



A quick reference aid on U.S. foreign relations
Not a comprehensive policy statement
Bureau of Public Affairs • Department of State

US-China Relations

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Background: At the end of the civil war between Mao Zedong and Chiang Kai-shek in 1949, the US Embassy moved from Beijing to Taipei. All US diplomats and consular officials remaining in China were withdrawn in early 1950 at the request of the People's Republic of China Government. Any hope of quickly normalizing relations ended when US and Chinese forces fought on opposing sides in the Korean conflict; however, from 1954 to 1970, the US and China held 136 ambassador-level meetings, first at Geneva and later in Warsaw. In 1969 the US initiated measures to relax trade restrictions and other impediments to bilateral contact. In February 1972, President Nixon and Premier Zhou Enlai issued the Shanghai Communique, which pledged both sides to work toward normalization of relations, and Presidents Ford and Carter reaffirmed the commitment. On January 1, 1979, after a hiatus of 30 years, the US and China established diplomatic relations.

Contact and cooperation: President Reagan's trip to China in April 1984 climaxed a series of high-level contacts between our two governments. Former Secretary of State Haig and Vice President Bush visited China in 1981 and 1982, followed in the last 16 months by Secretary of State Shultz and the US secretaries of Commerce, Defense, and Treasury. The Chinese finance, trade, and foreign ministers have visited the US since 1982, and Premier Zhao Ziyang paid an official visit to the US in January 1984.

Consultations on international issues: Despite the ideological, cultural, and social differences between us, our countries share a common concern for global peace and stability. The US views China as a friendly country with which we are not allied but with which we share many common interests. While resuming its own dialogue with the USSR, China supports our efforts to strengthen the world's defenses against Soviet expansionism. We both fundamentally oppose the Soviet-backed Vietnamese occupation of Kampuchea and the invasion of Afghanistan. Where we differ on international issues, machinery exists for the conduct of constructive dialogue.

Areas of interest to both countries cover a variety of issues:

- Arms control is of increasing concern to Asian nations, China included. The Chinese fear that an agreement reducing Soviet arms in Europe would result in the redeployment of these arms, principally SS-20 missiles, to Asia. This would increase the Soviet threat to China, Japan, and our other friends in the region. The Administration has pledged not to consider an agreement that would further endanger Asia.
- Although the US and Chinese approaches to the Korea issue differ given the continuing state of confrontation between our respective Korean allies, we have a common interest in avoiding heightened tension and renewed hostilities. While maintaining ties with the Democratic People's Republic of Korea, China has permitted some contact with the Republic of Korea and has stressed its interest in maintaining peace on the peninsula.

- Improved relations between Japan and China will mean a greater guarantee of security for Japan, for our other allies in East Asia, and for China itself. Continued US and Japanese cooperation in Chinese modernization enhances the prospects for trade with China, a market with potential for both the US and Japan.
- The US and China, along with the Association of Southeast Asian Nations (ASEAN), have pressed for the removal of Soviet-supported Vietnamese troops in Kampuchea to allow self-determination; we share with China the hope that Vietnam will decrease its dependence on the Soviet Union and develop more normal relations with its neighbors.
- Premier Zhao Ziyang's month-long visit to Africa at the end of 1982 underscored the importance China places on relations with Africa and the strengthening of its Third World ties. It rejects efforts to link the Cuban troop presence in Angola with the Namibian issue, but is concerned that continued instability in southern Africa will provide opportunities for the Soviets.
- In the Middle East, China is supportive of the Arab proposals at the 1982 Fez summit for resolving the Arab-Israeli impasse and continues to hold the US responsible for ensuring stability in that region.
- China has stated that Kampuchea, Afghanistan, and the presence of Soviet troops on its borders are the major obstacles to improved Sino-Soviet relations. The US would welcome a decrease in tensions between China and the USSR.

Trade and economic exchange: China is now our 22nd largest trading partner, and we are China's third largest. China was our fifth largest market for wheat in 1983. American investment in China, including the oil exploration now in progress, is estimated at \$400-\$500 million. More than 100 US firms have offices there. As part of an effort to clarify the rights and responsibilities of foreigners in China and thereby improve the business and investment climate, the US has signed a series of bilateral agreements on trade, financial, and transportation matters. A tax treaty was signed during President Reagan's trip, and a bilateral investment agreement is under discussion.

In 1983 the US decided to license higher level technology to China, and Chinese imports of sophisticated electronic equipment have increased dramatically. The dollar value of approved licenses for US high technology exports to China, including computers, telecommunications equipment, and analytical instruments, increased from about \$400 million in 1982 to \$1.1 billion in 1983, and is estimated to exceed \$1.5 billion in 1984. China wants US help in developing and modernizing key sectors of its economy, including its energy sector. US companies are already exploring for offshore oil and gas deposits and are likely to have a major role in the development of coal and hydropower resources. In April 1984, the US and China initialed an agreement on cooperation in peaceful uses of nuclear energy. Once this agreement goes into effect, US firms will be able to pursue actively sales of equipment and services to China's civil nuclear power industry.