

SWP Research Paper

Stiftung Wissenschaft und Politik
German Institute for International
and Security Affairs

Peter Rudolf

The United States and the Rise of China

The Strategy of the Bush Administration

RP 4
April 2006
Berlin

All rights reserved.

© Stiftung Wissenschaft und
Politik, 2006

SWP
Stiftung Wissenschaft und
Politik German Institute for
International
and Security Affairs

Ludwigkirchplatz 3-4
10719 Berlin
Germany
Phone +49 30 880 07-0
Fax +49 30 880 07-100
www.swp-berlin.org
swp@swp-berlin.org

ISSN 1863-1053

Translation by Darren Hall

(English version of
SWP-Studie 9/06)

Table of Contents

5	Problems and Recommendations
7	The Rise of China as a Geopolitical Challenge
7	Differing Prognoses
7	Problematic Analogies
8	Geopolitical Repercussions
10	Strategic Approaches
10	Engagement
11	Containment
11	“Congagement”
13	The Two-Track Policy
13	Track 1: Cooperation and Integration
14	Track 2: Strategic Hedging
17	The Domestic Political Dimension
17	A Dearth of Criticism
18	New Conflicts?
20	Transatlantic Consequences

**The United States and the Rise of China.
The Strategy of the Bush Administration**

The economic and military rise of China and the resulting consequences for international relations and American foreign policy have been debated in the United States for over a decade. After September 11, 2001, this long-term geopolitical challenge was largely overshadowed in the public debate by the sense of an immediate threat emanating from Islamist terrorism. Several developments in 2005 have pushed the issue of China back onto the foreign policy agenda: the continuing modernization of the Chinese military; in March 2005, the passage of an anti-secession law by the Chinese parliament, which threatens a “non-peaceful” reaction to secessionist efforts in order to maintain the “territorial integrity” of China; China’s growing global activities aimed at securing energy resources; and finally, the controversy between the US and the EU over the planned lifting of the European arms embargo against China.

The rise of China changes a region in which for more than a century the geopolitical interest of the US has been to prevent the hegemony of another power. Moreover, it is a region in which the latent conflict over the status of Taiwan could potentially turn into a military confrontation. The rise of China affects the US and Europe differently, and it is for this very reason a challenge for the political management of transatlantic relations.

The European policy towards China follows a “liberal” integrative approach, which is based on two optimistic predictions. First, it is expected that the integration of China will be accompanied by the socialization of the country into a constructive international actor. Second, it is assumed that the economic modernization of China will also bring about political liberalization. Issues of security related to China’s rise in power do not play a noteworthy role in Europe’s policy approach. From the American point of view, the US serves as the guarantor of stability in East Asia at great cost, a situation from which Europe profits enormously but carries no burden. As such, the US expects Europe to recognize this role and to bear in mind its security needs.

The transatlantic divergence has been reflected in the open conflict over the planned lifting of the European arms embargo against China as well as in the

latent conflict over Chinese participation in the European satellite system Galileo. The strategic dialogue on how to deal with China that was initiated last year and the development of a “strategic consensus” seem to have become a central issue in American policy towards Europe.

Against this background it is worthwhile to take a closer look at America’s policy towards China:

1. the uncertainties and challenges which the rise of China creates for the United States as an Asian power and the leading global power,
2. the strategic options being discussed in the US,
3. the strategic framework that has taken shape under the Bush administration,
4. the domestic support for this policy,
5. and the consequences for transatlantic relations.

The effort here is not to describe America’s China policy in minute detail, but rather to analyze the strategic approach which can be deduced from declaratory and operational policies.

The central thesis of this study is that, in light of the uncertainties associated with the further rise of China, the US has developed a “rational” strategic framework that is politically acceptable within the Bush administration and to the domestic public at large. The strategic framework is based on a two-track approach that combines elements of engagement and containment (“conengagement”). The aim of American strategy is to further integrate China into the international system and to incorporate the country as a constructive actor within a concert of great powers under US leadership. This strategy, however, does not presuppose that the further rise of China will necessarily occur peacefully. Rather, America’s strategy reckons with the possibility of the development of an antagonistic rivalry for regional hegemony. As such, political cooperation and economic integration are accompanied by a noticeable increase in strategic hedging. Maintaining America’s military supremacy and the expansion of security relationships with states in the Asia-Pacific region have become central elements of hedging under President Bush.

US strategy is about structuring the international system in such a way that the Chinese leadership’s cost-benefit analysis will lead it to prefer cooperative relations in the long run. From the American point of view, it undoubtedly makes sense to include Europe in such a strategy. But a common approach also seems to be in Europe’s own long-term interest. The aim of America’s China policy—integration as a constructive international actor while at the same time preventing

regional hegemony—would only be incongruent with European aims if Europe were interested in creating a multipolar world order and the rise of China were seen as a necessary (and welcome) condition for the establishment of such a world order. Successful cooperation on policies towards China and avoiding conflicts over relations with China will require the European side to recognize the security concerns of the US, which are by no means unfounded, and to bear those concerns in mind when conducting its own policy.

The Rise of China as a Geopolitical Challenge

Managing the economic and military rise of the People's Republic of China is *the* big geopolitical challenge facing American foreign policy in the coming decades.¹ The formulation of a China strategy is taking place under conditions of great uncertainty. China's capabilities and their further development need to be estimated, and its intentions need to be interpreted and assessed. How will its intentions change with growing capabilities? Will China become a revisionist power as it rises?

Differing Prognoses

Extrapolating from current trends is not sufficient for making predictions about the future. Theory necessarily comes into play here in the form of basic assumptions about the determinants of foreign policy.² If the premise that states strive to maximize their power and seek dominance holds true, as a variant of the neorealist view of international politics that is popular in the US postulates, then the Sino-American conflict for hegemony in Asia is unavoidable, as China attempts to drive the US out of Asia. Another group of realists takes a less pessimistic view of the future of Chinese-American relations. They recognize that states do not necessarily strive for as much power as possible, and they maintain that states can ensure their security in a less aggressive manner.

Representatives of a liberal view of international politics in the US have optimistic expectations. They believe in the pacifying effects of economic interdependence, international institutions, and a democratic transformation of China. But even the liberal perspective allows for the possibility of a less peaceful outcome of China's rise to power under certain circumstances. States that are undergoing democratization but which still lack institutional control

mechanisms can lean towards an aggressive foreign policy when elites try to use nationalism as a mobilizing force directed against an external enemy.³

Problematic Analogies

The shifting distribution of power in Asia unleashed by the rise of China is the driving force of the great geopolitical transformation confronting the US in the coming decades.⁴ Analogies are not really applicable. In contrast to the case of Nazi Germany and the Soviet Union, contemporary China is not an expansive, ideologically-driven power. China combines the expansion of its military capabilities with a policy that is sensitive to the uneasiness this military build-up raises among its Asian neighbors. This is evident in its initiatives to establish multilateral institutions in Asia. In the American debate, the rise of China is often viewed as analogous to the rise of Imperial Germany and the resulting First World War. Henry Kissinger, however, has labeled the implications of this analogy as dangerous and false. He notes that in contrast to the state system at the end of the 19th century and the beginning of the 20th century, no great power in the "globalized world of nuclear weapons" can believe to be capable of forcing through its interests with a short, limited war.⁵

The analogy is also problematic because the economic ties between the US and China are much stronger than they were between the Great Powers before World War I. Despite the economic ties that existed at the time, which primarily consisted of portfolio investments that could be easily divested, there was no vulnerability interdependence on the

1 On the various aspects that are associated with the anticipated further rise of China see Gudrun Wacker (ed.), *China's Rise: The Return of Geopolitics?*, (Berlin: Stiftung Wissenschaft und Politik, February 2006), S 3/06.

2 See the debate between Zbigniew Brzezinski and John J. Mearsheimer, "Clash of the Titans," *Foreign Policy*, (January/February 2005) 146: 46–49.

3 For more on these expectations that are based on differing theories, see Aaron L. Friedberg, "The Future of U.S.–China Relations: Is Conflict Inevitable?," *International Security*, 30 (Fall 2005): 7–45.

4 The Princeton Project on National Security, *Report of the Working Group on Grand Strategic Choices* (Co-Chairs: Francis Fukuyama and G. John Ikenberry), September 2005: 14.

5 Henry Kissinger, "China Shifts Centre of Gravity," *The Australian*, 13 June 2005.

scale that exists today.⁶ China has become the third largest trading partner of the US.⁷ The volume of American exports to China has risen five times faster than exports to the rest of the world since China joined the World Trade Organization (WTO). In 2001, China was the ninth largest market for American products, but by 2004 it had risen to the fifth largest and by 2005 to fourth place. At the same time, the import of Chinese goods to America has also grown immensely, with China now taking second place among importing countries. According to Chinese figures, around one fifth of the Chinese export growth in the last two decades is due to sales on the American market. Over one hundred multinational companies with headquarters in the US have made direct investments in China. And not least, the dollar reserves held by China and the assets of the treasury department create mutual dependence between the US and China.⁸

Geopolitical Repercussions

Whatever form the rise of China ends up taking, the country's growing energy needs are bringing about a change in the geopolitical landscape for the US. This is above all true for the Middle East, but not just there. China's increasing need for energy and raw materials are leading the country to take an active global role, such that the country is even politically and economi-

cally active in the Western hemisphere.⁹ According to American intelligence, China is aware of the vulnerability of its energy policy, a situation which the Chinese believe the US could exploit to its advantage, and the country is therefore undertaking efforts to "maximize and diversify" its supply of oil and gas.¹⁰ In doing so, the US sees China pursuing a competitive, mercantilist strategy. China is attempting to use close economic and political ties and investments by Chinese energy companies in order to establish control over energy resources that will be delivered directly to China, as evidenced by the "strategic energy alliances" it has established with eight states. If individual countries become Chinese "gas stations," this would have an adverse impact on the flexibility of international oil markets. Militarily, the Chinese strategy is primarily geared towards expanding maritime capabilities that will serve to protect the sea lanes for Chinese oil tankers. It is a development that the United States, as the preeminent naval power, is watching very closely.

The political consequences of this strategy for the US is that China could narrow the options US policy has towards "problem states" such as Iran, Sudan, Myanmar, and even Venezuela. For the Gulf Region this could mean that the phase of American "unipolarity," which began after the Soviet Union disintegrated as a global political counterweight, is coming to an end. The US now has to deal once again with a strong external actor in the region whose geo-

⁶ See Richard Rosecrance, "Power and International Relations: The Rise of China and Its Effects," *International Studies Perspectives*, 7 (February 2006) 1: 31–35.

⁷ Regarding the economic aspects, see Wayne M. Morrison, *China–U.S. Trade Issues*, (Washington, D.C.: Congressional Research Service), Issue Brief, Updated 4 August 2005; United States Trade Representative, *U.S.–China Trade Relations: Entering a New Phase of Greater Accountability and Enforcement*, (Washington, D.C.: Office of the President of the United States, The United States Trade Representative), February 2006: 3; Jens van Scherpenberg, "The Rise of a Trade and Technology Giant," in Wacker: 15–19.

⁸ There is even now talk of high-level "industrial interdependence" that has developed since the early nineties out of a "revolutionary" change in the organization of industrial production. Almost every complex product made in the US contains numerous components produced in China. The claim is that this interdependence between two potentially antagonistic powers is historically unique, and that the resulting dependence enables China to put pressure on the United States. See, for example, Barry C. Lynn, "War, Trade and Utopia," *The National Interest*, (Winter 2005/06) 82: 31–38.

⁹ China's growing interest in Latin America and the intensive efforts to maintain good relations with numerous states in the region, which began when Chinese President Jiang Zemin took a 13-day tour of Latin America in April 2001, is aimed not only at access to energy resources, but also to raw materials such as copper and iron. Added to that is presumably an interest in winning over to the Chinese side the 12 states in the western hemisphere that maintain diplomatic relations with Taiwan. With the exception of Paraguay, they are all located in the Caribbean Basin and Central America. In contrast with some concerned commentators who already fear a challenge to American supremacy in the region, the Bush administration is clearly not overly concerned about Chinese activities in the area, arguing that Chinese influence to date has been minimal. See Kerry B. Dumbaugh and Mark P. Sullivan, *China's Growing Interest in Latin America*, (Washington, D.C.: Congressional Research Service Report), 20 April 2005; Günther Maihold, "China and Latin America," in Wacker: 37–45.

¹⁰ National Intelligence Council, *Mapping the Global Future, Report of the National Intelligence Council's 2020 Project. Based on consultation with Nongovernmental Experts around the World*, December 2004: 62.

political interests are laden with the potential for conflict.¹¹ China's "global hunt for energy" does not only have competitive consequences, it also creates potential common interests, including an interest in the security of sea lanes and perhaps an interest in increasing the position of the oil and gas importing states vis-à-vis exporting countries, for example by building up common strategic reserves.¹²

11 See Mikkal E. Herberg, "The Emergence of China throughout Asia: Security and Economic Consequences for the U.S.," Testimony, U.S. Congress, Senate, Committee on Foreign Relations, 7 June 2005.

12 See David Zweig and Bi Jianhai, "China's Global Hunt for Energy," *Foreign Affairs*, 84 (September/October 2005) 5: 25-38; Flynt Leverett and Jeffrey Bader, "Managing China-U.S. Energy Competition in the Middle East," *The Washington Quarterly*, 29 (Winter 2005/06) 1: 187-201; Heinrich Kreft, "Neomerkantilistische Energie-Diplomatie. China auf der Suche nach neuen Energiequellen," *Internationale Politik*, 61 (February 2006) 2: 50-57.

Strategic Approaches

There is one strategic option for dealing with a strengthened China that is unacceptable from America's perspective, namely permitting Chinese hegemony. As far as the US is concerned, a Pax Sinica in Asia in which states in the region increasingly lean towards a rising China while American influence in the region dissipates is a non-starter. After all, for over a century the fundamental geopolitical interest of the United States in the region has been to prevent the hegemony of any single power. This interest rarely needs to be articulated in the American discussion simply because it is an unquestioned premise of US global policy that is taken for granted.¹³

How can this traditional geopolitical goal of the US be achieved? How can the hegemony of another power over the resources of East Asia be prevented? The prevailing answer: by maintaining the regional balance of power and by keeping up the American military presence and alliances in Asia.¹⁴

One occasionally hears about another idea in the American debate, namely a reduction of the American role in the region to that of a flexible, "secondary" balancing power. But, say the critics, such a strategy threatens to ignite a regional arms race (above all because then Japan would likely expand its forces), so that in the end such a balance of power system would be unstable. Apart from that, the costs to the US could be even higher in the long run. This sort of regional strategy would require the US to abandon its role concept as a hegemonic power. It is therefore not surprising that this idea has found little resonance in the American debate.

Leaving aside the fundamental agreement on geopolitical interests, we can differentiate in the American discussion between three specific strategic, ideal-type approaches to dealing with China.¹⁵

¹³ A very clear discussion on the subject can be found in Samuel P. Huntington, *The Clash of Civilizations and the Remaking of the World Order*, (New York: Simon & Schuster, 1996), 228ff.

¹⁴ See Robert S. Ross, "Engagement in US China Policy," in Alastair Iain Johnston and Robert S. Ross (eds.), *Engaging China: The Management of an Emerging Power*, (London/New York: Routledge, 1999), 176–206 (181ff.).

¹⁵ See Zalmay Khalilzad, Abram N. Shulsky, Daniel Byman,

Engagement

Firstly, the policy of *engagement*.¹⁶ Economically this approach focuses on fostering trade relations and on integrating China in the "Western" economic system, politically on intensifying bilateral relations and including China in multilateral structures, and militarily on establishing contacts between the armed forces of the two states.

This approach is based on two causal hypotheses. First, the expectation that the integration of China in the international system will have a socializing effect on the Chinese leadership such that they will internalize norms that are oriented towards the stability of the international system. Second, the expectation that the opening of China via economic growth and the resulting push towards modernization, especially through the creation of a middle class, will promote the democratization of the country. Both expectations are part of the "liberal" theory of international relations.

A further basic assumption of engagement is less oriented towards long-term transformation as it is towards short-term pragmatism: the expectation that close intertwining relations increase one's scope of influence and make it easier to manage emerging bilateral or regional problems in a cooperative manner.

US China policy under George H.W. Bush and William Clinton was driven by this integrative, strategic orientation, coupled with the maintenance of a security presence in East Asia. Apart from the long-term hopes of a liberalization of China, there was a pragmatic reason for this orientation, namely the interest in securing Chinese willingness to cooperate on pressing problems, especially with regards to regional conflicts and the issue of non-proliferation.¹⁷

David T. Orletsky, David A. Schlapak, and Ashley J. Tellis, *The United States and a Rising China: Strategic and Military Implications*, (Santa Monica: RAND, 1999), 63–75; on the first of the following discussed approaches, see also David Shambaugh, "Containment or Engagement? Calculating Beijing's Responses," *International Security*, 21 (Fall 1996) 2: 180–209 (184f.).

¹⁶ See Khalilzad, et al., 63–69.

¹⁷ On policy under George H.W. Bush and William J. Clinton, see Peter Rudolf, "Eindämmung durch Einbindung: die

As was evident under Bush and Clinton, engagement provided no clues for how to respond to objectionable Chinese behavior.¹⁸ If one expects long-term positive developments from cooperation and integration, according to the logic of engagement, punishment is, strictly speaking, counterproductive. Both administrations were very reluctant to use sanctions as a central element of their China policy. That was one reason why the policy of engagement repeatedly came under fire after 1989, especially in the US Congress.

Containment

It is by no means a given that the long-term positive expectations will be fulfilled. Such a policy certainly contributes to the economic and technological strength of China, and, as such, it also strengthens the military power of the global competitor into which China will necessarily develop according to the neo-realist view of international relations. From this perspective, the second strategic option is preferable, namely a policy of containment. It is based on the assumption that China's rise in power will lead to an unavoidable conflict for hegemony, at least in East Asia. A democratization of China would not prevent such a development. Indeed, it is precisely in a process of democratization that the Chinese government could be subjected to nationalist pressure to pursue a risky, expansive foreign policy.

According to the premises of containment, the entire American policy towards China should be subservient to a single goal, namely to prevent China's rise in power or at least to slow it down.¹⁹ Economic relations would thus be entirely subordinate to security policy, trade and investment would be limited and

Chinapolitik der USA im Widerstreit der Interessen," *Internationale Politik und Gesellschaft*, (1997) 3: 262–275.

¹⁸ "Engagement is more an attitude than a detailed policy, and contains elements of constraint within it. 'Constructive engagement' does not describe how to handle hard issues like Taiwan, trade, or human rights. [...] Despite the descriptive inadequacy of the 'engagement' and 'containment' slogans, however, the attitude that 'engagement' signifies is important. It means that the US has rejected the argument that conflict with China is inevitable." Joseph S. Nye, "China's Re-emergence and the Future of the Asia-Pacific," *Survival*, 39 (Winter 1997/98) 4: 65–79 (75f.). Nye participated in shaping American security policy in Asia as Assistant Secretary of Defense for International Security Affairs in 1994 and 1995.

¹⁹ See Khalilzad, et al., 69–72.

the transfer of dual-use technology severely restricted. Politically, the goal would be to limit the expansion of China's influence in Asia. In terms of security policy, such a strategic course would mean strengthening existing alliances in Asia, direct them towards containing China, and seeking new strategic partners in the region.

In the mid-nineties, as the discussion about the appropriate reaction to the expected rise of China began, containment was above all favored by conservative Republicans in Congress. But the dominant view in the Clinton administration saw no alternative to the strategy of engagement. It was thought that a policy of containment might be necessary at some point, but until then there was still enough time to change course. The Clinton administration did not look favorably on the policy of containment. According to administration estimates, the US lacked alliance partners for a new policy of containment, and such a reorientation of American policy would necessarily strain relations with friendly states in the region. It appeared that the biggest concern within the Clinton administration was that a cold war with China would have had enormous negative consequences, including higher defense expenditures, economic losses, paralysis of the UN Security Council, and irresponsible Chinese behavior.

"Congagement"

With this political backdrop—on the one hand, increased engagement and the goal of a "strategic partnership," on the other hand, growing unease about this policy and uncertainty about the future direction of China—a third strategic approach was introduced into the discussion in a RAND study published in 1999. It rests on the premise that it is impossible to predict with certainty how a strengthened China will develop in the future. Therefore, what is required is to make the alternatives very clear to the Chinese leadership: "cooperation with the current international system as opposed to challenging the U.S. world role and pursuing regional hegemony."²⁰

It is a policy that attempts to combine the advantages of engagement and containment, that is to say, the hope of positive developments in the long run combined with hedging against risks in case China challenges the US. The aim of such a policy of "con-

²⁰ *Ibid.*, 72–75.

agement” would continue to be the integration of China, while at the same time US policy would prepare for the possibility of a hegemonic conflict and structure the international system in such a way that a rational cost-benefit analysis by the Chinese leadership would convince them to follow the path of integration and cooperation.

Depending on how China develops, a strategy of “conagement” could be transformed into a policy of containment or into a policy of partnership. The elements of such a policy would include: first, to continue political, economic and other areas of cooperation, but to also criticize China over sensitive issues such as human rights and to punish Chinese companies which export nuclear technology to “problem countries”; second, to strengthen security relations with regional powers, and, if necessary, to prepare for multilateral security arrangements; third, to structure US military capabilities for scenarios that include China as an opponent.

The Two-Track Policy

When President Bush took office, it appeared as though he leaned towards the option of containment. He spoke, for example, of China as a “strategic competitor,” which was a clear rhetorical distancing from the “strategic partnership” that President Clinton had pursued. Yet this view soon gave way to a pragmatic perspective that emphasized the necessity of cooperation, which was particularly favored by Secretary of State Colin Powell. The eleven-day “spy plane crisis” in April 2001—an American surveillance plane collided with a Chinese fighter aircraft and had to land on Chinese territory, the crew was detained—made clear how important stable relations are. And the events of September 11, 2001, changed the threat perception and appeared, at least according to the perspective of then National Security Advisor Rice, to create the foundation for cooperation among the great powers against the terrorist threat.²¹

If one looks at declaratory and operational policies, the strategic framework of US policy towards China under President Bush becomes quite clear. It is guided by the concept of “conengagement,”²² since it follows a two-track approach combining political cooperation and economic integration with intensified strategic hedging against a militarily strengthened China. This approach represents a certain continuation of the previous policy that at its core was about “hedged integration,”²³ since the integrative engagement policy rested on the maintenance of the US military presence and of the existing alliances in Asia. In the nineties under President Clinton this “strategic hedging was subtle in nature and soft in form.”²⁴ With the changed perception of China—its rapid rise, military modernization, and emerging global outreach—the element of hedging²⁵ in the Bush administration’s policy has

become more pronounced and elaborated. Indeed, it is essentially a policy of “strategic containment” through military encirclement, without actually labeling it as such.²⁶ It is no coincidence then that the metaphor of hedging now features so prominently in declaratory policy, most recently in the National Security Strategy published in March 2006.²⁷

Track 1: Cooperation and Integration

What does the strategic approach of the Bush administration for dealing with China look like?

The possibility of a return to hegemonic rivalry is counted in, but it is to be prevented if at all possible; the unique international position of the United States is to be maintained for as long as possible, and other major powers are to be integrated into a concert under American leadership. A strong, prospering, peaceful China is welcomed, but its creation is seen as a process going hand in hand with China’s political transformation in the direction of greater freedoms and democracy, a development that is in no way certain.²⁸ Will China project its power “in concert

and refers to investments that are used to balance the risk of other investments. In other words, it means to secure against losses through counterbalancing transactions; it comes from the expression “to hedge one’s bets.” In the context of China policy, the term first appeared, as far as I can tell, in the RAND study previously referred to (see Footnote 15) in which the “conengagement” approach was developed.

²⁶ This characterization is taken from Justin Hempson-Jones, *US China Policy: Trouble Hedging out East*, RUSI Newsbrief, December 2005, accessible at www.rusi.org.

²⁷ The passages on China end with the sentence, “Our strategy seeks to encourage China to make the right strategic choices for its people, while we hedge against other possibilities.” The White House, *The National Security Strategy of the United States of America*, March 2006, 42.

²⁸ In the National Security Strategy of 2002 the talk was of the decisive importance of the democratic development of China: “We welcome the emergence of a strong, peaceful and prosperous China. The democratic development of China is crucial to that future.” The White House, *The National Security Strategy of the United States of America*, September 2002, 27. Reference to the democratic development of China as a decisive factor for a peaceful China is missing from the

²¹ See Jean A. Garrison, *Making China Policy: From Nixon to George W. Bush*, (Boulder/London: Lynne Rienner Publishers, 2005), 165–186.

²² See Jay Jay Solomon, “U.S. Increasingly Pursues Two-Track China Policy,” *The Wall Street Journal*, 17 November 2005, p. A1.

²³ David M. Lampton, “Paradigm Lost: The Demise of ‘Weak China’,” *The National Interest* (Fall 2005) 81: 73–80.

²⁴ As fittingly put by Minxin Pei, “A Fresh Approach on China,” *International Herald Tribune*, 9 September 2005.

²⁵ The term “hedging” is used above all in financial circles

with the United States and its allies?”²⁹ Will it use its power constructively within the framework of the existing international system, i.e. the system led by the US? Those are the questions that arise from the American perspective.

US China policy is no longer just about the integration of China into the international system, but rather whether China will become a responsible stakeholder within that system. From the Bush administration’s point of view, the goal is to transform the policy of integration that has been pursued over the course of the last three decades.³⁰ A “responsible stakeholder” is defined as an international actor that lives up to its responsibilities and cooperates with the US and other states within the existing international system. This means obeying the legal rules of the international economic system, contributing to international stability and security in a cooperative manner, not following a mercantilist policy in the course of trying to secure energy resources, and not lending support to “problem countries” (such as Iran and Sudan).

The Bush administration now uses the US-China Senior Dialogue in order to discuss a wide spectrum of political issues, to identify common interests, and to explore potential areas of cooperation. It seems to have been the Chinese government that put forward the idea of such a continuous exchange of ideas at a high level, with the first round of discussions taking place in August 2005, followed by a second round in

National Security Strategy of 2006. “China’s leaders proclaim that they have made a decision to walk the transformative path of peaceful development. If China keeps this commitment, the United States will welcome the emergence of China that is peaceful and prosperous and that cooperates with us to address common challenges and mutual interests.” The hope for a political transformation and the welcomed international consequences is expressed in the following passage: “As economic growth continues, China will face a growing demand from its own people to follow the path of East Asia’s many modern democracies, adding political freedom to economic freedom. Continuing along this path will contribute to regional and international stability.” The White House, *National Security Strategy*, March 2006, 41.

²⁹ Christopher R. Hill, Assistant Secretary for East Asian and Pacific Affairs, “Emergence of China in the Asia-Pacific Region. Economic and Security Consequences for the United States,” Statement, 7 June 2005.

³⁰ The term “responsible stakeholder” was first used by Robert B. Zoellick, Deputy Secretary of State, “Whither China: From Membership to Responsibility?” Remarks to National Committee on U.S.–China Relations, New York City, 21 September 2005. The term has found its way in the latest National Security Strategy. See The White House, *The National Security Strategy*, March 2006, 41.

December 2005.³¹ This form of engagement does not preclude using sanctions, as they are foreseen by a number of US non-proliferation laws. According to its own account, in its first term the Bush administration imposed sanctions against Chinese entities (usually state-owned companies) in more than 60 cases. In the eight years of President Clinton’s tenure, such sanctions were applied in eight cases.³²

Bush administration policy-makers have declared their strong interest in cooperative relations with China. The rise of China is not viewed as a zero-sum game, and they reject formulating a response to China’s rise based on analogies with the containment of the Soviet Union or the balance of power politics of the 19th century. But this is linked with clear expectations of and communications to China that cannot be misinterpreted. The Chinese leadership should abandon “old” ways of thinking and not pursue military expansion in an intransparent way. The central message to China is that the US intends to remain an Asian-Pacific power and that the American forces in the region should be regarded as a guarantor of freedom and stability.³³ The US is not basing its policy on the assumption that China’s rise will necessarily occur peacefully.³⁴

Track 2: Strategic Hedging

The uncertainty about the implications of China’s rise to power is reflected in the assessments of the Department of Defense, which has to do planning for worst-case scenarios and to make decisions regarding the long-term use of resources.³⁵ As was clearly articulated in the most recent Quadrennial Defense Review

³¹ Information on the subject is available at www.usinfo.state.gov.

³² Stephen G. Rademaker, Assistant Secretary of State for Arms Control, “Remarks to U.S.–China Economic and Security Review Commission,” 10 March 2005.

³³ Hill, “Emergence of China”; The White House, *National Security Strategy*, March 2006, 41f.

³⁴ “Uncertainties about how China will use its power lead the United States—and others as well—to hedge relations with China,” Zoellick, “Whither China.”

³⁵ One of the most difficult questions facing American military planners is whether resources should be allocated primarily to the “war on terror” or to scenarios involving potential hegemonic rivals. This especially plays an important role in naval planning in terms of the type and extent of naval forces. See John M. Donnelly, “China on Course to Be Pentagon’s Next Worry,” *Congressional Quarterly Weekly*, 2 May 2005: 1126ff.

Report, hedging is not only directed towards China as an element of America's global strategy, rather it is also applicable to other countries that have not yet made a choice between cooperation and rivalry with the US. The US is attempting to convince them to choose the path of cooperation, but the Pentagon believes they still need to be prepared if a major or emerging power chooses an adversarial policy. Among these states, China has the greatest potential of developing into a military rival and to challenge America's traditional supremacy through the technological modernization of its military forces.³⁶

According to the Pentagon, China finds itself at a "strategic crossroads."³⁷ It is still an open question which of the following directions the Chinese leadership will choose as its power resources continue to grow: "peaceful integration and benign competition," regional supremacy based on economic and military power, or concentration on internal challenges. Intentions and strategies can change; therefore military planners look at the military capabilities of potential opponents. According to American assessments, the modernization of the Chinese forces has sped up since the second half of the nineties. This modernization allows China to develop military options for responding to scenarios involving Taiwan, and it is intended to enable China to put military pressure on Taiwan and to counteract American intervention capabilities. Yet in the Pentagon's view, China's military build-up is also directed at expanding its capacity to project power in Asia. Politically, American defense planners expect that China could attempt to use its military power to threaten others or to actually force through its own interests, after it has successfully acquired more comprehensive military capabilities.

The establishment of an American defense system against cruise missiles of any range, the maintenance of air supremacy to defend against advanced threats, improved capabilities for submarine warfare, the expansion of the surface fleet—all these US defense programs make sense above all, though not only, in

view of the expected further modernization of Chinese forces. The increased concentration of strategic bombers on the Pacific island of Guam and the beefed-up presence of American naval forces in the Pacific, as currently being prepared by the Pentagon, are part of the "hedge strategy".³⁸

In addition, these facets of American policy towards China also include the establishment and strengthening of security relations to states in the region.³⁹ The network of security relationships with regional powers is not solely being undertaken with an eye towards China—and it is certainly not stated publicly as the primary reason. It also serves other purposes.⁴⁰ Japan is a traditional ally and a "global partnership" is congruent with a variety of American interests. In February 2005, for the first time the importance of the American-Japanese alliance for the security of the Taiwan Straits was declared in a joint statement. President Bush had already approved in 2001 the largest arms package for Taiwan in nearly a decade (in essence, however, a treaty on arms deliveries was not completed for some years afterwards due to problems on the Taiwanese side). The contacts between American and Taiwanese armed forces were stepped up.⁴¹ Defense cooperation with Singapore has become closer, and Thailand and the Philippines received the status of "major non-NATO allies" in 2003.

Among the projects initiated in the course of 2005 within the framework of the Theater Security Cooperation Program⁴² are the following:

- ▶ a new security agreement with Japan on the stationing of an aircraft carrier and a Patriot Missile Defense System;

³⁸ Internal Pentagon reports reportedly use a more precise phrase to describe the goal of these efforts: "effective preparations to swiftly defeat Chinese aggression." This is according to an anonymous "defense official" quoted by Bill Gertz, "Pentagon 'Hedge' Strategy Targets China," *The Washington Times*, 17 March 2006.

³⁹ See Solomon, "U.S. Increasingly Pursues Two-Track China Policy," *op cit.*

⁴⁰ On this and the following, see Evan S. Medeiros, "Strategic Hedging and the Future of Asia-Pacific Stability," *The Washington Quarterly*, 29 (Winter 2005/06) 1: 145–167 (147–152).

⁴¹ See Kerry B. Dumbaugh, *Taiwan: Recent Developments and U.S. Policy Choices*, (Washington, D.C.: Congressional Research Service), Issue Brief, Updated 20 May 2005, 11ff.

⁴² This program is "one of the primary means through which we extend U.S. influence, develop access, and promote competence among potential coalition partners," according to Admiral William J. Fallon, Commander U.S. Pacific Command, Statement before the Senate Committee on Armed Services on U.S. Pacific Command Posture, 8 March 2005.

³⁶ United States Department of Defense, *Quadrennial Defense Review Report*, 6 February 2006, 27ff.

³⁷ Department of Defense, Office of the Secretary of Defense, *Annual Report To Congress: The Military Power of the People's Republic of China 2005*, quotes taken from p. 7. The Pentagon is required by Congress to present an annual report on the development of China's military power. This requirement was established by the National Defense Authorization Act Fiscal Year 2000.

- ▶ an agreement with India on cooperation in the areas of civil nuclear and space technology and the lifting of limitations on the sale of weapons systems;
- ▶ an agreement on the admission of Vietnamese military personal to an American training program;
- ▶ the renewal of the cooperative relationship with the Indonesian military and the lifting of all restrictions on arms deliveries related to human rights abuses;
- ▶ the first visit of an American President to Mongolia, military aid (\$20 million per annum) for the modernization of the Mongolian armed forces, and joint Mongolian-American exercises, which are intended to enable interoperability in peacekeeping operations.

These sorts of initiatives to create closer security cooperation do, however, have their problems. The supply of militarily useful nuclear technology to India is controversial in the US because it might undermine the nuclear non-proliferation treaty.⁴³ Moreover, states in the region are reluctant to become involved in coalitions directed against China. In the American debate, one can occasionally hear the idea of creating an alliance of democratic states in the Asian region following the model of NATO and building upon the community of Southeast Asian States (ASEAN).⁴⁴ But it is not likely that a formal alliance directed against China can be pulled together in the region. The US will continue to rely on a “network of overlapping strategic relationships” with key states.⁴⁵

⁴³ India is required to present a plan detailing how it will separate use of its nuclear reactors for civil and military purposes. Only then can the Bush administration receive approval from Congress to deliver nuclear technology. This is not allowed under current U.S. law because India is a nuclear weapons state, but not a signatory to the Non-Proliferation Treaty. The efforts of the administration are being flanked by lobbying activity by large American corporations (including General Electric, Ford and Boeing), which see the nuclear agreement as opening the door to the Indian market. See Mary Speck, “India Hands Congress a Nuclear Dilemma,” *Congressional Quarterly Weekly*, 12 December 2005: 3303ff; Neil King, Jr., “U.S. Firms See Nuclear Pact As Door to India,” *The Wall Street Journal*, 7 February 2006, p. A4.

⁴⁴ For example, Max Boot, a tireless neoconservative commentator and member of the Council on Foreign Relations, suggests that the US should seek to establish an Asian version of NATO, because China may not yet be seeking global dominance, but it is certainly seeking regional supremacy. See Max Boot, “Project for a New Chinese Century,” *The Weekly Standard*, 10 October 2005.

⁴⁵ The phrase “less formal and more loosely integrated net-

work of overlapping strategic relationships” was used by Aaron Friedberg and quoted in James Kitfield, “Foreign Policy—Asian Anchors Shift,” *National Journal*, 12 November 2005.

The Domestic Political Dimension

Given America's interests and the uncertainties and imponderables associated with China's rise, the two-track strategy represents a "rational" approach, integrating differing perspectives within the administration and allowing all relevant bureaucratic actors to pursue their preferred policies. But what is the degree of domestic political support for the two-track strategy?

A Dearth of Criticism

No area of foreign policy was more disputed between the President and Congress from the end of the eighties up until the end of the Clinton administration than the country's policy toward China. With the end of the Cold War with the Soviet Union, China lost its previous strategic importance for the US, and as a result of the Tiananmen Square Massacre in June 1989, domestic political support for the realpolitik approach eroded. The conflicts in the Sino-American relationship came to the fore and a variety of societal actors got involved in shaping the relationship.⁴⁶ From the mid-nineties to the end of the Clinton administration, the debate over China policy was characterized by two aspects: on the one hand, a great deal of instrumentalization for domestic political purposes, such as labeling the Clinton administration's policy as "appeasement"; on the other hand, the renewed dominance of security concerns. Both developments were primarily driven by Republicans in Congress who could thereby constantly push the Clinton administration into the defensive. The suspicion that bowing to influential business interests, the Clinton administration was pursuing a far too lenient policy towards China helped liberal and conservative critics to gain media attention. Moreover, they were able to counter the dominant view of China as a country which is gradually moving towards liberalization with a different, pessimistic

⁴⁶ On the domestic side, see above all the contributions to, Ramon H. Myers, Micheal C. Oksenberg and David Shambaugh (eds.), *Making China Policy: Lessons from the Bush and Clinton Administrations*, (Lanham: Rowman & Littlefield Publishers, 2001).

view, which portrays China as the "last great totalitarian society," a country on the path to fascism and an unavoidable rival for hegemony in East Asia.⁴⁷

In contrast to the China policy of the Clinton administration in the nineties, the Bush administration's policy toward China has so far been exposed to little criticism in public and Congress. There are a number of reasons for this lack of severe controversies:

- ▶ After China achieved the status of a normal trading partner at the end of Clinton's tenure (2000), the annual decision on extending the most-favored nation status no longer took place. These debates had been the key lever of interest groups and members of Congress critical of China for influencing the public discussion. In addition, the "war on terrorism" pushed China policy, along with other issues, into the background and its importance in the public debate diminished.⁴⁸
- ▶ President Bush took the wind out of the sails of the influential Taiwan lobby in Congress when he decided to strongly support Taiwan, while at the same time warning Taipei not to unilaterally change the status of the island. Ever since the US nullified the defense treaty with Taiwan and official diplomatic relations ended as a result of normalization of relations with the People's Republic of China in 1978, conservative Republicans have been a force interested in upgrading the relationship with Taiwan. But in the course of the democratization of the once authoritarian island, unease regarding the status of Taiwan also has grown among Democratic representatives and senators. Initially it looked as if President Bush might even reverse the traditional policy of "strategic ambiguity," which declares the American interest in the security of

⁴⁷ See Rudolf, 274.

⁴⁸ See Kerry B. Dumbaugh, *China-U.S. Relations: Current Issues and Implications for U.S. Policy*, Washington, D.C.: Congressional Research Service, Report, Updated 20 January 2006, 2f.; Michael Kolkmann, *Die Chinapolitik der USA. Konzepte-Erfahrungen-Perspektiven*, (Berlin: Stiftung Wissenschaft und Politik, April 2005), S 9/05.

Taiwan without explicitly committing the United States to the military defense of the country.⁴⁹

- ▶ The reluctance of Congress has undoubtedly been strengthened by the unified government, that is to say, by the fact that the Republican Party controls both the White House and holds a majority in Congress. The two-track approach of “conengagement” has provided the various factions within the Republican party and their social base with little reason for dissatisfaction. In fact, it offered the opportunity to unite the heterogeneous Republican spectrum ranging from proponents of economic engagement who are open to the interests of the business world to those who favor a policy of containment.⁵⁰

New Conflicts?

In the coming years, relations with China could once again take on renewed salience and become more disputed. There are two reasons for this.

First, economic relations are burdened by a series of issues, such as the growing trade deficit (which reached \$201.6 billion in 2005), the lack of copyright protection, and Chinese monetary policy. The American business world does not appear to support a policy of ever closer ties as enthusiastically as it did in the nineties. Small companies are concerned about Chinese competition and product piracy, while large corporations, the driving force of economic engagement in China, are uncertain about the extent to which China will accept open markets. At least, this is the perception of the domestic political situation as articulated by members of the administration.⁵¹ The new balanced phase of Chinese-American trade relations, which the US Trade Representative announced in February 2006, and the establishment of a China Enforcement Task Force herald a tougher approach. For domestic political reasons the administration intends to apply greater pressure on China to live up to its responsibilities as a member of the World

⁴⁹ President Bush said that the US would do whatever was necessary, including using American armed forces, to defend Taiwan. The statement, the importance of which was later downplayed, clearly reflects how uncomfortable many Republicans are with the policy of “strategic ambiguity.”

⁵⁰ See Michael T. Klare, “‘Congagement’ with China?” *The Nation*, 30 April 2001.

⁵¹ Zoellick, “Whither China.”

Trade Organization and to ease the access to the Chinese market for American companies.⁵²

Second, the global political and economic reach of China, the competition for energy resources, and the modernization of the Chinese military have given a boost to those who wish to see America’s policy move more strongly in the direction of containment and who, like the U.S.-China Economic and Security Review Commission, which was created by Congress in October 2000, see “a growing threat to U.S. security interests in the Pacific.”⁵³ Some neoconservatives would probably like to see the Bush administration already gearing up the American public for a great power conflict, rather than using “rosy rhetoric” to talk about a constructive relationship and to be consciously reserved in its threat analysis.⁵⁴ The reaction in Congress to the planned sale of Unocal, certainly not one of the heavyweights among American energy companies, to CNOOC, a subsidiary of a state-run Chinese oil company, shows how easily a danger to national security can be perceived.⁵⁵ There is also fertile ground within the general public for emphasizing threats and risks posed by a more powerful China. About 50 percent of Americans—a figure that has remained quite constant for several years—view the rise of China as a major threat to the United States.⁵⁶

But the importance of the issue of China would have to grow to such an extent that even Republican representatives and senators would be tempted to challenge the policy of their own administration with more than just symbolic criticism. As long as the administration presents a united front on the issue of China, it will not have to fear any substantial challenge emanating from Congress.⁵⁷ Under a different

⁵² United States Trade Representative, *U.S.-China Trade Relations: Entering a New Phase of Greater Accountability and Enforcement*, (Washington, D.C.: Office of the President of the United States, The United States Trade Representative, February 2006).

⁵³ *2005 Report To Congress of the U.S.-China Economic and Security Review Commission*, (Washington, D.C. November 2005), 8, available at www.uscc.gov.

⁵⁴ For example, Gary Schmitt and Dan Blumenthal, “Wishful Thinking in Our Time,” *The Weekly Standard*, 8 August 2005.

⁵⁵ See James A. Dorn, *U.S.-China Relations in the Wake of CNOOC*, (Washington, D.C.: CATO Institute, 2 November 2005), Policy Analysis, No. 553.

⁵⁶ The Pew Research Center For The People & The Press/ Council on Foreign Relations, *America’s Place in the World 2005*, (Washington, D.C., November 2005), 19f.

⁵⁷ Robert Sutter, “Congressional Pressures and U.S.-China Policy,” *Foreign Service Journal*, May 2005: 24–29; see also assess-

domestic political constellation, however, Congress could once again attempt to play a stronger role, namely if the White House and Congress were no longer controlled by a single party, i.e. if there were a return to divided government.

ments of the domestic political situation by Michael D. Swaine, "How Is the U.S. Responding to China's Growing Influence and Capabilities?," Remarks at the Carnegie Endowment for International Peace (CEIP)-China Reform Forum (CRF) Conference, "U.S. Policy Toward China: Is it Changing?" Beijing, 16 November 2005.

Transatlantic Consequences

Historical experience suggests that the integration of a rising great power into the international system is no easy task. Such states tend to expand the reach of their activities in their efforts to secure raw materials, markets and military bases. In doing so, they are likely to come into conflict with other powers, even if they are not pursuing an aggressive, revisionist, risky foreign policy. Other states are affected by this display of power in varying degrees. States that are geographically far removed and have limited interests in the region in which the power shift is taking place are less affected than states in the region or a superpower with global interests.⁵⁸ The relationship between the US and China contains the ingredients for a geopolitical power rivalry: China is expanding its economic and military power, the regional and perhaps also global influence of the country is growing, the US is determined to remain an Asian-Pacific power and not to accept the regional hegemony of China.⁵⁹

The rise of China is changing a region where the traditional geopolitical interest of the US has been to prevent the hegemony of other powers. Even if China were to not continue expanding its military capabilities, even if it doesn't have any aggressive intentions, the potential for war exists because of the Taiwan conflict. China may not have the military capabilities to occupy Taiwan for the foreseeable future, but even a Chinese blockade of the island would draw the US into a dangerous confrontation with China. Economic interdependence may seem to provide strong reasons for avoiding a war. However, interdependence can also create the mutual expectation in a crisis situation that the other side will, based on rational analysis, give way first. As a consequence, such a "brinkmanship" crisis could well turn into a military conflict.⁶⁰

⁵⁸ For more on the issue, see Randall L. Schweller, "Managing the Rise of Great Powers: History and Theory," in Johnston and Ross, 1–31.

⁵⁹ Aaron L. Friedberg, "The Struggle for Mastery in Asia," *Commentary*, 110 (November 2000) 4, available at www.commentarymagazine.com.

⁶⁰ On this line of argument, see Richard K. Betts and Thomas J. Christensen, "China: Getting the Questions Right," *The National Interest*, (Winter 2000/01) 62: 17–29.

The rise of China presents a challenge for the political management of transatlantic relations precisely because it affects the US and Europe to different degrees. Europe follows a liberal approach in its policy towards China and it seems to share the optimistic expectations that such an approach is based upon. In any case, the security dimension of the rise of China does not play a noteworthy role in the European policy approach.⁶¹ From America's point of view, the US is, at great costs, the guarantor of stability in East Asia, from which Europe profits without carrying any burden. Consequently, the US expects this role to be recognized and it expects Europe to be willing to bear American security needs in mind.⁶²

The conflict over the planned lifting of the European arms embargo against China reflected this transatlantic divergence in relations with China.⁶³ The American side fears that technology from Europe could contribute to the modernization of the Chinese military and that Russia, in competition with Europe, would show even less restraint in selling weapons and technology to China than it has done so far.⁶⁴ The US has much stricter standards with regard to the export of dual-use technology to China than its European allies or Japan.⁶⁵

⁶¹ See Commission of the European Communities, *Commission Policy Paper for Transmission to the Council and the European Parliament, A Maturing Partnership—Shared Interests and Challenges in EU-China Relations*, (Brussels, 10 September 2003).

⁶² This view, which is presumably widely held given its plausibility, is articulated by Stephen J. Flanagan, *Sustaining U.S.-European Global Security Cooperation*, (Washington, D.C.: Institute for National Strategic Studies, National Defense University, September 2005), Strategic Forum, No. 217, 5.

⁶³ On this subject, see Bates Gill and Gudrun Wacker (eds.), *China's Rise: Diverging U.S.-EU Perceptions and Approaches*, (Berlin: Stiftung Wissenschaft und Politik, August 2005); see also considerations about a transatlantic dialogue in The Henry L. Stimson Center, *Transatlantic Dialogue on China: Final Report*, (Washington, D.C., February 2003).

⁶⁴ Statement of Peter W. Rodman, Assistant Secretary of Defense for International Security Affairs, before the House Committee on International Relations and Armed Services, 14 April 2005.

⁶⁵ On the issue of export controls, see Adam Segal, "Practical Engagement, Drawing a Fine Line for U.S.-China Trade," *The*

Another issue that contains the seeds of conflict is the participation of China in the European satellite system Galileo. According to the European-Chinese cooperation treaty signed in October 2003, China contributes around 230 million Euros to the satellite navigation system, which has created concern in the US because of its military usefulness. Even if, according to European statements, China is not to receive access to the high-precision code, it will still profit militarily from Galileo's freely available commercial signals. American concerns are all the more understandable given that the security risks caused by the spread of this multi-use technology have apparently received little attention on the European side.⁶⁶ A number of questions arise from the American perspective: What role does China play in this project? What access to the technology does it have? In case of war, can Europe block China from using the satellite navigation system?⁶⁷

For the Bush administration, the strategic dialogue with Europe about the rise of China and the development of a European-American "strategic consensus" with respect to China have become a salient issue for transatlantic relations.⁶⁸ Apparently, the administration has more in mind than consultations, which began in 2005.⁶⁹ The use of the term "strategic con-

sensus" signals at least a certain interest in a common approach that would make it more difficult for China to play the US and Europe off against each other. The goal of the American strategy is to structure the international system such that China will, out of rational self-interest, not put the continuation of a long-term cooperative relationship with the West at risk. Involving Europe in such a strategy seems to be undoubtedly worthwhile from America's point of view.⁷⁰ It is also in line with long-term European strategic interests. One of the two goals of American China policy, namely the integration of the country as a constructive international actor, is congruent with Europe's goals. The second American aim, the prevention of a regional hegemonic power in Asia, does not play a noticeable role in European policy. Still, it would only be incompatible with European interests if they encompassed the transformation of the current international system into a multipolar world to which the rise of China would contribute.⁷¹

If a certain degree of coordination on how to deal with a more powerful China is to succeed, this will require from the American side a willingness to take their European allies seriously as a strategic partner in this matter. For Europe this means recognizing the fundamental security concerns of the US and not giving China any reason to believe that the West can be divided, for example in the case of a military confrontation over Taiwan. It also means that German/European policy decisions need to take into consideration the "realistic" fears that are perceived by all ideological camps in the US and that are by no means unfounded. These fears are more likely to increase than to diminish.

Washington Quarterly, 27 (Summer 2004) 3: 157-173. In 2004, according to official U.S. figures, only \$10.8 million worth of export licenses were rejected. But such figures do not reveal how many requests were not even submitted and how high the exports would be if trade were uncontrolled. U.S. export licenses are not granted if, among other things, it is reasonably suspected that the technology in question could make a direct and significant contribution to Chinese capabilities in the areas of submarine warfare, power projection and air supremacy. See Department of Commerce, Testimony of Acting Under Secretary for Industry and Security Peter Lichtenbaum, U.S.-China Economic and Security Review Commission Hearing, 23 June 2005, available at www.usinfo.state.gov.

⁶⁶ On security issues see Gebhard Geiger, *Europas weltraumgestützte Sicherheit. Aufgaben und Probleme der Satellitensysteme Galileo und GMES*, (Berlin: Stiftung Wissenschaft und Politik, September 2005), S 27/05.

⁶⁷ See Seth G. Jones and F. Stephen Larrabee, "Let's Avoid Another Trans-Atlantic Feud," *International Herald Tribune*, 13 January 2006; Hans Binnendijk, "A Trans-Atlantic Storm over Arms for China," *International Herald Tribune*, 9 February 2005.

⁶⁸ R. Nicholas Burns, Under Secretary for Political Affairs, "A Renewed Partnership for Global Engagement," Remarks at the European Institute Annual Gala Dinner, Washington, D.C., 15 December 2005.

⁶⁹ High-level meetings took place in May and December 2005 within the framework of the strategic dialogue between the

U.S. and EU on East Asia, and in December there was also a working group meeting of experts.

⁷⁰ On this and the following, see the considerations regarding a common approach in David C. Gompert, Francois Godement, Evan S. Medeiros, and James C. Mulvenon, *China on the Move: A Franco-American Analysis of Emerging Chinese Strategic Policies and Their Consequences for Transatlantic Relations*, (Santa Monica: RAND National Defense Research Institute, 2005).

⁷¹ Although a multipolar world order is occasionally discussed in Europe, its implications for international relations and stability are rarely thought through.