nuclear Exports* (signed by Li Peng on Sept. 10, 1997).

The existence of the basic political condition necessary for cooperation had over time produced an increasingly responsive Chinese approach towards the development of regional CSBMs. An observation by Jusuf Wanandi serves to strongly reconfirm this point. He noticed that, in return for ASEAN countries' "engagement" policy, China had increased its sensitivity in its interactions with the ASEAN countries and become more responsive to their security concerns. "ASEAN members believe that on the two issues most important to them -- the Spratlys and China's defence policies ... -- *China is now listening*."<sup>5</sup> From here Wanandi reached a conclusion that "How China will behave in the future [over the Spratly disputes] will partly depend on how the region behaves towards it".<sup>6</sup>

All these served to remind one of a famous dictum by Hans Morgenthau, "Political settlement must precede disarmament. [And] without political settlement, disarmament has no chance for success."<sup>7</sup> Although Morgenthau's saying was with specific reference to disarmament, the basic theme is applicable to arms control. Under a political setting that is not less than confrontational, cooperative arms control has little chance to grow and succeed.

### *Towards a More Cooperative Approach to Multilateral Arms Control?*

In sum, if China could more or less exercise a military autonomy by totally defying international arms control in the 1960s and 70s, and defecting it in the 1980s, then clearly, in the 1990s, China could no longer practice the kind of "exclusive sovereignty" in the military field any more. Continued resistance against the practice of interdependent multilateral security would only jeopardise other more important national security interests

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<sup>5</sup> Jusuf Wanandi, "ASEAN's China Strategy: Towards Deeper Engagement", *Survival*, Vol.38, No.3, Autumn 1996, p.124. Emphasis added.

<sup>6</sup> *Ibid.*

<sup>7</sup> Hans Morgenthau, *Politics Among Nations: The Struggle for Power and Peace*, the sixth edition, New York: Alfred. A. Knopf, 1985, p.432.

broadly defined by the Chinese after the end of the Cold War. Beijing's national priority of economic development, combined with the specific international political and strategic conditions the end of the Cold War has impacted on China, has<sup>ve</sup> finally enabled multilateral arms control to reach the Chinese realist world. Without changing its fundamental principle of *national* security, Beijing has made compromises in its traditional independent hard *realpolitik* state interests to varying degrees, and come to accept substantial and mutually binding multilateral security measures in its seeking of a major power status.

My thesis can stop here. But the research findings of this study concerning the development of Chinese compromise and China's subsequent convergence to international norms in arms control could contribute to advancing an observation here regarding the likelihood of movement of China's approach to multilateral arms control in the foreseeable future.

In a way, the research findings<sup>s</sup> of this study serve to confirm part of Johnston's thesis of realist adaptation in the sense that integrative steps taken by Beijing were most essentially for the purpose of obtaining the perceived more important national interests. However, as this study has also shown, substantial compromises *can* occur in the Chinese realist adaptive behaviour, leading to the building of *institutionalised* mutual security. This finding itself adds to blur the practical distinction between a state's idealist "learning" and realist adaptive behaviour. Moreover, the on-going arms control process can consequently produce changes in the Chinese perceptual world. As already pointed out earlier, the on-going international arms control process, especially the substantial achievement in the bilateral nuclear arms control between the two major nuclear powers consequently convinced the Chinese of the much reduced role of nuclear weaponry in international politics. The new perception had been an important factor contributing to Beijing's decision to compromise China's potential nuclear capability development and take part in the CTBT negotiations as well as finally sign the total test ban treaty.

Further more, apart from the positive effect of international achievement in arms control on China's perceptual world, in the meantime (or with certain time lag), China's actual involvement in and subsequent integration through certain compromises with the on-going multilateral arms control process also stimulate Chinese observers and analysts to carry out theoretical explorations. This could result in movement towards more fundamental and up-spiral perceptual change. For instance, related to China's traditional ideological belief in a fair and equal international order, Wang Yizhou, a prominent expert on American studies, wrote in 1995,

"International politics are essentially politics dominated by major powers; and international regimes are largely made by countries with dominant positions. ... Although in terms of morality and reason, hegemony belongs to the category of 'evils', many phenomena underlying the concept cannot be simply judged by the parameter of 'yes' or 'no'. The multi-quality of the concept deserves our ponderation."<sup>8</sup>

Along this line of thinking, international regime building initiated by the Western powers after the Cold War was granted some credit by Wang as being conducive to international peace and stability. This new view on the concept of hegemony and its relationship with international order and peace could promote more embrace by Beijing of the Western-initiated export control regimes. The point here is, even though Beijing's compromise in multilateral arms control processes may originate as realist adaptive behaviour, there is much doubt that after all those encounters, the Chinese goals, interests as well as their fundamental evaluation of the strategic environment would all remain the same as at the beginning of the process concerned.

Indeed, by 1996, after more than one and half a decade of engagement in multilateral arms control, the Chinese realised that it had been a mistake for China to totally negate and not to

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<sup>8</sup> Wang Yizhou, "Baquan, Chixu, Guize" (Hegemony, Order, and Regime), *Meiguo Yanjiu*, Vol.9, No.2, Summer 1995, p.43.

participate in the international arms control process in the 1960s and 70s. At least, they realised, China should have not "mixed the two superpowers' disarmament negotiations with the demand by the world people to the two superpowers for stopping their arms race and carrying out disarmament."<sup>9</sup> They have come to see that by avoiding the disarmament struggle, China not only isolated itself from the majority of the countries in the world, but also could not respond more flexibly and more powerfully in dealing with the struggle during the two decades.<sup>10</sup>

Through the experience in the several years' post-Cold War multilateral arms control, Chinese observers and security analysts have come to see some important advantages for China to be more actively engaged in multilateral arms control. They believe that with China's increasing influence in international arms control, there will be increasing pressure by the outside world on China for its participation and cooperation in many global and regional multilateral arms control issues. For this, Chinese arms control experts and security policy analysts have reached a consensus that China should, in general, more actively participate in the arms control process. By this, it is believed, China could not only promote regional and international stability and development, but also could better protect its national security interests by influencing the formulation of related rules. As Pan points out, "China should not withdraw [from the arms control process]. ... In fact, some provisions in some of the existing arms control treaties which are not favourable to us were made exactly under the situation when we were absent. From a higher level, our country's reform and opening up as well as its economic construction require us to establish a more open, cooperative and positive international image." And, China should "further liberate its thinking and change its concepts. ... As long as China continues to adhere to its independent positions while at the same time actively promote regional and global stability and

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<sup>9</sup> Pan Zhenqiang, "Zhongguo yu Caijun he Junbei Kongzhi" (China and Disarmament and Arms Control), in *Guoji Caijun yu Junbei Kongzhi*, p.420.

<sup>10</sup> Information gained through interviews, Beijing, Sept. 1998.

development, it is entirely possible for us to develop good situations and to change negative elements into positive ones in favour of us."<sup>11</sup>

In other words, there is now a recognition among Chinese security elites that China should move towards a more cooperative approach towards multilateral arms control issues. But the remaining question is: how cooperative can it be? Can Beijing continue to make compromise in its traditional independent policy lines and unilateral state interests -- its "independent and self-reliant positions" in China's own words -- in facilitating the building of **interdependent** multilateral security regimes? Among the several main influencing factors identified by this study, two of them, namely, Beijing's economic reform policy and the Chinese post-Cold War national security conceptions where national economic strength is regarded as the most determining factor of a nation's power, are relatively stable factors. They will continue to support Beijing's effort to converge -- through compromises when necessary, to international norms in arms control in the foreseeable future. As to the elements and degree of compromise Beijing is willing and can make, one would need to pay more attention to the rest of the key influencing factors which are variables in flux, especially China's relationship with the United States.

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<sup>11</sup> Pan, "Zhongguo yu Caijun he Junbei Kongzhi", p.424, 425.

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