



## More In This Issue

### \* PUBLICATIONS

"Assessing HIV/AIDS Initiatives in China: Persistent Challenges and Promising Ways Forward" by Bates Gill

"Military Diplomacy and China's Soft Power" by Robert Sutter and Chin-Hao Huang

### \* CONFERENCE

June 18 U.S.-Taiwan Relations: Regional Security and Prospects for a Closer Trade Arrangement

### \* FREEMAN FACTS

China's Educational Exchanges (cont pg 5)

## Quote Of The Month

"Our engagement with China takes place in many different forums, both bilateral and multilateral, and at many different levels. But it always has the same objectives: seek to identify and maximize the areas in which we have common interests, build upon those interests to mutual benefit, and, in those areas in which we differ, encourage China to understand our concerns and change its behavior in ways that will advance not only our interests, but also its own." ~ U.S. Deputy Assistant Secretary of State for East Asian and Pacific Affairs, **Thomas Christensen**, testifying before the U.S.-China Economic and Security Review Commission (USCC).

Source: USCC, August 3, 2006

## Trivia Question

How much food aid did China donate overseas in 2005? (cont pg 3)

For other additional resources on China and East Asia, please also visit the website of our sister institution, Pacific Forum CSIS, at [www.csis.org/pacfor/](http://www.csis.org/pacfor/).

## FEATURE ESSAY

### Disillusionment: China and Iran's Nuclear Gamble

BY YITZHAK SHICHOR

In some respects, the July 31 vote on United Nations Security Council Resolution 1696 – for the first time providing for possible sanctions against Iran in response to its nuclear activities – reflects a failure and a disappointment for Beijing. But on the other hand, such developments were not entirely unanticipated in either Beijing or Teheran, and highlight latent tensions between the two capitals as Beijing seeks to balance relations with Iran against more important relations with Washington.

In that vote, China – along with all other permanent members of the United Nations Security Council (UNSC) – called on Tehran to suspend "all [nuclear] enrichment-related and reprocessing activities, including research and development" by August 31 – "or face the possibility of economic and diplomatic sanctions." The resolution was adopted 14 against 1 (Qatar).

From the very beginning of this impasse with Iran, Beijing has strongly advocated a political and diplomatic settlement *outside* the framework of the Security Council. In early June the Chinese joined the United States, Russia, France, Britain, and Germany (the Six) in an incentive package offer aimed at encouraging Iran to suspend its nuclear enrichment. In the weeks which followed, Chinese officials – including President Hu Jintao – almost begged Tehran to deliver an early, and positive, response to the package proposals.

But in his July 31 statement, Liu Zhenmin, China's deputy representative to the United Nations, could barely conceal Beijing's disappointment. He said that China had urged Iran to practice restraint, earnestly implement previous resolutions and make an early response to the package proposals, in short to create conditions for increased trust, dialogue and negotiation. "Regrettably", he added, "the Iranian side had yet to respond positively to the requests of the IAEA Board of Governors and the Council's calls."

Instead, Tehran systematically delayed its reply, now scheduled for August 22. This is too late for the Six and probably a dead end anyway. Since July, members of the Majlis Supreme (cont pg 2)

## In The News

**TAIPEI** Following Chad's notification that it was switching diplomatic recognition to Beijing, Taiwan announced that it would sever official ties with Chad, and cancel all financial and agricultural aid to the central African nation. With the loss of Chad, Taiwan's allies have shrunk from 29 to 24 – mostly impoverished nations in need of aid – during the administration of President Chen Shui-bian, which began in 2000. Due to China's rising economic clout, the "checkbook diplomacy" in which Taiwan has been engaged for the past several decades has encountered new challenges. The switch in diplomatic relations not only helps satisfy China's oil interests, but also raises the possibility that China may try to use its influence to restrain Sudan and Chadian rebels.

**BEIJING** China's economy grew by 11.3 percent year on year in the second quarter of 2006, the fastest growth rate in more than a decade. Chinese Premier Wen Jiabao admitted for the first time that the economy was in danger of overheating, calling for "forceful measures" to rein in rapid growth in lending and investment. The Chinese leadership has also promised to enhance the flexibility of its currency. Premier Wen's remark was made in a recent national satellite conference call with local officials, the latest one in a series of meetings held to urge local authorities to support central government policies.

National Security Council are on record that the Western demand for a complete suspension of Iran's uranium enrichment activities "is not negotiable."

But while Beijing may be disappointed, Teheran's actions provide China with the justification it needs to put some distance between the two countries. Although officially backing (along with Moscow) Tehran's access to a peaceful nuclear program, Beijing will not stick out its neck too far for Iran.

To begin with, China has been concerned with Teheran's Islamic radicalism that, at least in the past, tried to meddle in China's internal affairs, primarily in Xinjiang. Secondly, though publicly downplaying Iran's links with terrorism, Beijing must be privately worried about the potential it has for disrupting regional stability.

In addition, the July 31 Security Council vote also shows Beijing has real concerns about Teheran's nuclear weapons aspirations. In an article published in early February 2006 and titled "China Has No Sympathy for a Persian Atomic Bomb", Yin Gang, a research professor at the Chinese Academy of Social Sciences, divulged that "the potential 'Persian bomb' worries not only Israel, the United States and Europe, but also Arab countries and even remote China." He added, "No matter how the Iranian nuclear crisis develops, a Persian bomb must not come into existence." Following her meeting with Chinese Premier Wen Jiabao last May, German Chancellor Angela Merkel stated: "We talked about Iran and both agreed [that] Iran should not have the capability to make nuclear weapons and shouldn't proliferate weapons of mass destruction."

Perhaps most importantly, Beijing is not especially fond of Mahmud Ahmadinejad. According to Middle East expert Li Shaoxian, also a deputy director of the China Institute of Contemporary International Relations (CICIR) and director of its Asia-Africa Institute, Ahmadinejad is regarded as irresponsible. Under his leadership – that, Li claims, does not represent the people's will (since he was elected by only a quarter of the vote) – Iran has become a source of instability not only in the Middle East but also worldwide, contrary to fundamental Chinese interests.

Tehran should not be surprised by these developments. Over the past few months, Beijing's terminology has been remarkably consistent. Reiterating that it would not support "the arbitrary use of sanctions" nor "approve the use of force" against Iran, China has never claimed that it would *oppose* them. Furthermore, the Chinese did not ultimately prevent the submission of Iran's nuclear case to the UNSC, although they had vowed to "strongly oppose" such a possibility.

Ahmadinejad has undoubtedly been aware of China's limits. In early July he urged China and Russia to show their independence from the West on the nuclear issue, but to no avail. In fact, Iranian leaders and the media have criticized his "looking to the East policy" for some time. An April 2006 Majlis Research Center report on Iran-China cooperation said that China does not prefer Iran to America and Chinese cooperation with Iran would not cross a point that would displease the United States.

China's disillusionment with Iran is also evident the treatment of Ahmadinejad during the June 2006 Shanghai Cooperation Organization summit. While the Chinese have welcomed Iran as an SCO observer, they have been reluctant to approve – much less sponsor – its admission. Beijing is no doubt sensitive to how Iranian membership in the SCO would not only turn a blind eye to Iran's nuclear ambitions, but would also fuel further accusations that the SCO is an anti-U.S. organization.

Ultimately, Beijing's Iran policy is determined by its sensitivity to Washington's views. Talking to *Agence France Presse*, Ji Kaiyun, an expert on Sino-Iran relations at Chongqing Southwest University, said in June 2006 that "China will not challenge, and China does not aim to transform, the U.S.-led international order. Sino-American ties take precedence over Sino-Iranian ties. China will not clash with the United States over Iran."

At this juncture, it is highly unlikely that China would veto a UNSC proposal to impose sanctions on or even to use force against Iran. Recent experience shows that Beijing has been reluctant to use its veto power – except on issues of vital national interest (such as Taiwan). While significant economically, Iran is by no means indispensable for China. Earlier this year Saudi Arabia told China that it could supply all its oil needs single-handedly; in any event China's energy imports from Iran represent a small portion of the country's overall energy needs. In 2004, Iran's share in China's total foreign trade declined to 0.6 percent.

China no doubt prefers good relations with Iran, the avoidance of sanctions, and the avoidance of force against Iran. But when push comes to shove, it is more important for Beijing to avoid worsening Sino-American relations.

**Dr. Yitzhak Shichor is professor at the University of Haifa; emeritus at the Hebrew University of Jerusalem; and senior research fellow at the Harry S. Truman Research Institute for the Advancement of Peace. His research focuses on China's Middle East policy, Sino-Uyghur relations and China's international energy policy.**

## PUBLICATIONS

*"Assessing HIV/AIDS Initiatives in China: Persistent Challenges and Promising Ways Forward"*, Center for Strategic and International Studies, June 2006

By **Bates Gill**, Freeman Chair in China Studies, CSIS

CSIS HIV/AIDS Task Force's new report examines persistent challenges and gaps in the prevention and control of the epidemic in China. The report notes that a more comprehensive, coordinated, and concerted national and international response to China's HIV/AIDS challenge is still at a relatively early stage. The report also assesses many "best practices" and innovative strategies that have emerged as China's response to the epidemic expands and evolves, including methadone replacement therapy, expanding voluntary counseling and testing (VCT) and peer education, condom promotion, comprehensive drug-dependence and rehabilitation services, and access to antiretroviral therapy. Given the HIV/AIDS situation in China, the persistent challenges, and the emergent best practices, the report concludes with four key sets of recommendations: Give primary focus to key marginalized and at-risk populations; work toward a more comprehensive, "full-spectrum", patient-management approach; intensify engagement with domestic and international nongovernmental players; deepen coordination across government agencies and key actors.

[Click here for a PDF version of the new report.]

*"Military Diplomacy and China's Soft Power"*, Comparative Connections, CSIS Pacific Forum, Vol. 8, No. 2, July 2006

By **Robert Sutter**, Visiting Professor at the School of Foreign Service of Georgetown University, and **Chin-Hao Huang**, Research Assistant, Freeman Chair in China Studies, CSIS

Sutter and Huang assess China-Southeast Asia relations in the second quarter of 2006, highlighting China's military activism and great emphasis on "soft power" diplomacy. While Chinese Defense Minister General Cao Gangchun's Southeast Asia working trip sought to enhance military cooperation, his conspicuous absence at the annual Shangri-La Dialogue in Singapore implied that Beijing may not feel comfortable with high-level military engagement that so prominently involves the United States in the region. On other fronts, Beijing continued to make great strides in furthering aid, economic development and cooperation in Southeast Asia and the South Pacific. Sutter and Huang note that while China's influence in the region is rising, Beijing continues to face several constraints and limitations in allaying Southeast Asian governments' concern about its long-term intentions.

## CONFERENCES AND EVENTS

**July 18** *U.S.-Taiwan Relations: Regional Security and Prospects for a Closer Trade Arrangement*

The CSIS Freeman Chair in China Studies and the Congressional Taiwan Caucus co-hosted a roundtable discussion on "U.S.-Taiwan Relations: Regional Security and Prospects for a Closer Trade Arrangement". **John C.C. Deng**, Deputy Representative of the Taipei Economic and Cultural Representative Office in the United States delivered opening remarks. The Hill event featured **Charles Freeman**, Managing Director, China Alliance, and former Assistant USTR responsible for Taiwan issues, **Bonnie Glaser**, Senior Associate, CSIS, **Derek Mitchell**, Senior Fellow, CSIS, and **Eric H. Smith**, President, International Intellectual Property Alliance. **Bates Gill**, Freeman Chair in China Studies, CSIS, moderated the roundtable discussion. The leading experts provided their insights and assessments on important political, security, and economic questions in U.S.-Taiwan relations.

## WHAT'S NEW

We would like to express our gratitude for the fine work of Xianfang Ren, former research intern with the Freeman Chair, and to wish her good luck in her new position at Global Insight, a leading political and economic forecasting company.

## TRIVIA ANSWER

**China donated 577,000 tons of food to more than a dozen countries around the world in 2005, according to a recent report by the United Nation's World Food Program (WFP).** After 26 years of receiving food aid, China has emerged as the world's third largest food donor. The majority of the Chinese food donations were sent by rail to North Korea.

**Source:** *"China becomes the world's third largest donor of food"*, The Guardian, July 20, 2006

## PUBLICATIONS FROM THE FREEMAN CHAIR 2005/2006\*

\* Please visit our website to access archived publications dating back to 2002.

### July

*"Military Diplomacy and China's Soft Power"*, Comparative Connections, CSIS Pacific Forum, Vol. 8, No. 2, July 2006

By **Robert Sutter**, Visiting Professor, School of Foreign Service, Georgetown University, and **Chin-Hao Huang**, Research Assistant, Freeman Chair in China Studies, CSIS

### June

*"Assessing HIV/AIDS Initiatives in China: Persistent Challenges and Promising Ways Forward"*, Center for Strategic and International Studies, June 2006

By **Bates Gill**, Freeman Chair in China Studies, CSIS

### May

*"Sources and Limits of Chinese 'Soft Power'"*, Survival, Vol. 48, No. 2 (Summer 2006), International Institute for Strategic Studies

By **Bates Gill**, Freeman Chair in China Studies, CSIS and **Yanzhong Huang**, Assistant Professor at the John C. Whitehead School of Diplomacy and International Relations, Seton Hall University

### April

*"Sino-American Relations Needs Actions Not Words"*, Financial Times, April 23, 2006

By **Bates Gill**, Freeman Chair in China Studies, and **Michael Green**, Japan Chair and Senior Advisor, CSIS

*"Finding Strength in Global Adversity"*, South China Morning Post, April 1, 2006

By **Xiaoqing Lu**, Research Associate, Freeman Chair in China Studies, CSIS and **Chin-Hao Huang**, Research Intern, Freeman Chair in China Studies, CSIS

### March

China: The Balance Sheet. New York: Public Affairs, 2006

By **C. Fred Bergsten**, Director of the Institute for International Economics (IIE), **Bates Gill**, Freeman Chair in China Studies, CSIS, **Nicholas R. Lardy**, Senior Fellow, IIE, and **Derek Mitchell**, Senior Fellow, International Security Program, CSIS

### January

*"Democracy Agenda May Revive U.S. Interest in Hong Kong"*, Hong Kong Journal, January 1, 2006

By **Bates Gill**, Freeman Chair in China Studies, CSIS and **Chin-Hao Huang**, Research Intern, Freeman Chair in China Studies, CSIS

## 2005

### November

*"China's Evolving Regional Security Strategy"*, in David Shambaugh, ed., Power Shift: China and Asia's New Dynamics. California: 2005.

By **Bates Gill**, Freeman Chair in China Studies, CSIS

### October

*"More Strait Talk: Ten Years after the Taiwan Missile Crisis"*, China Brief, Jamestown Foundation, October 25, 2005

By **Bates Gill**, Freeman Chair in China Studies, CSIS and **Chin-Hao Huang**, Research Intern, Freeman Chair in China Studies, CSIS

*"China's Soft Power in Africa: From the 'Beijing Consensus' to Health Diplomacy"*, China Brief, Jamestown Foundation, October 13, 2005

By **Drew Thompson**, Assistant Director of the Freeman Chair in China Studies, CSIS

*"Injecting and Infecting: Stigma and Zero Tolerance in China"*, Global AIDSLink, September/October 2005 - #93

By **Drew Thompson**, Assistant Director of the Freeman Chair in China Studies, CSIS

[Chinese Translation is available online.]

*"Taiwan: When No News is Good News"*, Asia Times, October 8, 2005

By **Chin-Hao Huang**, Research Intern, Freeman Chair in China Studies, CSIS

### September

*"Diverging Paths Hurt U.S. and Europe"*, International Herald Tribune, September 6, 2005

By **Bates Gill**, Freeman Chair in China Studies and **Robin Niblett**, Director of Europe Program, CSIS

## FREEMAN FACTS:

### China's Educational Exchanges

1. From 1978 to 2005, China sent 933,400 students in total to study overseas. To date, 230,290 overseas Chinese students have returned.
2. In 2005, there were 110,850 Chinese students studying abroad.
3. From 1950 to 2005, 884,315 international students in total came to study in China from more than 170 countries.
4. In 2005, there were 141,087 international students studying in China.
5. Top five countries sending students to China are South Korea, Japan, United States, Indonesia and Germany.

**Sources:** Chinese Ministry of Education, Xinhua

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Center for Strategic and International Studies 2005

### THE FREEMAN CHAIR IN CHINA STUDIES

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## About the FREEMAN CHAIR IN CHINA STUDIES

The *Freeman Chair in China Studies* was established at the Center for Strategic and International Studies in 1994 to advance the study of China and to promote understanding between the United States and the countries of the Asia Pacific region. The Freeman Family—Luther Freeman as a clergyman, Mansfield Freeman as a scholar-business leader, and Houghton Freeman as a corporate executive in a global enterprise—have established a tradition of contributing to international understanding through practical experience in East Asia and China.

The United States has a long-standing relationship with China and the countries of East Asia, which play increasingly important roles in future international economics, politics, culture, and security. In the diplomatic, public policy, business, and government fields, the peoples of both China and the United States will benefit from greater mutual appreciation and understanding through broadly based international exchange.

The Freeman Chair's active policy-oriented agenda is dedicated to delivering informed public policy debates, expert briefings, and strategic policy recommendations on Greater China and East Asia to the diplomatic, policymaking, business, and government arenas.

### Current research projects

- China's domestic challenges and their consequences for U.S.-China relations and U.S. strategic interests
- The emergence of Chinese civil society and nongovernmental organizations
- China's HIV/AIDS crisis and its implications for U.S.-China relations
- Examining the economic, trade, and financial tensions in U.S.-China relations
- China's relations with key regions—including Central Asia, Europe, and Africa—and their implications for the United States
- China's military modernization and its impact on regional security
- U.S.-China-Taiwan relations

To learn more about our program and ongoing research projects, please visit our website at <http://www.csis.org/china/>