



SPECIAL REPORT

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ABOUT THE REPORT

Increasingly, U.S. officials and foreign policy analysts have been focusing on the challenges and security threats emanating from weak, failing, and failed states, especially since the September 11, 2001, terrorist attacks on the United States. They have paid less attention, however, to the views and concerns of other major nations that are also threatened directly or indirectly by these areas of instability and whose cooperation will be essential to reduce the dangers in regions far from U.S. borders. China is one of these nations.

To explore the similarities and differences in opinions between Chinese and Americans regarding the array of transnational threats and challenges posed by failing states—and the prospects for U.S.-China cooperation in addressing these threats and challenges—the Atlantic Council of the United States, the United States Institute of Peace, and the China Institutes of Contemporary International Relations cosponsored a meeting in Beijing on February 23–24, 2004. The conference participants included former senior American policymakers and U.S. security experts, as well as Chinese analysts and policy advisers from civilian and military think tanks in Beijing.

This report is based on conference proceedings and papers, and it was written by Banning Garrett, director of Asia Programs at the Atlantic Council, and Jonathan Adams, the Asia Programs' assistant director.

The views expressed in this report do not necessarily reflect views of the United States Institute of Peace, which does not advocate specific policy positions.

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U.S.-China Cooperation on the Problem of Failing States and Transnational Threats

Summary

- American and Chinese perspectives on the threats and challenges emanating from failing states have been converging, especially since the September 11, 2001, terrorist attack on the United States.
- Despite differences over terminology (“failing states” vs. “areas of instability”), Americans and Chinese agree that failing states are often those least connected to globalization; extending globalization to these states and deepening its impact is therefore necessary to help move failing states into the “succeeding” category.
- In addition to developing measures aimed at thwarting near-term dangers, both sides believe that long-term preventive measures are necessary to address the conditions of poverty, poor governance, chronic violence, criminal networks, weak infrastructure, and religious or ethnic extremism in these regions that give rise to new security threats.
- Such measures include promotion of good governance, which is often best achieved by establishing democratic, accountable governments and free market economies.
- The convergence of Chinese and American views on failing states coincides with an overall improvement in bilateral relations and growing cooperation on a number of other common strategic interests, including counterterrorism, nonproliferation, and other transnational threats emanating from weak states.
- The willingness of China to cooperate with other nations regarding counterterrorism and other threats posed by failing states reflects China’s perceived need to take greater responsibility for maintaining international peace and stability and Beijing’s desire to convince the world that a “rising China” will be peaceful and supportive of the international system.
- This new outlook, combined with lessons learned from China’s own development experience, presents opportunities for enhanced bilateral Sino-U.S. cooperation that

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should be explored in the interest of both countries. In addition, the United States and China should work together in multilateral institutions to improve these organizations' responsiveness to the challenges posed by failing states.

- There are some serious potential obstacles to greater U.S.-China cooperation, including strategic mistrust, the volatile Taiwan issue, differences over trade and human rights, and domestic politics in both countries.

Introduction

The threats and challenges emanating from weak, failing, and failed states are likely to worsen in coming years and decades, placing ever-increasing demands on a resource-constrained world, especially the United States, whose unmatched level of involvement in the global economy gives it a keen interest in maintaining international stability. Coping with these demands—via counterterrorism activities, peacekeeping operations (PKO), campaigns to prevent the spread of deadly diseases, and nation building—will require greater international cooperation. The United States will need not only to consolidate and strengthen its current bilateral and multilateral agreements on these issues with its longtime allies but also to seize opportunities to establish and expand new partnerships, especially the one it has developed with China since the September 11, 2001, attack on the United States by the global al Qaeda terrorist network.

The 9/11 attack made Americans more aware of global threats and reset the U.S. government's national security priorities. This unprecedented terrorist attack on the U.S. homeland focused the nation's attention on weak, failing, and failed states—those that not only represent potential humanitarian crises or security problems for U.S. friends in the affected regions but also pose direct security threats to the territory and population of the United States and other major countries as well, as demonstrated by al Qaeda's planning the attack on the United States from bases in Afghanistan.

Often overlooked in the domestic U.S. debate over national security strategy post-9/11 have been the profound effects of the terrorist attacks on the strategic perspectives of other major nations, particularly China. In the wake of the attacks on New York and Washington, Chinese leaders have concluded that al Qaeda terrorist attacks, were they to succeed in crippling the American economy, could also jeopardize China's economic development and its political and social stability.

The 9/11 attack has made Beijing more aware of potential direct threats to China's security. Bordered by a number of states that have provided safe haven to terrorists, including Afghanistan, Pakistan, and some Central Asian states, China has also begun to recognize the urgency of responding to the dangers and challenges emanating from weak and failing states, including emerging or worsening transnational, nontraditional threats. (The Chinese prefer using the term "areas of instability" rather than the terms "failed state" and "failing states," partly because of their long-cherished principle of "noninterference," but primarily because the latter terms, if used by Chinese officials or government-supported research institutions, would likely alienate the particular governments involved. Use of the term "failing state" in official public documents has also been a political issue for the U.S. government. Nevertheless, the terms "failing states" and "failed states" were used here for convenience and out of recognition that these terms are commonly used in international discourse.) These threats include not only global terrorism and the proliferation of weapons of mass destruction (WMD) to unstable or hostile regimes and nonstate actors, but also piracy, international crime and smuggling networks, the incubation and spread of deadly diseases, regional conflicts, and humanitarian crises.

The Chinese also recognize that the sea-lanes that are vital to their rapidly growing economy are vulnerable to terrorism, piracy, and other forms of disruption by nonstate

actors. Cross-border support for insurgencies in western China is also of concern. In addition, given the dramatic increase in the number of Chinese nationals traveling for business, study, or tourism, China now faces the challenge of ensuring the safety and security of its own people as they venture into countries in which they may be in danger from terrorist attacks, civil conflict, and regional war. This vulnerability was recently demonstrated by the seizure of seven Chinese as hostages in Iraq on April 11, 2004, and the explosion of a terrorist bomb in Pakistan that killed three Chinese construction workers in May 2004.

The Chinese government is becoming more assertive in its approach to protecting its interests in these areas, including accepting rationales for international military intervention in some cases (such as in Afghanistan), thus coming more into alignment with U.S. perspectives on these issues. This shift in the Chinese perspective on terrorism reflects, more generally, a significant change in Chinese strategic thinking and foreign policy. While still insisting on the primacy of the United Nations, the Chinese government, under the new leadership of President Hu Jintao and Premier Wen Jiabao, has downplayed its prior insistence on “noninterference” and adopted a more flexible, open, and proactive foreign policy. This new activism has been especially apparent in establishing the forum for the Six-Party Talks on North Korea’s nuclear weapons, which have been held in Beijing.

If sustained, such foreign policy thinking and practice could signal a new international role for China, one of greater responsibility for maintaining a peaceful and stable international environment. China’s efforts to take a more active role in maintaining international and regional security dovetail with other actions the nation has taken to convince the world that the rise of China will be peaceful and supportive of the international system rather than aggressive, disruptive, and ultimately catastrophic, like the rise of Germany and Japan in the period leading up to World War II.

This confluence of events and change in strategic orientation could create new opportunities for the United States and China to work together, not only to combat global terrorism but also to address a wide range of other threats and challenges emanating from failing states. To advance such cooperation, however, both sides need to better understand each other’s perspectives on these issues and on preventive measures to avert state failures and remedial measures and reconstruction strategies to deal with states such as Afghanistan once they have failed or collapsed.

Perspectives on the Problem

The problem of failing states and transnational threats must be viewed within the broader context of globalization and the post–Cold War, post-9/11 strategic environment, which poses common challenges and threats to China, the United States, and other major global players. In this new global environment, the strategic interests of the United States and China seem to be converging, with both countries recognizing the need for bilateral and multilateral cooperation to address these new security issues.

China’s strategic interests and its policies regarding failing states and transnational threats have changed dramatically in recent years, from support for “anti-imperialist” movements in the Third World thirty years ago to a vested interest today in international cooperation to meet the challenges posed by terrorism, proliferation, ethnic conflict, religious extremism, and other nontraditional security threats (see box A, on page 11, which contains excerpts from a Foreign Ministry statement outlining China’s official position on nontraditional security threats). The Chinese have also increasingly been participating in peacekeeping operations (see box B, on page 12, which enumerates China’s PKO commitments) and have been providing assistance to weak, failing, and failed states (see boxes C1 and C2, on pages 13–14, which summarize some of China’s foreign assistance activities). China has also changed its own behavior regarding the spread of

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weapons of mass destruction, shifting from supporting proliferation three decades ago to increasing efforts to halt it. The Chinese have instituted domestic measures to prevent the export of prohibited items, including the implementation of export controls. They have also joined most nonproliferation regimes and initiated diplomatic efforts to halt proliferation elsewhere, as exemplified by the Six-Party Talks on North Korea's nuclear weapons program. (Box D, on page 15, offers a snapshot of the evolution of China's proliferation policy.)

Strategies for dealing with failing states must contain long-term measures designed to address the causes of state failure and transnational threats as well as actions designed to reduce the near-term dangers they pose.

Strategies for dealing with failing states must contain long-term measures designed to address the causes of state failure and transnational threats as well as actions designed to reduce the near-term dangers they pose. Root causes may include the interrelated phenomena of economic decline, lack of physical security, poor governance (including weak institutions and high levels of corruption), crumbling or nonexistent systems of communication and transportation, inadequate health and educational facilities, high levels of official debt, the presence of criminal networks, insufficient financial and governmental resources, and the potential for large-scale human slaughter. Chinese and American analysts agree on two seemingly contradictory points regarding how to respond to these threats and challenges: one, identifying the right remedy for the symptoms of failing states can be difficult unless the underlying problem is properly diagnosed; and two, in practice, near-term actions will be necessary to thwart emerging and immediate threats, whether or not the ultimate cause of the problem has been determined and addressed.

Although U.S. and Chinese perspectives on sequencing may differ, both nations have singled out the "North-South" economic gap as an issue that must be tackled, since poverty appears to be a key contributing factor to instability and the ensuing transnational threats. Poverty robs governments of the resources and capabilities they need to maintain security, ensure good governance, and create the infrastructure for sustained economic growth. Moreover, economic decline coupled with explosive population growth in many failing and failed states swells the ranks of unemployed and disaffected youth, who in turn become prime recruits for extremist causes, terrorist cells, and warlord armies. But the problem is a circular one, since poor governance exacerbates poverty.

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The environment outside a country's borders also can play an important role in determining whether a developing state fails or succeeds. A peaceful, stable, and relatively benign international environment has been a sine qua non of China's successful development in the past twenty-five years. In addition, the most economically successful areas of China are coastal regions with relatively easy access to the states in East Asia that have successfully globalized. Moreover, negative public opinion regarding the world outside a nation's borders can promote domestic political instability and support for extremist groups and activities, as has been demonstrated by the reactions of many Muslims to Israel's policies and actions toward the Palestinians and to U.S. policies toward the Israeli-Palestinian conflict and Iraq.

Although the danger of conflict over Taiwan continues to bedevil Sino-American relations, China and the United States need not become strategic competitors in an era of growing strategic interdependence.

The prospects for enhanced Sino-American cooperation on the issue of failing states have improved as a result of a shift in strategic perceptions in both Beijing and Washington. Although the danger of conflict over Taiwan continues to bedevil Sino-American relations, China and the United States need not become strategic competitors in an era of growing strategic interdependence. Rather, as a result of the acceleration and deepening of globalization, China, the United States, and the other globalizing states mutually face the dangers posed by transnational threats, which are exacerbated by the existence of failing states. Efforts to enhance U.S.-Chinese cooperation to meet these challenges will continue to be hampered by mutual mistrust of each other's strategic intentions, however—a challenge addressed in more detail below.

The United States and China will need to agree on the scope and focus of cooperation. While many of China's interests are international in nature (e.g., improving energy security, reducing terrorism, and curbing the proliferation of WMD), when it comes to seeking stability, China's priority areas can be seen as a series of geographically defined

concentric circles radiating out from its borders. China has been most active in dealing with problems that arise in the first of these circles, which includes North Korea, Afghanistan, and Central Asia. China has also been taking an active role in seeking stability in South and Southeast Asia, which fall in the next ring. For instance, Beijing has modified its long-standing support for Pakistan, cultivated ties with India, and proposed a free trade agreement with the ten members of the Association of Southeast Asian Nations. Farther afield, China has been actively engaged in diplomatic efforts to improve relations and promote trade and economic development in both the Middle East and Africa. While generally eschewing active political and diplomatic efforts to resolve disputes, China has played a role in peacekeeping operations in Africa, the Caribbean, and the Balkans. The United States has a corresponding set of rings that covers a much greater area and includes vital U.S. interests in a number of regions that are not in close geographic proximity to U.S. borders. The areas where the two nations' circles intersect, which include Central Asia, South Asia, and Northeast Asia, may offer the best opportunities for bilateral cooperation in the near term.

Prescriptions for Action

Failing and failed states are generally countries that are the most disconnected from the process of global economic, political, and cultural integration and least prepared for the challenges of interacting with the larger world. To become viable, they must develop the policies and institutions that can enable them to become more deeply connected with the global community, especially economically. Good governance, security, and economic health in these troubled countries can often best be achieved by nurturing democratic, accountable governments and by developing free market and free trading economies—objectives that Chinese analysts now endorse. This endorsement marks a significant change from the past, when many Chinese would have condemned the promotion of democratic governments and market economies as efforts to “Westernize,” dominate, and exploit these countries.

On a practical level, China's experience in overcoming the devastation of civil war, poverty, and economic backwardness could be an important asset in assisting in the reconstruction and revitalization of failed states and in helping weak and failing states to move into the “succeeding” category. Indeed, the willingness of some Chinese experts to acknowledge China's own continuing difficulties in maintaining its economic progress and extending it throughout the country adds both credibility and relevance to its work in other countries. China could bring its own experience in the area of development to bear in at least three areas:

- mass mobilization for major public works projects and job creation;
- provision of basic health care to remote areas; and
- economic reform, deregulation, and privatization of an enormous and inefficient state-run economy.

Recently, China has been cautiously increasing the export of its own experience to assist the underdeveloped world. This has been evident, for example, in the China-Africa Cooperation Forum, through which China has focused less on providing financial assistance and more on sharing information and training to help African states improve governance and infrastructure development.

The United States and China, having vital interests in reducing the dangers posed by failing states and having great ability to influence international affairs, could significantly leverage their impact through bilateral cooperation and cooperation within regional and global institutions. They could collaborate on both *preventive* and *remedial* measures. Preventive measures would focus on heading off state failure in weak states through the use of a wide variety of political, diplomatic, economic, and legal means.

While generally eschewing active political and diplomatic efforts to resolve disputes, China has played a role in peacekeeping operations.

China's experience in overcoming the devastation of civil war, poverty, and economic backwardness could be an important asset in assisting in the reconstruction and revitalization of failed states and in helping weak and failing states.

Enhanced bilateral dialogue would be an especially important tool for identifying troubled states and potential crises and for exploring the resources available to foster stability and strengthen failing states.

Remedial measures would include both near-term crisis steps and long-term reconstruction responses to state failure. Three major approaches were considered for immediate responses when a state fails: one, containment strategies that focus on fencing-in problems to keep instability from spreading; two, deal brokering, which often involves separating warring parties as a first step toward a peaceful settlement; and three, military operations that focus on compelling one or more parties into a cease-fire and negotiations.

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While there was general agreement that the 2001 U.S. military intervention in Afghanistan was justified as self-defense in response to terrorist attacks from bases on Afghanistan's territory, the Chinese remain suspicious when the United States takes military action to address problems without explicit UN approval, such as in the U.S. invasion of Iraq. Nevertheless, the Chinese do not rule out military measures in response to state failure and, indeed, have contributed their own peacekeeping forces for PKO in failed states under UN mandate. The Chinese also support a wide range of international economic and political efforts aimed at postconflict reconstruction and have contributed to the rebuilding of Afghanistan by providing economic assistance and Chinese personnel. The Chinese public and media are generally supportive of the Chinese government's current and increased involvement in UN PKO, and the Chinese leadership has decided to enhance the military's capability and training for engaging in such operations, including through establishing a new PKO training center for the People's Liberation Army.

The Chinese view the United Nations, and especially the UN Security Council (UNSC), as the most important legitimating body for intervention in failing states and note that the United States, China, and the three other permanent members of the UNSC play a disproportionately large role in this council. "The UNSC is the core of the world's collective security regimes," according to one Chinese analyst. UNSC resolutions "reflect the realities of the international community and will be affected by the considerations of the great powers, especially the five permanent members of the UNSC." The analyst added that recent approaches by the UNSC in dealing with state failure have affirmed the special influence of the United States on this body. The UNSC has "not only permitted the U.S. to apply various enforcement measures under a broad mandate," he said, "but has also created a new normative, institutional and operative regime that far transcends the traditional method and which can be used to substitute for a collapsed system of governance without the consent of the state concerned."

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Chinese and American analysts agree that the United Nations needs to be reformed to better address the causes as well as consequences of state failures and the transnational threats to which they are often linked. This is a project upon which the United States and China could cooperate closely.

Even in a reformed United Nations, forging a broad consensus on the criteria for intervention in failing states, including the use of military force, is nevertheless likely to remain difficult. In the view of one Chinese expert, four circumstances could justify military intervention: one, to prevent the use of WMD against civilian populations; two, to protect access to resources critical to the global economic system; three, to prevent a regime from seriously harming the international community; and four, to stop genocide. This list does not necessarily represent criteria that would be supported by the Chinese government, but it does appear to indicate new thinking in China about the legitimacy and necessity of intervention in the internal affairs of another state in certain extreme conditions.

Beyond the United Nations, China and the United States could seek to strengthen the ability of other regional and global institutions to deal more effectively with the wide range of problems associated with areas of instability and new transnational threats. China and the United States could build on their already-established cooperation in the Asia Pacific Economic Cooperation forum (APEC), the Asian Development Bank,

the International Monetary Fund, the World Bank, and other relevant institutions such as the International Maritime Bureau. In cooperation with the states concerned, the United States and China could also develop specific counterterrorism initiatives targeted at Southeast Asia and Central Asia. Such initiatives could build on significant, already-existing Sino-U.S. collaboration in areas such as intelligence sharing, police work, and cargo inspection. Additionally, the United States and China could work together to increase U.S. cooperation with the Shanghai Cooperation Organization (SCO), especially between the SCO and U.S. forces in Central Asia, although China remains wary of the U.S. presence in the area.

Challenges to Bilateral and Multilateral Cooperation

Many Chinese experts agree that intervention in failing and failed states—even through the use of military force—may be legitimate and even necessary to protect the international community and the people of the particular state. But the challenges facing enhanced cooperation between China and the United States are considerable.

Of perhaps greatest concern is continued mutual suspicion and lack of strategic trust. At present, China and the United States appear to have developed significant tactical trust and cooperation, but strategic trust is still lacking, in part due to opponents of closer bilateral cooperation in both countries. A lively debate continues in China about accepting U.S. leadership or “hegemony”—and whether the United States sees China as a long-term strategic competitor. In addition, some people in China are still opposed to cooperating with the United States in actions perceived as interfering in the internal affairs of other states. On the U.S. side, some factions in the U.S. government and scholarly community predict that China and the United States will become strategic competitors in the long run as China becomes stronger economically and militarily, and thus they are wary of seeking to enhance Sino-American cooperation.

In addition, many Chinese experts are concerned about the widespread suspicion within weak and failing states about the motives behind the intervention of foreign powers, especially the United States. Chinese experts also maintain that U.S. “enthusiasm” about exporting its political and economic systems is sometimes counterproductive to solving the problems of these troubled regions. Some Chinese analysts contend that certain U.S. methods for fighting terrorism, especially as exemplified by the war in Iraq, may be creating more terrorists than are being eliminated. Moreover, many states perceive the United States as having acted in recent years in ways that devalue the international system and the institutions that were established through U.S.-led efforts after World War II.

Sino-American cooperation on failing states and transnational threats could be undermined by bilateral disputes over trade, human rights, and, above all, Taiwan. It could also be hampered by bureaucratic infighting and competition within the respective governments for resources from organizations committed to meeting traditional security concerns. In addition, differences between the U.S. and Chinese political systems may limit how closely the two sides can cooperate or, at the very least, how quickly cooperation and trust can develop. In light of these domestic structural constraints, expectations should be modest, at least initially. In this regard, the United States, some Chinese fear, could expect too much from China.

Another group of challenges centers on the activities of nongovernmental organizations (NGOs). NGOs can play constructive roles in addressing many of the challenges associated with areas of instability and nontraditional, transnational threats (especially humanitarian disasters, public health crises, corruption, and environmental degradation). But the development of NGOs in China will pose difficult choices for Chinese leaders. On the one hand, China needs to develop its NGO community to supplement Chinese government involvement in areas of instability and to meet the growing needs of China’s

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civil society, from which the government has been rapidly withdrawing its participation and support. At the same time, the government continues to be concerned that domestic NGOs could disrupt society and create associations that are outside state oversight, thereby diminishing the government's power and potentially feeding political dissent. Consequently, there continues to be little genuine NGO involvement in China's own political, social, and economic development, and at this point there is little support in the government for encouraging the development of Chinese NGOs that would have the capacity to become involved in foreign countries.

Policy differences constitute still another major challenge. Even if China, the United States, and other countries have the political will to cooperate, there can be difficulties in developing common policies toward specific failing states and transnational threats. This can be seen, for example, in the differences among the United States, South Korea, Japan, and China in dealing with North Korea, and those among the United States, Japan, Russia, and European countries in dealing with Iran. Because such differences can impede effective bilateral and multilateral cooperation, unofficial U.S.-China dialogue on these issues is all the more critical in minimizing misunderstandings and differences and maximizing the prospects for coordinated policies and actions.

Cooperative strategies will also have to accommodate disparities in the United States' and China's respective historical experiences regarding approaches to failing states and transnational threats. Periodically intervening in weak and failing states or supporting multilateral intervention, at times through the use of military force, the United States has actively engaged—albeit reluctantly—in the arduous business of “nation building.” U.S. attitudes toward nation building have been shaped by its traditional desire to promote democratic values, as well as by its post-World War II experiences in rebuilding war-torn Europe and Japan, areas regarded as vital to global prosperity and stability. China, in contrast, has been largely an observer of conflict and disruption in areas of instability, focusing on its own internal problems of development. Additionally, for much of its post-civil war history, China has viewed Western intervention in the Third World as acts of “imperialism,” “neocolonialism,” and more recently “hegemony.” Proposals to enhance Sino-American and international cooperation on failing states will need to take into account these differing historical experiences. They will also need to be sensitive to the disparate political and cultural traditions of individual countries and subnational groups within failing states.

Agenda for Government-Government Cooperation

A parallel evolution in the foreign policies of China and the United States appears to be narrowing the gap in perception of the nature and origin of threats to national security emanating from failing states, greatly improving the prospects for increased bilateral cooperation. To best exploit the current window of opportunity, cooperation between the two governments should proceed in a pragmatic and gradual manner. Specifically, the United States and China should take the following steps.

- Increase information sharing and dialogue on issues of common concern.
 - Identify issues and areas amenable to effective U.S.-China cooperation, including
 - ♦ opportunities for engaging in both preventive and remedial measures to deal with failing and failed states, such as Pakistan, North Korea, and Central Asian nations;
 - ♦ possibilities for coordinating nation-building and state-building efforts to strengthen governance and institutions within weak states, such as increased coordination in Afghanistan;
 - ♦ specific measures to counter nontraditional and transnational threats, including piracy, drug trafficking, the spread of infectious diseases, and environmental degradation; and

- ◆ mechanisms to cooperate on peacekeeping and peace-enforcement operations to strengthen international order, including PKO cooperation between the U.S. and Chinese militaries.
- Develop an agenda of concrete steps to build strategic trust and to optimize operational capabilities for joint actions.
- Improve cooperation and capacity building for joint action and interoperability.
 - Establish a mechanism to coordinate near-term and long-term remedial and preventive measures to deal with specific failed and failing states, including the coordination of state-building efforts designed to strengthen governance and institutions within weak states.
 - Establish mechanisms to coordinate measures to respond to nontraditional and transnational threats.
 - Identify the organizations and agencies within each government that are responsible for the various potential cooperative efforts and establish lines of communication between counterpart organizations.
 - Establish a mechanism for dialogue and cooperation on the reform of the United Nations and other international institutions.
 - Educate the publics of both countries about the nature of the threats emanating from areas of instability and the need for U.S.-China cooperation to meet these challenges.
 - Demonstrate sensitivity to national and regional concerns about cooperation between a strong United States and a rising China through dialogue and consultation with regional states about the scope and intentions of bilateral cooperation on nontraditional and transnational threats.

Agenda for Track-Two Dialogue

While an ambitious government-government program of cooperation can be foreseen, further track-two dialogue will be essential to push this Sino-American cooperative effort forward. Initial steps in this direction by nongovernmental actors should be taken in accordance with the following guidelines:

- Agree on specific countries as subjects of bilateral dialogue and factual analysis to develop common understanding and proposals for cooperation between the two governments. Countries that might be the focus of such dialogue include those on China's periphery in South, Central, and Southeast Asia, as well as North Korea.
- Agree on specific transnational issues as areas for further dialogue and cooperation. These could include not only the issues of terrorism and proliferation but also others, such as maritime security, energy security, religious extremism, ethnic tensions, and Northeast Asia security.
- Identify remedial and preventive measures amenable to effective U.S.-China cooperation in order to have options available to support and expand government-government discourse.
- Develop recommendations for actionable policies aimed at building strategic trust between the United States and China that also leverage the operational impact of joint actions.
- Identify the organizations and agencies within each government that are responsible for the various potential cooperative efforts.
- Examine the current roles of NGOs in education, anticorruption, public health, environmental protection, and humanitarian relief in both nations and propose ways for the two governments to better coordinate with NGOs.

Further track-two dialogue will be essential to push this Sino-American cooperative effort forward.

Conclusion

The United States and China increasingly share perceptions of the threats and challenges emanating from failing states and recognize the need for preventive and remedial measures to address these dangers. This convergence of perspectives allows for the possibility of enhanced Sino-American cooperation, and such bilateral cooperation could be a central element in strengthening the United States and China's broader strategic relationship over the next few years.

Enhanced cooperation between the United States and China on failing states and transnational threats could have bilateral, regional, and global benefits. On the international level, both nations working together could marshal more resources to address common threats and challenges. They could jointly help improve the effectiveness of multilateral organizations. The bilateral benefits of such cooperation could include less misunderstanding of each side's unilateral policies toward third countries, such as in the cases of the U.S. military presence in Central Asia and China's activities in Myanmar, and a demonstration that the two countries can work together on issues of common strategic concern—a critical step toward building domestic support in each country for Sino-American strategic cooperation. In addition, acting jointly on specific problems could help build strategic trust between the United States and China at a critical point in the evolution of their bilateral relationship.

These gains will be realized, however, only if flashpoints in Sino-American relations can be successfully managed and other obstacles overcome. To gain support within each country, cooperation should be mutually beneficial and based on common understanding and agreements. The U.S. approach to decision making will need to belie Chinese perceptions of a U.S. tendency to dictate to coalition partners.

Although significant obstacles stand in the way of enhanced U.S.-Chinese cooperation on the problems posed by failing states and transnational threats, the impetus to overcome these obstacles may strengthen rather than weaken in the next few years, especially if the problems become increasingly prominent. Closer Sino-U.S. coordination will not only serve U.S. and Chinese interests with regard to minimizing the threats emanating from failing states but also build mutual trust and provide a crucial strategic complement to the growing U.S.-China economic relationship, thereby underpinning long-term stability and development of U.S.-China relations.

Enhanced Sino-U.S. cooperation on failing states and transnational threats could have bilateral, regional, and global benefits.

Although significant obstacles stand in the way of enhanced U.S.-Chinese cooperation . . . the impetus to overcome these obstacles may strengthen rather than weaken in the next few years.

Box A: China's Position Paper on Enhanced Cooperation in the Field of Nontraditional Security Issues (Excerpts)

- [M]any traditional security issues triggered by ethnic, religious, territorial and natural resources disputes are far from being resolved. The September 11th incident indicates that nontraditional security issues as represented by international terrorism are of graver concern.
- Terrorism, illicit drug(s), HIV/AIDS, piracy, illegal migration, environmental security, economic security, information security and other nontraditional security issues are more pronounced. The hallmark of these issues is that they are, in most cases, trans-national or trans-regional and are detrimental to the stability of all countries.
- Nontraditional security issues are very complicated as they are products of interwoven political, economic, ethnic, religious and other contradictions and have emerged against a profound historical and cultural background. Poverty, development gap, social injustice and unfairness are a hotbed of nontraditional security issues.
- Trans-national issues need a trans-national cooperation. Given the trans-national and trans-regional nature of nontraditional security issues, enhanced coordination and closer regional and international cooperation among all countries are the only way to effectively meet the new challenges brought by these issues.
- Prevention should be the priority in addressing nontraditional security issues.
- As a responsible member of the international community, China stands ready to develop coordination and cooperation with other countries in the field of nontraditional security issues . . . to have further nontraditional security dialogue and cooperation so as to make a positive contribution to the maintenance of regional peace and stability.

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Box B: China's Participation in UN Peacekeeping Operations

- UN Truce Supervision Organization (UNTSO), November 1989–present, 66 military observers.
- UN Iraq-Kuwait Observer Mission (UNIKOM), April 1991–present, 161 military observers.
- UN Mission for the Referendum in Western Sahara (MINURSO), September 1991–present, 214 military observers.
- UN Operation in Mozambique (ONUMOZ), December 1992–December 1994, 20 military observers.
- UN Advance Mission in Cambodia (UNAMIC), October 1991–March 1992, 3 military observers.
- UN Transitional Authority in Cambodia (UNTAC), March 1992–September 1993, 97 military observers and engineering troops.
- UN Observer Mission in Liberia (UNOMIL), September 1993–September 1997, 33 military observers.
- UN Special Mission in Afghanistan (UNSMA), May 1998–January 2000, 2 military observers.
- UN Observer Mission in Sierra Leone (UNAMISL), October 1999–present, 24 military observers.
- UN Transitional Administration in East Timor (UNTAET), January 2000–present, 178 civilian police.
- UN Mission in Ethiopia and Eritrea (UNMEE), October 2000–present, 15 military observers.
- UN Mission in Bosnia and Herzegovina (UNMIBH), January 2001–December 2002, 20 civilian police.
- UN Organization Mission in the Democratic Republic of Congo (MONUC), April 2001–present, 20 military observers. In April 2003 China sent an engineering company of 175 soldiers and a medical team of 43 to the Democratic Republic of Congo to join the UN mission.
- Liberia (UNMIL), December 2003–present. China sent a peacekeeping force of 550 people to Libya at the request of UN special representative Clarke. The first 60 were dispatched on December 9. This marks one of China's largest overseas missions in UN history.

Note: In 1990 China began to assign military observers to UN peacekeeping operations; since then it has sent 437 military observers in 32 groups to join six UN peacekeeping operations: UNTSO, UNIKOM, UNTAC, MINURSO, ONUMOZ, and UNOMIL. China still has 32 military observers serving with the UNTSO, UNIKOM, and MINURSO missions.

In 1992 the Chinese government dispatched an engineer unit to support the UNTAC peacekeeping operations. A total of 800 men were sent in two batches, and in eighteen months they repaired or expanded four airports, repaired four highways totaling 640 kilometers, built or rebuilt forty-seven bridges, and completed many other service projects, making useful contributions to the successful operations of the UN peacekeeping forces in Cambodia.

In May 1997 the Chinese government decided that, in principle, China would take part in the United Nations' stand-by arrangements and would provide military observers; civilian policemen; and engineering, medical, transportation, and other logistic service teams in due time for UN peacekeeping operations. Chinese personnel assisting UN peacekeeping operations have conscientiously fulfilled their responsibilities and made great contributions to world peace. Some of them have even sacrificed their lives. In the years to come, China will continue to participate in UN peacekeeping operations in a positive and down-to-earth manner.

Box C1: China's Aid Activities in Failing and Weak States in Asia

- *Afghanistan*. The Chinese government pledged US\$15 million to Afghanistan in 2004 for its reconstruction, and it will also participate in a series of reconstruction projects in Afghanistan. Foreign Minister Li Zhaoxing said China would offer this US\$15 million to Afghanistan following the US\$47 million in aid it contributed in 2003 under a 2002 commitment of US\$150 million in donations to be given over a five-year period.
- *North Korea*. China supplies 70 percent of North Korea's energy and 40 percent of its food. China's exports to North Korea, primarily crude oil, oil products, grain, and food items, amounted to US\$330 million in 1999 and a little over US\$450 million in 2000 (7/4/03, *Korea Times*). The government of the People's Republic of China decided to offer a grant-in-aid equivalent to 50 million yuan (US\$6 million) to the Democratic People's Republic of Korea on the occasion of the ninetieth birthday of the late president Kim Il Sung (4/27/04, *People's Korea*).
- *Pakistan*. China donated US\$2.4 billion in financial assistance to Pakistan for the latter to undertake three mega-development projects (6/29/04, *Projects Today*). China allocated a special fund to provide emergency aid to Pakistan and five other Asian countries to cover the damage caused by the bird flu (2/15/04, *World Veterinary Association*). China's visiting defense minister has pledged a US\$12 million interest-free loan for Pakistan's armed forces to strengthen and develop ties between the two countries' armed forces, reported the official Associated Press of Pakistan.
- *Cambodia*. The Chinese government donated a batch of appliances for severe acute respiratory syndrome prevention, valued at US\$45,000, to the Cambodian government. The appliances included portable thermometers, protective clothing, and gauze masks (7/3/03, *People's Daily*). China donated 16.4 million yuan (US\$2 million) to construct Cambodia's Senate library and three office buildings.
- *Central Asia-Shanghai Cooperation Organization (SCO) Members*. China decided to offer a total of \$US900 million in preferential buyer's credit loans to the other five members of the SCO (6/18/04, *People's Daily*).

Box C2: China's Aid Activities in Failing and Weak States in Africa and the Middle East

- *Iraq.* The Chinese government decided to provide the Jordanian government with emergency aid materials for humanitarian purposes, according to sources within the Chinese Foreign Ministry (3/23/03, *People's Daily*). China pledged US\$24.2 million for the reconstruction of Iraq.
- *Angola.* An economic housing project has already been completed with Chinese assistance. China has relieved all of Angola's expired debt, which should have been repaid by the end of 1999.
- *Burundi.* Projects include a joint Chinese-Burundi textile mill in Bujumbura, the Mugere Hydropower Station, a high-voltage electric transmission system, a highway from Bujumbura to the Nile River, a handicrafts training center for making bamboo-rattan-grass products, a reclamation project for the No. 7 highway, and a sewing workshop.
- *Central African Republic (CAR).* Following a March 15, 2003, coup by former armed forces chief of staff François Bozize, China donated equipment worth US\$4 million, including corrugated iron sheets, 110 computers, bicycles, and office supplies, to the CAR to help rebuild military barracks and civil services infrastructure.
- *Nigeria.* China has donated N300 million (US\$3 million) worth of antimalarial drugs to the Federal Ministry of Health to aid the government's Roll Back Malaria Program.
- *Sierra Leone.* China has helped Sierra Leone to complete numerous construction projects, including a station for popularizing rice-cultivation techniques, bridges, the National Stadium, sugar complexes, office buildings, hydropower stations, power transmission stations and substation projects, and civil housing. Projects still in the works are the maintenance of governmental office buildings and the army's headquarters office building, and agricultural technological cooperation.
- *Somalia.* China has completed the following assistance projects in Somalia: the National Theatre, the Hargeisa water supply project, the Somalia Cigarette Manufactory, the Somalia Banadir Hospital, the Somalia Stadium, a road between Beled Weyne and Buraq, Barrouen Farm, Fanole Farm, and a hydropower station.
- *Sudan.* An agreement to finance the Kajbar Dam project, located at the Nile's second cataract, was signed between Sudan and China in September 1997. (This 300-megawatt-capacity dam is currently under construction.) Under the terms of the agreement, China is financing 75 percent of the project (approximately US\$200 million) and Sudan is to provide the remaining 25 percent of funding.

Box D: China's Evolving Nonproliferation Policy

- China joined the International Atomic Energy Agency (IAEA) in 1984 and voluntarily placed its civilian nuclear facilities under IAEA safeguards. Since its accession to the IAEA, China has established a State System for the Accountancy and Control of Nuclear Materials and a Nuclear Materials Security System that measure up to the requirements set by the Convention on the Physical Protection of Nuclear Materials.
- Since 1988 China has, on an annual basis, submitted to the United Nations the declaration data of the confidence-building measures for the Biological Weapons Convention (BWC) in accordance with the decision of its Review Conference.
- China acceded to the Treaty on the Nonproliferation of Nuclear Weapons in 1992.
- The Chinese government declared in 1992 that it would act in line with the guidelines and parameters of the Missile Technology Control Regime (MTCR) in its export of missiles and related technologies.
- In 1994 China committed to not exporting ground-to-ground missiles featuring the primary parameters of the MTCR, i.e., those inherently capable of reaching a range of at least 300 km with a payload of at least 500 kg.
- In 1998 the Chinese government promulgated the Regulations of the People's Republic of China on the Control of Nuclear Dual-Use Items and Related Technologies Export.
- China issued the Regulations on the Import and Export Control of Technologies in 2001 to stipulate that strict control shall be exercised over the export of nuclear technologies, technologies related to dual-use nuclear products, production technologies of controlled chemicals, and military technologies. The Customs Law of the PRC and the Administrative Punishments Law of the PRC also provide a legal basis for nonproliferation export control.
- In October 2002 the Chinese government promulgated the Regulations of the PRC on the Export Control of Dual-Use Biological Agents and Related Equipment and Technologies.
- In November 2002, China issued the Military Products Export Control List as a supplement to the Regulations on the Administration of Arms Export. The list contains a detailed classification of conventional weapons and armaments. This framework consists of four levels of weapons components directly related to weapons equipment, thus providing scientific and legal guarantees for strengthening the control of the arms trade and arms export.
- China applied to join the Nuclear Suppliers Group (NSG) on January 26, 2004, and was accepted as a member in Gothenburg, Sweden, on May 28 of the same year. As a member of the NSG, China will strictly abide by its principles and requirements in controlling the export of nuclear and nuclear dual-use items.

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