

# CRS Report for Congress

## U.S.-China Counterterrorism Cooperation: Issues for U.S. Policy

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# U.S.-China Counterterrorism Cooperation: Issues for U.S. Policy

## Summary

After the terrorist attacks on September 11, 2001, the United States faced a challenge in enlisting the full support of the People's Republic of China (PRC) in counterterrorism. This effort raised short-term policy issues about how to elicit cooperation and how to address China's concerns about military action (Operation Enduring Freedom). Longer-term issues have concerned whether counterterrorism has strategically transformed bilateral relations and whether China's support has been valuable and not obtained at the expense of other U.S. interests.

The extent of U.S.-China counterterrorism cooperation has been limited, but the tone and context of counterterrorism helped to stabilize — even if it did not transform — the closer bilateral relationship pursued by President George Bush since late 2001. China's military, the People's Liberation Army (PLA), has not participated in the counterterrorism coalition. Still, for almost four years after the attacks on September 11, 2001, President Bush and other administration officials tended to praise the PRC's diplomatic and other support for the war against terrorism. Since 2005, however, U.S. concerns about China's extent of cooperation in counterterrorism have increased. In September 2005, Deputy Secretary of State Robert Zoellick acknowledged that “China and the United States can do more together in the global fight against terrorism” after “a good start,” in his policy speech that called on China to be a “responsible stakeholder” in the world. The summits of the Shanghai Cooperation Organization (SCO) in 2005 and 2006 raised U.S. concerns. Since the summer of 2007, U.S. officials have expressed more concern about China-origin arms that have been found in the conflict involving U.S. forces in Afghanistan, as part of the broader threat posed by Iran and its arms transfers.

Congress has oversight over the closer ties with China as well as a range of policy options. U.S. policy options have included bilateral law-enforcement; position on ethnic Uighur (Uyghur) groups that China calls “terrorist organizations”; decisions on detained Uighurs at Guantanamo Bay prison; weapons nonproliferation; waivers of sanctions for the 1989 Tiananmen crackdown to export security equipment; cooperation in port security; military-to-military contacts; attention to China's influence in Central Asia through the SCO; and appeals to China to stop arms transfers to Iran (suspected of ending up with the Taliban in Afghanistan and threatening U.S. military forces).

The 110<sup>th</sup> Congress considered **H.R. 1**, the Implementing Recommendations of the 9/11 Commission Act of 2007. The Conference Report of July 25 adopted the House language noting that the Commission called on China to participate in the Proliferation Security Initiative (PSI). The bill became **P.L. 110-53** on August 3, 2007. Also, the House passed **H.Res. 497** (Ros-Lehtinen), noting that the PRC has manipulated the campaign against terrorists to increase cultural and religious oppression of the Muslim Uighur people and has detained and beaten Rebiya Kadeer's children. Passed on September 17, 2007, the resolution urged the PRC to protect the rights of the Uighurs, release Kadeer's children, and release a Canadian of Uighur descent. This report will be updated as warranted.

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# U.S.-China Counterterrorism Cooperation: Issues for U.S. Policy

## Aftermath of the 9/11 Attacks

China has seen itself as a victim of terrorist attacks in the 1990s, thought to be committed by some Muslim extremists (ethnic Uighur separatists) in the northwestern Xinjiang region. Some Uighur activists reportedly received training in Afghanistan. China's concerns appeared to place it in a position to support Washington and share intelligence after the attacks of September 11, 2001.<sup>1</sup> In a message to President Bush on September 11, PRC ruler Jiang Zemin condemned the terrorist attacks and offered condolences. In a phone call with the President on September 12, Jiang reportedly promised to cooperate with the United States to combat terrorism. At the U.N. Security Council (UNSC) on the same day, the PRC (a permanent member) voted with the others for Resolution 1368 (to combat terrorism). On September 20, Beijing said that it offered "unconditional support" in fighting terrorism. On September 20-21, visiting Foreign Minister Tang Jiaxuan promised cooperation, and Secretary of State Colin Powell indicated that discussions covered intelligence-sharing but not military cooperation. PRC counterterrorism experts attended a "productive" initial meeting on September 25, 2001, in Washington, DC. On September 28, 2001, China voted with all others in the UNSC for Resolution 1373, reaffirming the need to combat terrorism.

PRC promises of support for the U.S. fight against terrorism, however, were qualified by other initial statements expressing concerns about U.S. military action. China also favored exercising its decision-making authority at the UNSC, where it has veto power. Initial commentary in official PRC media faulted U.S. intelligence and U.S. defense and foreign policies (including that on missile defense) for the attacks. On September 18, 2001, in a phone call with British Prime Minister Tony Blair, China reported Jiang as saying that war against terrorism required conclusive evidence, specific targets to avoid hurting innocent people, compliance with the U.N. Charter, and a role for the Security Council. Also, observers were appalled at the reported gleeful anti-U.S. reactions in the PRC's online chat rooms after the attacks.

In Tokyo, on January 21, 2002, at a conference on reconstruction aid to Afghanistan, China pledged \$1 million, in addition to humanitarian goods worth \$3.6 million. But three days later, Jiang promised to visiting Afghan interim leader Hamid Karzai additional reconstruction aid of \$150 million spread over four to five years.

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<sup>1</sup> See also CRS Report RL31213, *China's Relations with Central Asian States and Problems with Terrorism*, by Dewardric McNeal and Kerry Dumbaugh.

Of this \$150 million, China offered \$47 million by 2003 and offered \$15 million in 2004.<sup>2</sup>

## Policy Analysis

The extent of U.S.-China counterterrorism cooperation has been limited, but the tone and context of counterterrorism helped to stabilize — even if it did not transform — the closer bilateral relationship pursued by President Bush since late 2001. In the short-term, U.S. security policy toward Beijing sought counterterrorism cooperation, shifting from issues about weapons proliferation and military maritime safety (in the wake of the EP-3/F-8 aircraft collision crisis of April 2001).<sup>3</sup> Given the mixed state of bilateral ties after the collision crisis, Beijing's support met much of initial U.S. expectations. Testifying to Congress in February 2002, Secretary of State Colin Powell praised Beijing's diplomatic support, saying "China has helped in the war against terrorism."<sup>4</sup>

Concerning other support, including any cooperation by the People's Liberation Army (PLA), the commanders of the Central and Pacific Commands, Gen. Tommy Franks and Adm. Dennis Blair, separately confirmed in April 2002 that China did not provide military cooperation (nor was it requested) in Operation Enduring Freedom in Afghanistan (e.g., basing, staging, or overflight) and that its shared intelligence was not specific enough, particularly as compared to cooperation from the Philippines, Singapore, and Malaysia.<sup>5</sup> The Pentagon's June 2002 report on foreign contributions in the counterterrorism war did not include China among the 50 countries in the coalition.<sup>6</sup> In December 2002, Assistant Secretary of State James Kelly confirmed intelligence-sharing, saying "we are sharing [counterterrorism] information to an unprecedented extent but making judgments independently."<sup>7</sup>

China's long-standing relationship with nuclear-armed Pakistan was an important factor in considering the significance of Beijing's support, especially with concerns about the viability of Pakistani President Pervez Musharraf's government. Some said that Pakistan's cooperation with the United States must come with PRC acquiescence, pointing to a PRC envoy's meeting with Musharraf on September 18,

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<sup>2</sup> "China to Offer \$15m for Afghan Reconstruction," *Xinhua*, April 1, 2004.

<sup>3</sup> See CRS Report RL30946, *China-U.S. Aircraft Collision Incident of April 2001: Assessments and Policy Implications*, coordinated by Shirley Kan.

<sup>4</sup> Senate Foreign Relations Committee, hearing, *Fiscal Year 2003 Foreign Affairs Budget*, February 5, 2002.

<sup>5</sup> Foreign Press Center Briefing, General Tommy Franks, Commander, U.S. Central Command, Washington, April 11, 2002; Press Roundtable with Adm. Dennis Blair, Commander, U.S. Pacific Command, Hong Kong, April 18, 2002.

<sup>6</sup> Department of Defense, "Fact Sheet: International Contributions to the War Against Terrorism," June 14, 2002.

<sup>7</sup> Assistant Secretary of State for East Asian and Pacific Affairs, "U.S.-East Asia Policy: Three Aspects," Woodrow Wilson Center, Washington, December 11, 2002.

2001. However, on September 13, 2001, Musharraf already had agreed to fight with the United States against bin Laden.<sup>8</sup> The PRC has reportedly provided Pakistan with nuclear and missile technology. China could provide intelligence about Pakistan's nuclear weapons and any suspected technology transfers out of Pakistan to countries like North Korea, Iran, and Libya.

In the long term, counterterrorism was initially thought by some to hold strategic implications for the U.S.-PRC relationship. However, it has remained debatable as to whether such cooperation has fundamentally transformed the bilateral relationship. Policymakers watched to see whether Beijing's leaders used the opportunity to improve bilateral ties, especially on weapons nonproliferation problems. In his State of the Union speech on January 29, 2002, President Bush expressed his expectation that "in this moment of opportunity, a common danger is erasing old rivalries. America is working with Russia and China and India, in ways we have never before, to achieve peace and prosperity." Nonetheless, Director of Central Intelligence George Tenet testified to Congress in February 2002, that the 9/11 attacks did not change "the fundamentals" of China's approach to us.<sup>9</sup>

The PRC's concerns about domestic attacks and any links to foreign terrorist groups, U.S.-PRC relations, China's international standing in a world dominated by U.S. power (particularly after the terrorist attacks), and its image as a responsible world power helped explain China's supportive stance. However, Beijing also worried about U.S. military action near China, U.S.-led alliances, Japan's active role in the war on terrorism, greater U.S. influence in Central and South Asia, and U.S. support for Taiwan — all exacerbating long-standing fears of "encirclement."

China issued a Defense White Paper in December 2002, stating that major powers remained in competition but that since the September 2001 attacks against the United States, countries have increased cooperation. Although this policy paper contained veiled criticisms of the United States for its military buildup, stronger alliances in Asia, and increased arms sales to Taiwan, it did not criticize the United States by name as in the Defense White Paper of 2000. However, the Defense White Papers of 2004 and 2006 again criticized the United States by name.

## Options and Implications for U.S. Policy

### Summits and "Strategic" Ties

The counterterrorism campaign helped to stabilize U.S.-PRC relations up to the highest level, which faced tensions early in the Bush Administration in April 2001

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<sup>8</sup> First reported by Dan Balz, Bob Woodward, and Jeff Himmelman, "Thursday, September 13," *Washington Post*, January 29, 2002; and confirmed in the 9/11 Commission's report, *Final Report of the National Commission on Terrorist Attacks Upon the United States*, July 22, 2004.

<sup>9</sup> Senate Select Committee on Intelligence, hearing, *Worldwide Threats: Converging Dangers in a Post-9/11 World*, February 6, 2002.

with the EP-3 aircraft collision crisis and U.S. approvals of arms sales to Taiwan. According to the Final Report of the 9/11 Commission issued in July 2004, President Bush chaired a National Security Council meeting on the night of September 11, 2001, in which he contended that the attacks provided a “great opportunity” to engage Russia and China. President Bush traveled to Shanghai in October 2001 for his first meeting with then PRC President Jiang Zemin at the Leaders’ Meeting of the Asia Pacific Economic Cooperation (APEC) forum. Bush called the PRC an important partner in the global coalition against terrorists but also warned Jiang that the “war on terrorism must never be an excuse to persecute minorities.”<sup>10</sup> On February 21-22, 2002, the President visited Beijing (a trip postponed in October), after Tokyo and Seoul. The President then hosted Jiang at Bush’s ranch in Crawford, TX, on October 25, 2002, and Bush said that the two countries were “allies” in fighting terrorism.<sup>11</sup> By the fall of 2005, Deputy Secretary of State Robert Zoellick acknowledged that “China and the United States can do more together in the global fight against terrorism” after “a good start,” in his policy speech calling on China to be a “responsible stakeholder.”<sup>12</sup>

## Law-Enforcement Cooperation

On December 6, 2001, Francis Taylor, the State Department’s Coordinator for Counter-Terrorism, ended talks in Beijing that reciprocated the September 25 meeting in Washington, D.C. He announced that the PRC agreed to give “positive consideration” to a long-sought U.S. request for the FBI to set up a Legal Attaché office at the U.S. Embassy, that counterterrorism consultations would occur semi-annually, and that the two sides would set up a Financial Counter-Terrorism Working Group. He reported that Beijing’s cooperation has entailed coordination at the U.N., intelligence-sharing, law enforcement liaison, and monitoring of financial networks.<sup>13</sup> The PRC approved the FBI office in February 2002, and the first semi-annual meeting on terrorist financing was held at the Treasury Department in late May. The FBI attaché arrived at the U.S. Embassy in Beijing in September 2002. In November 2005, U.S. Attorney General Alberto Gonzales met with PRC Minister of Public Security Zhou Yongkang in Beijing. Visiting Beijing in June 2007, FBI Assistant Director for International Operations Thomas Fuentes said that he seeks “more information” from the PRC on terrorism.<sup>14</sup>

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<sup>10</sup> White House, “U.S., China Stand Against Terrorism,” Shanghai, China, October 19, 2001.

<sup>11</sup> White House, “President Bush, Chinese President Jiang Zemin Discuss Iraq, N. Korea,” Crawford, Texas, October 25, 2002.

<sup>12</sup> Robert Zoellick, “Whither China: From Membership to Responsibility,” September 21, 2005.

<sup>13</sup> Department of State, press conference, Beijing, December 6, 2001.

<sup>14</sup> Daniel Schearf, “U.S. Federal Bureau of Investigations Seeks Further Cooperation with China,” *VOA News*, June 13, 2007.

## Uighur People and “Terrorist” Organizations

Further questions concern the U.S. stance on the PRC’s policy toward about 10 million ethnic Uighur (Uyghur) people in northwestern Xinjiang (a region Uighurs call East Turkestan) and what the PRC calls their “terrorist” organizations. Although Taylor confirmed that there are “people from western China that are involved in terrorist activities in Afghanistan,” he rejected the view that “all of the people of western China are indeed terrorists” and urged Beijing to deal politically with their “legitimate” social and economic challenges and not through counterterrorism means. Taylor also stated that the United States did not agree that “East Turkestan” forces are terrorists. He confirmed that the U.S. military captured PRC citizens from western China who were involved with Al Qaeda in Afghanistan.

Nonetheless, while in Beijing on August 26, 2002, Deputy Secretary of State Richard Armitage announced that, after months of bilateral discussions, he designated the East Turkistan Islamic Movement (ETIM) as a “terrorist” group that committed acts of violence against unarmed civilians. China had issued a report on January 21, 2002, saying that East Turkistan “terrorist” groups launched attacks with bin Laden’s support since the 1990s, and ETIM was one of the groups in the report. The U.S. Embassy in Beijing suggested that ETIM planned to attack the U.S. Embassy in Kyrgyzstan.<sup>15</sup> The State Department designated ETIM as a terrorist organization under Executive Order 13224 (to freeze assets) but not as a Foreign Terrorist Organization (under the Immigration and Nationality Act). In December 2002, Assistant Secretary of State James Kelly defended the action taken against ETIM as a step based on U.S. evidence that ETIM had links to Al Qaeda and committed violence against civilians, “not as a concession to the PRC.”<sup>16</sup> PRC media claimed that on January 5, 2007, law enforcement authorities destroyed a “terrorist training camp” run by ETIM in Xinjiang, killed 18 “terrorists,” and captured 17 others (who were later sentenced to death, suspended death sentences, or life imprisonment). However, the civilian Public Security police carried out the action, not the paramilitary People’s Armed Police (PAP). Visiting Beijing in June 2007, FBI Assistant Director for International Operations Thomas Fuentes said that the FBI is still assessing the validity of the PRC’s claims about a terrorist threat in Xinjiang.<sup>17</sup>

The Congress and President Bush have expressed concerns about the relatives of Rebiya Kadeer, a Uighur woman who was detained in the PRC in 1999-2005 and was nominated for the Nobel Peace Prize in 2006, after she gained freedom in the United States. In October 2006, a staff delegation of the House International Relations Committee reported heightened congressional concerns about the Administration’s designation of ETIM as a terrorist organization and the PRC authorities’ beatings and detentions of Kadeer’s relatives, even during the staff

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<sup>15</sup> Philip Pan, “U.S. Warns of Plot by Group in W. China,” *Washington Post*, August 29, 2002.

<sup>16</sup> James Kelly, Assistant Secretary of State for East Asian and Pacific Affairs, “U.S.-East Asia Policy: Three Aspects,” Woodrow Wilson Center, Washington, December 11, 2002.

<sup>17</sup> Daniel Schearf, “U.S. Federal Bureau of Investigations Seeks Further Cooperation with China,” *VOA News*, June 13, 2007.



delegation's visit in Urumqi.<sup>18</sup> In June 2007, President Bush met with Kadeer in Prague and criticized the PRC's detention of her sons.<sup>19</sup> In the 110<sup>th</sup> Congress, the House passed **H.Res. 497** (Ros-Lehtinen), noting that the PRC has manipulated the campaign against terrorists to increase cultural and religious oppression of the Muslim Uighur people and has detained and beaten Rebiya Kadeer's children. Passed on September 17, 2007, the resolution urged the PRC to protect the rights of the Uighurs, release Kadeer's children, and release a Canadian of Uighur descent. The Uyghur Human Rights Project also asserted that the PRC has used "counterterrorism" to justify its targeting of Uighur people in and outside of the PRC.<sup>20</sup>

## Detained Uighurs at Guantanamo

A related question pertains to the fate of Uighurs captured during U.S. fighting with Al Qaeda in Afghanistan, but whom are claimed by the PRC as its citizens for legal action in China and whom PRC authorities might have sought to interrogate. In May 2004, Amnesty International said that, in 2002, the United States allowed PRC officials to participate in interrogations and mistreatment of ethnic Uighurs held at the prison at Guantanamo Bay, Cuba. Then, in July 2004, Amnesty International urged the United States not to turn the 22 detained Uighurs over to China, where they would face torture and execution in China's campaign to repress the Uighur people in the name of "counterterrorism."<sup>21</sup> Other options include sending them to a third country and resettling them in the United States.

Starting in late 2003, the Defense Department reportedly has determined without public announcement that 15 Uighurs at Guantanamo could be released, including five who were picked up because they were in the wrong place at the wrong time and 10 who were considered low-risk detainees whose enemy was the PRC government. Seven others were determined to be "enemy combatants."<sup>22</sup> By 2004, U.S. officials told reporters that Uighurs detained at Guantanamo Bay had no more intelligence value, but the United States could not find a third country to accept them, while ruling out their return to China.<sup>23</sup> In August 2004, Secretary of State Colin Powell confirmed the dilemma, saying that "the Uighurs are not going back to China, but finding places for them is not a simple matter, but we are trying to find places for

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<sup>18</sup> Dennis Halpin and Hans Hogrefe, "Findings of Staff Delegation Visit to Urumqi, PRC, May 30-June 2, 2006," Memorandum to Chairman Henry Hyde and Ranking Member Tom Lantos, October 30, 2006.

<sup>19</sup> White House, "President Bush Visits Prague, Czech Republic, Discusses Freedom," June 5, 2007. Also: Rebiya Kadeer, "My Chinese Jailers," *Wall Street Journal*, May 30, 2007.

<sup>20</sup> UHRP, "Persecution of Uyghurs in the Era of the 'War on Terror'," October 16, 2007.

<sup>21</sup> "Group Says Chinese Saw Detainees," *Washington Post*, May 26, 2004; Amnesty International, "China: Fleeing Uighurs Forced Back to "Anti-Terror" Torture and Execution," July 7, 2004.

<sup>22</sup> Robin Wright, "Chinese Detainees are Men Without a Country," *Washington Post*, August 24, 2005; and *Asian Wall Street Journal*, August 25, 2005.

<sup>23</sup> Guy Dinmore and James Kynge, "China Torture Fears Curb Guantanamo Releases," *Financial Times*, June 23, 2004; and David Cloud and Ian Johnson, "In Post-9/11 World, Chinese Dissidents Pose U.S. Dilemma," *Wall Street Journal*, August 3, 2004.

them.”<sup>24</sup> The United States has approached over 100 countries to accept the Uighurs, and the State Department reportedly considered sending the Uighurs back to China instead of allowing them be resettled in the United States.<sup>25</sup> On April 20, 2006, the Defense Department released a list of 558 people detained at Guantanamo, in response to a Freedom of Information Act lawsuit brought by the Associated Press. The list confirmed that there were 22 Uighurs with PRC citizenship being held. On May 5, 2006, the Pentagon announced the transfer from the Guantanamo Bay prison to Albania of five Uighurs, all of whom had been determined to be “no longer enemy combatants” during reviews in 2004-2005. The PRC then demanded that Albania extradite those Uighurs as “terrorists,” but Albania refused. Their plight continues to raise a question of whether they should be resettled in the United States rather than stay confined in a camp in Albania.<sup>26</sup> Defense lawyers for Uighurs still held at Guantanamo Bay complained that they suffer in captivity of nearly total isolation.<sup>27</sup>

## Weapons Nonproliferation

In his 2002 State of the Union speech, President Bush stressed the twin threats of terrorism and weapons proliferation, indicating a strong stance on proliferation problems with the PRC and others. PRC entities have reportedly transferred missile and/or chemical weapons technology to countries that the State Department says support terrorism, like Iran and North Korea. On numerous occasions, the Administration has imposed sanctions for weapons proliferation by PRC entities. However, the Administration has stressed China’s cooperation at the Six-Party Talks on North Korea’s nuclear weapons and at the U.N. Security Council on sanctions against Iran, rather than China’s transfers.<sup>28</sup> China has not joined the Proliferation Security Initiative (PSI) announced by President Bush on May 31, 2003. In its Final Report issued on July 22, 2004, the 9/11 Commission urged that the United States encourage China (and Russia) to join the PSI, among many recommendations. The 110<sup>th</sup> Congress considered **H.R. 1**, the Implementing Recommendations of the 9/11 Commission Act of 2007. The House-passed bill of January 9, 2007, noted that the Commission called on China to participate in PSI. The Senate passed its bill on July 9 without such language. The Conference Report of July 25 adopted the House

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<sup>24</sup> Secretary Colin Powell, “Roundtable with Japanese Journalists,” August 12, 2004.

<sup>25</sup> Demetri Sevastopulo, “U.S. Fails to Find Countries to Take Uighurs,” *Financial Times*, October 28, 2004; “Uighurs Face Return to China from Guantanamo,” *Financial Times*, March 16, 2005; “Detention Dilemma,” *Washington Post* (editorial), May 3, 2005; Josh White and Robin Wright, “Detainee Cleared for Release is in Limbo at Guantanamo,” *Washington Post*, December 15, 2005; Neil Lewis, “Freed From Guantanamo but Stranded Far From Home,” *New York Times*, August 15, 2006; Josh White, “Lawyers Demand Release of Chinese Muslims,” *Washington Post*, December 5, 2006.

<sup>26</sup> Tim Golden, “Chinese Leave Guantanamo for Albanian Limbo,” *New York Times*, June 10, 2007; Jonathan Finer, “After Guantanamo, An Empty Freedom,” *Washington Post*, October 17, 2007.

<sup>27</sup> R. Jeffrey Smith and Julie Tate, “Uighurs’ Detention Conditions Condemned,” *Washington Post*, January 30, 2007.

<sup>28</sup> See CRS Report RL31555, *China and Proliferation of Weapons of Mass Destruction and Missiles: Policy Issues*, by Shirley Kan.

provisions on the commission's recommendations and on the sense of Congress that the President should expand and strengthen the PSI. The bill became **P.L. 110-53** on August 3, 2007.

## **Port Security**

The Bush Administration also sought China's cooperation in the Container Security Initiative (CSI) of U.S. Customs and Border Protection. Launched in January 2002, CSI looked at PRC ports (Shanghai and Shenzhen) among the top 20 foreign ports proposed for U.S. screening of manifests and inspections of containers before U.S.-bound shipping. On July 29, 2003, China agreed to join CSI. However, only after this U.S.-PRC agreement did the Bush Administration discuss an agreement with Taiwan to cover the last of the 20 ports: Kaohsiung. The U.S. CSI team became operational in Shanghai in April 2005, and that CSI program underwent its first six-month review by late summer. That CSI program has been compared to the CSI experience with more cooperative and efficient customs authorities in Hong Kong, cooperation that became operational in 2002.<sup>29</sup> In November 2005, the United States and the PRC signed an agreement, as part of the Megaports Initiative of the Energy Department's National Nuclear Security Administration, to install equipment at China's ports to detect nuclear and other radioactive material that could be used for nuclear weapons and "dirty bombs."

## **Sanctions and Security Equipment Exports**

Additional policy options have included selectively or permanently waiving sanctions imposed after the 1989 Tiananmen Crackdown (Section 902 of the Foreign Relations Authorization Act for FYs 1990 and 1991, P.L. 101-246), which deny exports of defense articles/services (including helicopters), crime control equipment, and satellites. President Bush issued a waiver of those sanctions on January 9, 2002 (to export a bomb containment and disposal unit for the Shanghai fire department to prevent terrorist bombings) and again on January 25, 2002 (to consider export licenses for equipment to clean up chemical weapons in China left by Japan in World War II). More presidential waivers could be considered for exports of equipment for security of the Olympic games in Beijing in August 2008, but there are concerns about China's internal repression. Indeed, in May 2005, China held its first exhibition on counterterrorism equipment, and over 200 U.S. and other foreign companies displayed their arms and equipment.<sup>30</sup> The PRC government has a record of rounding up dissidents and other "undesirables" ahead of and during major international events, including presidential summits.

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<sup>29</sup> Interviews with CSI teams in Shanghai and Hong Kong; CRS memo, "Congressional Staff Delegation's Visit to China, Hong Kong (August 2005), September 14, 2005, by Shirley Kan.

<sup>30</sup> China's official *Xinhua* news agency, May 10, 2005.

## Military-to-Military Contacts

While there have been no counterterrorism operations with the PLA, the Pentagon has cautiously resumed military-to-military contacts with China, limited after a Pentagon review started and the EP-3 aircraft collision crisis occurred in 2001. For the first time under the Bush Administration, the Pentagon and the PLA again held Defense Consultative Talks (DCT) on December 9, 2002. There were visits by China's Defense Minister, General Cao Gangchuan, in October 2003 and the Chairman of the Joint Chiefs of Staff, General Richard Myers, in January 2004. Secretary of Defense Rumsfeld visited China in October 2005, the first visit by a defense secretary since William Cohen's visit in 2000 and long sought by the PLA for the resumption of a military relationship. Relevant legislation for congressional oversight includes the Foreign Relations Authorization Act for FYs 1990-1991 (P.L. 101-246); National Defense Authorization Act for FY2000 (P.L. 106-65); and National Defense Authorization Act for FY2006 (P.L. 109-163).<sup>31</sup>

However, there is a debate about the extent to which U.S. forces should help the PLA's modernization, including through combined exercises. Some have urged caution in military cooperation with China on this front of counterterrorism, while others see benefits for the relationship with China. Senator Bob Smith and Representative Dana Rohrabacher wrote Secretary of Defense Rumsfeld in late 2001, to express concerns about renewed military contacts with China. They argued that "China is not a good prospect for counter-terrorism cooperation," because of concerns that China has practiced internal repression in the name of counterterrorism and has supplied technology to rogue regimes and state sponsors of terrorism.<sup>32</sup> In contrast, a 2004 report by Rand urged a program of security management with China that includes counterterrorism as one of three components.<sup>33</sup>

As preparations intensify for the summer Olympics in Beijing in 2008, an issue concerns the extent to which the United States, including the military, should support security at the games to protect U.S. citizens and should cooperate with the PLA or the paramilitary PAP, given concerns about China's internal repression surrounding international events. In March 2007, the PRC Minister of Public Security called for striking hard at "hostile forces" of "ethnic separatism, religious extremism, and violent terrorism" and "evil cults" like the Falungong to have "stability" for the Olympic games. A precedent was set in 2004, when various U.S. departments, including the Department of Defense, provided security assistance for the Olympic games in Athens, Greece, in 2004.<sup>34</sup> On June 22, 2006, at a hearing of the House

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<sup>31</sup> CRS Report RL32496, *U.S.-China Military Contacts: Issues for Congress*, by Shirley Kan.

<sup>32</sup> Senator Bob Smith and Representative Dana Rohrabacher, letter to Secretary of Defense Donald Rumsfeld, December 17, 2001.

<sup>33</sup> Rand, "U.S.-China Security Management: Assessing the Military-to-Military Relationship," July 2004.

<sup>34</sup> Such assistance included an anti-terrorism exercise held by the European Command in March 2004; exercise scenarios created by the Defense Threat Reduction Agency to defend (continued...)

Armed Services Committee, Brigadier General John Allen, Principal Director for Asian and Pacific Affairs, told Congress that the Defense Department might work with China on security cooperation for the Olympics. However, Deputy Under Secretary of Defense Richard Lawless testified to the House Armed Services Committee on June 13, 2007, that China did not accept offers from the Defense Department to assist in Olympic security.

## Shanghai Cooperation Organization (SCO)

The summits of the Shanghai Cooperation Organization (SCO) in 2005 and 2006 raised U.S. concerns. (The SCO was founded in Shanghai in June 2001 by China, Kazakhstan, Kyrgyzstan, Russia, Tajikistan, and Uzbekistan.) China's influence in the SCO increased after the 9/11 attacks raised attention to counterterrorism. The SCO issued a declaration on July 5, 2005, that called for a "deadline" for the counterterrorism coalition's "temporary" use of facilities and military presence in SCO countries, because major military operations against terrorists ended in Afghanistan, they claimed. U.S. armed forces were deployed at bases in Uzbekistan until 2005 and maintains an airbase in Kyrgyzstan, raising China's suspicions about U.S. military deployments in Central Asia and a perceived U.S. encirclement campaign. PRC ruler Hu Jintao also argued that Central Asian countries can handle their own internal and regional affairs. General Richard Myers, Chairman of the Joint Chiefs of Staff, responded on July 14, 2005, that China and Russia were "trying to bully" the Central Asian countries. A week later, China's official *People's Daily* accused General Myers of showing "arrogance" and U.S. intentions to "permanently meddle" and be "strategically dominant" in Central Asia.

During the 109<sup>th</sup> Congress, on July 19, 2005, the House passed (by voice vote) Representative Tom Lantos's amendment to the Foreign Relations Authorization Act for FYs 2006 and 2007 (**H.R. 2601**). The language expressed the congressional concern that the SCO's declaration called for a deadline for deployments in Central Asia and called on the President and Secretaries of Defense and State to open a dialogue with SCO countries about the use of bases there. The House passed H.R. 2601 (by 351-78) on July 20, 2005, whereas the Senate did not vote on it.

China has worked to improve ties with Central Asian countries, including offering military assistance. The PRC hosted a summit of SCO members in Shanghai on June 15, 2006, that included Iran as an observer. The State Department criticized that inclusion of Iran, a state sponsor of terrorism, as running "counter" to the international fight against terrorism. Ahead of the SCO summit in Bishkek in August 2007, the PRC's official newspaper published an article calling for the U.S. military to withdraw from the base in Kyrgyzstan. Also, the Deputy Speaker of the Kyrgyz parliament said he expected pressure from Russia and China on his government

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<sup>34</sup> (...continued)

against weapons of mass destruction; imagery collected by the National Geospatial-Intelligence Agency; and defensive barriers and facilities set up by deployed U.S. naval forces. See GAO, "Olympic Security: U.S. Support to Athens Games Provides Lessons for Future Olympics," May 2005.

concerning the use of the Manas air base by the U.S. military.<sup>35</sup> In August 2007, the PLA and Russian forces held a combined counterterrorism exercise called “Peace Mission 2007” held under the SCO’s sponsorship in Chelyabinsk in Russia’s Ural Mountains and in Urumqi in Xinjiang. The exercise targeted what China combines into as the “three evil forces” of “terrorism, separatism, and extremism.”

## PRC-Origin Weapons and Iran

Since the summer of 2007, U.S. officials have expressed greater concern about China-origin weapons that have been found in the conflicts involving U.S. forces in Afghanistan (and Iraq), as part of the broader threat posed by Iran and its re-transfers to anti-U.S. fighters. PRC-made weapons found in Afghanistan, mainly small arms and ammunition, have included: man-portable anti-aircraft missiles (such as the HN-5 missiles); armor-piercing ammunition; rocket propelled grenades; artillery rockets; sniper rifles; and components for weapons. In late 2001, PRC-origin (produced by the state-owned defense-industrial company, NORINCO) multiple rocket launchers (using 107 mm rockets) were found in Afghanistan. Also, in late 2001 to spring 2002, caches of PRC-origin HN-5 missiles, ammunition, and rocket propelled grenades were discovered. In June 2007, the Taliban used PRC-made HN-5 surface-to-air missiles in Afghanistan. In some cases, tracing to the producer of the arms is challenged by the intentional removal of serial numbers from the weapons or parts. Also adding to the challenge of identifying the source of weapons is the fact that Iran has manufactured an anti-aircraft missile, called the Misagh-1, that is similar to the QW-1 anti-air missile made by the PRC’s state-owned, defense industrial company: the China Precision Machinery Import and Export Corporation (CPMIEC).<sup>36</sup>

Even while U.S. officials have pointed to China as the origin of some of the weaponry found in Afghanistan, another question concerns whether the supplies are new (since Operation Enduring Freedom began in 2001) or left over from the years when various countries transferred weapons to Mujahedin fighters in Afghanistan during its Soviet occupation in the 1980s or later in the 1990s. China’s CPMIEC exported the HN-5 anti-aircraft missiles for years, and China previously supplied them to the Mujahedin in Afghanistan, Iran, and other countries.<sup>37</sup> Defense Secretary Donald Rumsfeld told reporters in August 2002 that Afghanistan is “filled with weapons” and that “you do find things from China, but you find them from country after country after country.” He added, “a lot of it is quite old and probably not

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<sup>35</sup> *Renmin Ribao [People’s Daily]*, June 15, 2007; *AKI Press*, July 10, 2007.

<sup>36</sup> Bill Gertz and Rowan Scarborough, “Inside the Ring: China-al Qaeda Nexus,” *Washington Times*, December 21, 2001; Bill Gertz, “China-made Artillery Seized in Afghanistan,” *Washington Times*, April 12, 2002; “China-trained Taliban,” *Washington Times*, June 21, 2002; Scott Baldauf, “Al Qaeda Massing for New Fight” and “How Al Qaeda Seeks to Buy Chinese Arms,” *Christian Science Monitor*, August 9 and 23, 2002; *Jane’s Land-based Air Defence 2003-2004*; Philip Smucker, “Taliban Uses Weapons Made in China, Iran,” *Washington Times*, June 5, 2007; “Chinese Arms in the Hands of Taleban,” editorial, *Kabul Times*, June 7, 2007; Bill Gertz, “China Arming Terrorists,” *Washington Times*, June 15, 2007; Demetri Sevastopuloin, “U.S. Takes China to Task Over Iraq and Afghan Arms,” *Financial Times*, July 9, 2007; *Jane’s Armor and Artillery 2007-2008*.

<sup>37</sup> *Jane’s Land-Based Air Defence, 1996-1997, and 2003-2004*.

stable.”<sup>38</sup> In September 2007, an Afghan Interior Ministry spokesman said that his government seized various types of arms, including PRC weapons, but did not have evidence of new PRC arms being transferred to the Taliban.<sup>39</sup> Aside from the explanation of left-over caches, PRC-made weapons are not the only type uncovered. In the same month, another Afghan official announced that arms made in China, Iran, and Russia were discovered in the city of Herat, near the western border with Iran.<sup>40</sup>

In its approach, the Bush Administration has focused concerns and questions on Iran, rather than China, and how the weapons ended up in Afghanistan (some through Iran), rather than where they were made (in China, Iran, or other countries). Focusing on Iran, Under Secretary of State for Political Affairs Nicholas Burns specifically said on June 13, 2007: “There’s irrefutable evidence the Iranians are now [transferring arms to the Taliban in Afghanistan], and it’s a pattern of activity.” ... “It’s coming from the Iranian Revolutionary Guard Corps command, which is a basic unit of the Iranian government.” After just retiring as Deputy Under Secretary of Defense, Richard Lawless told reporters on July 6 that: “Identifying how [the weapons] came through Iran [into Afghanistan] and who is facilitating that transit through Iran is the key issue for us right now. It is really not the issue of where they ultimately were manufactured.” Nonetheless, despite the primary focus on Iran, the Administration sent demarches to Beijing. Lawless confirmed that the United States expressed concerns to China about exercising greater care in its arms sales to Iran. Deputy Assistant Secretary of Defense for East Asia David Sedney also said at a meeting of the U.S.-China Economic and Security Review Commission on July 12, that the United States has “repeatedly asked China to stop its transfers to Iran of conventional weapons and technologies,” but Beijing’s response has been “irresponsible.” He also warned, “partners do not provide weapons to people who support those who kill our troops and those of our allies.” While in Kabul on September 11, Deputy Secretary of State John Negroponte acknowledged that he raised concerns with China about its arms sales to Iran and requested that China refrain from signing any new arms sales contracts with Iran.<sup>41</sup> The United Kingdom also asked Beijing about the Taliban’s use of PRC weapons against U.K. troops in Afghanistan.<sup>42</sup>

It is uncertain as to whether China has stopped arms transfers to Iran or prevented any new arms sales contracts with Iran, as Negroponte urged. The PRC has not denied its arms sales to Iran and has conveyed a sense of “business as usual.” In 2007, when questioned by reporters about PRC arms sales to Iran that have been found in Afghanistan (and Iraq), the PRC Foreign Ministry characterized its arms

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<sup>38</sup> Briefing by Defense Secretary Rumsfeld and General Myers, August 9, 2002.

<sup>39</sup> *Tolu Television*, Kabul, September 4, 2007.

<sup>40</sup> *Pajhwok Afghan News*, Kabul, September 6, 2007; *AFP*, September 22, 2007.

<sup>41</sup> “Iran Arming Taliban, U.S. Claims,” *CNN*, June 13, 2007; Richard Lawless, transcript of interview with Asahi Shimbun and other newspapers, July 6, 2007; Demetri Sevastopuloin, “U.S. Takes China to Task Over Iraq and Afghan Arms,” *Financial Times*, July 9, 2007; Jim Wolf, “U.S. Faults China on Shipments to Iran,” *Reuters*, July 12, 2007; John Negroponte, Press Roundtable in Afghanistan, Kabul, Afghanistan, September 11, 2007.

<sup>42</sup> Paul Danahar, “Taliban Getting Chinese Weapons,” *BBC News*, September 3, 2007.

sales as “normal” military trade and cooperation with other countries. The ministry stated China’s position that its arms sales are beyond reproach and responsible because China follows these “principles” for arms exports: they are for legitimate self-defense; they do not undermine international peace and stability; they do not interfere in the internal affairs of the recipients; and they are exported only to sovereign countries. In addition, the Foreign Ministry claimed that China has stipulated another condition: no re-transfer to a third party without PRC permission. The ministry also argued that China has complied with international laws and United Nations Security Council (UNSC) resolutions.<sup>43</sup>

However, China could contend compliance with the letter of UNSC resolutions because China (along with Russia) objected to UNSC sanctions targeting Iran’s arms imports. Thus, only after diplomatic negotiations on additional sanctions against Iran for its nuclear enrichment program (during which China and Russia objected to banning Iran’s arms imports and export credit guarantees for doing business in Iran),<sup>44</sup> China voted with all other UNSC members on March 24, 2007, for Resolution 1747, which included a ban on Iran’s arms exports (not imports).

Aside from the issue of whether the PRC has been responsive to U.S. concerns, the complicity of China’s government in allowing or acquiescing in the arms flow to Iran is another question. Part of that question concerns whether the PLA has been involved. The arms manufacturers were PRC state-owned defense-industrial plants, rather than the PLA itself, although the PLA might have a role in any vetting of the arms exports. Regardless of whether the PRC government did or did not know about these arms sales to Iran or PRC weapons found in Afghanistan and Iraq, U.S. demarches have now raised the problem with Beijing.

Continuing into early 2008, the Director of National Intelligence (DNI) testified to Congress that the PRC’s arms sales in the Middle East are “destabilizing” and “a threat” to U.S. forces, while missile sales to Iran pose a “threat to U.S. forces in the Persian Gulf.”<sup>45</sup>

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<sup>43</sup> PRC Foreign Ministry news conferences, July 10; July 26; September 4, 2007.

<sup>44</sup> “Nations Closer to Deal on Iran Sanctions,” *AP*, March 13, 2007; and Colum Lynch, “6 Powers Agree on Sanctions for Iran,” *Washington Post*, March 16, 2007.

<sup>45</sup> Senate Select Committee on Intelligence, hearing on the DNI’s annual threat assessment, testimony of J. Michael McConnell, February 5, 2008.