

CONTENTS TAB K

- Foreign Policy and Strategic Perspective [DIA]
- Sino-Soviet Relations [DIA]
- China-Taiwan Relations [DIA]
- Sino-Thai Military Relations [DIA]
- China and the Korean Peninsula [DIA]
- China-Japan Relations [DIA]
- Briefing Paper: Sino-Japan Relations [STATE]
- China-Israel Relations [DIA]

Foreign Policy and Strategic Perspective

~~(C)~~ The overarching goal of China's foreign policy remains achieving a dominant role in Asia and dealing equally with the superpowers on global issues. As it expands its global influence, China is willing to compete directly with the superpowers, as demonstrated by Beijing's recent sale of CSS-2 intermediate range ballistic missiles to Saudi Arabia.

- o ~~(C)~~ Since early 1987, Chinese foreign policy has become increasingly independent. Although Beijing continues to regard Moscow as its principal long-term security threat, China and the Soviet Union are steadily moving toward reestablishment of fully normal diplomatic relations. Despite a new found confidence in their ability to sustain a more independent foreign policy, China's leaders will continue to safeguard relations with Washington.

~~(C)~~ China's View of the Global Balance. From Beijing's perspective, the international environment is in flux. New forces and trends are developing that reduce the risk of global conflict, permit concentration on economic development, and provide an opportunity for China to enhance its global status.

- o ~~(C)~~ In Beijing's view, the United States and the Soviet Union have achieved rough strategic parity and their ability to define the course of global affairs is declining. Also Beijing believes that the Soviets under Gorbachev recognize the need for thoroughgoing economic and political reform and are therefore actively seeking to reduce international tensions to gain the breathing space they require. The United States also requires international stability to deal with its own domestic priorities. Both superpowers have therefore begun to improve their relations, thus reducing the risk of global conflict.

- o ~~(C)~~ Developments in international economic relations also limit superpower influence. Global economic multipolarity is growing and has encouraged a drive for greater foreign policy independence. Beijing assesses these tendencies to have loosened the ties of the traditional international system and sees in them an opportunity to enhance China's global status. The result for China is a more assertive stance worldwide and a new willingness to test the limits of Beijing's relations with both superpowers.

~~(e)~~ China and the Soviet Union. Having decided that Gorbachev is sincere in his desire to implement far reaching political and economic reform, Beijing has determined that its interests are well served by moving towards establishment of fully normal diplomatic relations. Talks at the Vice Foreign Minister level have paved the way for higher level contacts. Party-to-party and military ties--the sine qua non of relations between socialist states--will probably be established within the next year.

- o ~~(e)~~ Moscow's process of withdrawal from Afghanistan, its limited reduction of forces stationed in Mongolia, and its pressure on Vietnam to withdraw from Cambodia have begun to remove China's well known "Three Obstacles" to normal relations. These Soviet initiatives, plus Gorbachev's perceived commitment to domestic reform, have led China's leaders to conclude that they have a "window" within which the likelihood of Soviet military action against China is virtually nonexistent.
- o ~~(C)~~ Accordingly, China will use the period of grace, which Beijing estimates to comprise between twenty and thirty years, to concentrate on its own modernization program. During this time, China will emphasize the political and economic aspects of its competition with Moscow while building solid relations with the Third World. This will, in the judgment of China's leaders, enable China to compete more effectively with Moscow after the window closes.

~~(e)~~ China and the United States. China's improved relations with the Soviet Union mean that the original strategic basis for normalization of relations with Washington no longer weighs as heavily in Beijing's calculus as it did in the past. However, because China still regards the Soviet Union as the

principal long-term security threat and values the United States as a source of technological and economic assistance, Beijing will not wish to put its generally good relations with Washington at risk.

- o ~~(C)~~ Beijing will use its relations with the Soviet Union to increase its leverage within the strategic triangle. Also, China's more assertively independent foreign policy orientation will result in continued challenges to United States interests in key areas such as the Middle East and Latin America. Thus, bilateral ties will become considerably more difficult to manage.

~~(C)~~ China and the Korean Peninsula. The peninsula is extremely important to China, both for economic and geopolitical reasons. However, Beijing's ties with the North limit its ability to influence the course of events. As a result, China's leaders tend to reiterate well-known public positions while working quietly to encourage the key actors to adopt a more flexible approach to reducing tensions.

- o ~~(C)~~ Because it is keenly aware of the potentially large contribution that the Republic of Korea could make to its economic development, China has in the past three years cultivated economic relations with Seoul. However, Beijing's relations with the North dictate a slow and measured pace of interaction with the South. The proposed opening of trade offices just after the Olympics will permit a significant expansion of economic ties between Beijing and Seoul and pave the way for a broader range of other contacts.
- o ~~(C)~~ Beijing would like the United States to open meaningful contacts with Pyongyang. Such a US initiative would, in China's view, mark the end of the North's isolation and make it more willing to cooperate in achieving an overall settlement. Although China constantly pressures the United States to reduce its military presence and activities in Korea, it accepts the US presence as a force for stability and as a counterpoise to Soviet influence.
- o ~~(C)~~ China is concerned about North Korea's expanded ties

to alleviate some Chinese concern about the strategic implications of the Soviet presence.

~~(C)~~ China and Japan. Beijing regards Japan as a source of economic and technological assistance second in importance only to the United States. Strategically, China views Japan as of critical importance in dealing with the Soviets. However, for historical and nationalistic reasons, relations between the two nations are often strained.

- o ~~(C)~~ China remains dissatisfied with Japan's failure to buy more from China and with Tokyo's refusal to transfer technology. Moreover, a residue of resentment rooted in memories of World War II continues to complicate bilateral ties. China attempts to use this uneasiness to exert moral leverage in the overall relationship. However, Beijing has little real ability to control events and its need for economic assistance and trade will ensure that bilateral ties remain positive if not close.
- o ~~(C)~~ China supports a limited Japanese Self-Defense Forces modernization effort, including a slightly expanded role in the defense of East Asia. However, Beijing is concerned that Japan's military growth will exceed acceptable limits. Exchanges of visits by high-level defense officials do not appear to have resulted in substantial military-to-military relations.

~~(C)~~ Taiwan. Beijing regards the issue of reunification with Taiwan as an internal Chinese matter. Although Chinese leaders reiterate their "patience," they refuse to rule out any means to achieve their goal, including the use of force. However, in recent years events have developed in such a way as to minimize the possibility of conflict.

- o ~~(C)~~ Beijing has decided that a conciliatory approach to reunification will enable it to accrue greater political and economic gain than if it were to adopt a more obdurate stance. At the same time, Taiwan has instituted a program of political liberalization which permits a wide range of contacts with the mainland.
- o ~~(C)~~ These contacts appear to have generated confidence in the possibility of achieving a mutually agreeable settlement sometime in the future. Each side is

satisfied with the present state of relations and remains confident that present trends will work to its advantage.

- o ~~(C)~~ Nonetheless, the issue of United States relations with Taiwan remains sensitive and continues to hold potential for undermining Beijing's relationship with Washington. Although Beijing has not raised the issue seriously for some time, it could decide to do so, particularly if other aspects of Sino-US relations do not develop in accord with China's interests.

~~(C)~~ Vietnam and Cambodia. Beijing regards peninsular Southeast Asia as within its rightful sphere of influence and remains committed to reducing the role of the Soviet Union and Vietnam. In Beijing's view, its policy of "punishing" Hanoi for its aggression in Cambodia has paid dividends as Hanoi appears to be ready to withdraw all of its forces by 1990 and accept a political solution.

- o ~~(C)~~ As the parties to the dispute craft a settlement, China will continue to support the Khmer Rouge forces despite its disclaimers. This in turn could pose a problem for United States interests in the region.
- o ~~(C)~~ Beijing argues that continued international pressure throughout the withdrawal process will be necessary to insure total Vietnamese compliance with any commitments extracted from Hanoi.

~~(C)~~ China and Thailand. Shared strategic concerns arising from Vietnam's occupation of Cambodia have provided a basis for close cooperation between Beijing and Bangkok. China's arms sales to Thailand, coupled with reduced levels of United States military assistance de facto have made Beijing a co-guarantor of Thai security. China's strong support for Thailand has helped improve its standing with other ASEAN nations as well. China will continue to expand its relations with Bangkok.

~~(S)~~ The Middle East. Beijing's arms sales to the Middle East are the leading edge of a larger effort to become a more active, assertive participant in the political dynamics of the region. Since 1985, China has cultivated extremely beneficial military technology ties with Israel in addition to its arms sales to the Arab nations and Iran. Although China routinely

criticizes US policies, particularly in the Persian Gulf, it clearly prefers US influence there to that of the Soviets.

~~(S)~~ Latin America. Latin America has emerged in recent years as a major target for Chinese influence. China is engaged in military technology cooperation with Brazil, Argentina, and Chile and is also making a major effort to penetrate the local arms market. In addition to acquiring military-related systems and technology, China's goals are to encourage regional independence from the US and to offset Soviet and Cuban influence.

~~(C)~~ Outlook. China's recent foreign policy behavior shows that Beijing will seize opportunities to advance its long term strategic objectives, even at the risk of short-term censure and adverse superpower reaction. China will begin to contest prevailing US and Soviet views on a range of regional issues it feels relate to its larger security interests. In the future, Beijing may well try to act as a full participant in high-level US-Soviet consultations on Asian regional issues. It will also want greater influence in regions beyond its traditional areas of interest.