The centrality of peaceful economic policy and rhetoric also show a taste that Russia and China join together their mutual strategic irresponsibility and policies. It is not accidental other countries into competitive arms race irresponsibility continues to characterize Asian relationships. Non-Russia's weakness in Asia, it stands lower interests than being China's card does Moscow know that?


The PRC and APEC: A Planned Excursion for Conciliation*

Linjun Wu

The PRC's APEC policy operates on two levels. The first level gains most of the headlines and is concerned with supporting rules and order in the regional economy, so that China can plan its own economic development. The second level has a lower profile and involves what American jargon calls constructive engagement.* It involves PRC efforts to lay the foundation for becoming an influential regional power while protecting its sovereignty.

Keywords: APEC; foreign policy; PRC; Taiwan; sovereignty

The main aim of this paper is to examine how the People's Republic of China (PRC) has used the Asia-Pacific Economic Cooperation (APEC) forum as a vehicle to form a sound multilateral basis for engagement with its neighbors, free itself from its diplomatic isolation, and achieve its foreign policy objectives, namely modernization, conciliation, and reunification. The paper analyzes the issue from two angles: Beijing's efforts to support the structure and process of APEC and use it to its own advantage, and its political intentions and its diplomatic triumphs. This paper argues that economic interests are not the only basis for China's APEC involvement, as Beijing's policymakers have realized that they can stress economic modernization while still pressing ahead with their political agenda.

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APEC and the PRC's Interests

APEC was proposed as a consultative forum in January 1989 by Robert J. L. Hawke, then prime minister of Australia, in response to the growing interdependence among Asia-Pacific economies. Begun as informal dialogue groups with limited participation, APEC has since become the most important regional institution for the following reasons. First, with its eighteen members, APEC covers more than 40 percent of world trade and about half of the world's output. Second, APEC is the first international forum encompassing a number of Asian countries still involved in unresolved territorial and sovereignty problems, including mainland China and Taiwan's sovereignty dispute, Japan's Northern Territories issues, the North-South confrontation on the Korean Peninsula, and the Spratly Islands debates. Third, APEC has the most pronounced diversity among its member countries. In economic performance and structures, and in cultural and political backgrounds, APEC members differ to an extraordinary degree, and it is the only forum that has such a heterogeneous profile. Fourth, the "informal summit" of APEC which was initiated by the United States in 1993 has become the greatest annual event on either side of the Pacific and has gained great political significance for the forum. Although some still refuse to recognize APEC as a solid institution, after eight meetings, it can claim that it has entered the "action" phase of translating its vision of free trade into reality, a very encouraging sign to those who have supported it.

Beijing has strong economic interests in APEC. For nearly a decade and a half the PRC has pursued a long-term economic development strategy, and despite the political reform tensions that led to the Tiananmen Incident of 1989, the PRC's leadership has determined that economic development should remain the central task in guaranteeing the success of China's modernization program. As a result of setting economic growth as the top priority, economic ties between the PRC and other areas in the Asia-Pacific region, as well as the United States, have become extremely important for China. PRC President Jiang Zemin has emphasized the importance of economic cooperation with countries in the region. China's foreign trade and foreign investment in China are critical components in the foreign trade of the PRC. It is believed that the major reason for the PRC opening its borders is to promote scientific and technological exchanges and economic conflicts with other countries. The mainland is vulnerable to international pressure from Western countries, and needs assistance from other countries so that its exports of manufactured goods and services can continue to grow. The rationale of APEC leaders is the need to promote economic development among the economies in a strengthened China in the Asia-Pacific region.

2The APEC members are Australia, Brunei, Canada, Chile, China, Hong Kong, Indonesia, Japan, Malaysia, Mexico, New Zealand, Papua New Guinea, the Philippines, Singapore, South Korea, Taiwan, Thailand, and the United States.
4China Daily (Beijing). November 22, 1996, and ASEAN within APEC: Policy, Roles, and ASEAN within APEC: Policy, Roles, and Opportunities, (Beijing), September 1996, 4.
6Ju Fei, "From GATT to WTO," China Daily (Beijing), November 22, 1996, 10.

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Jiang Zemin has emphasized on many occasions that China is willing to improve cooperation with countries in this region since it provides 80 percent of the foreign investment in China, and APEC members comprise 75 percent of China’s foreign trade.\(^4\) It is believed that economic modernization was the major reason for the PRC opening up to the outside world,\(^2\) and APEC is particularly important because it is the only official mechanism for trade in the region.

Second, China apparently believes that APEC can serve as a tool not only to promote scientific and technical cooperation but also to settle its economic conflicts with other countries, particularly the United States and Japan. The mainland is vulnerable to increasing protectionism in the markets of developed countries, and needs assurances that trade barriers will be dismantled, so that its exports of manufactured goods will not be subject to arbitrary discrimination. There is little doubt that China’s trading future depends greatly on continued most-favored-nation (MFN) access to markets in the United States and liberalization of international trade in the world. The PRC is still not a member of the World Trade Organization (WTO) and operates under the pressure of discriminatory trade; therefore, APEC goals of trade liberalization would help protect China’s interests in unrestricted exports of labor-intensive manufactured goods and sufficient imports of raw materials and grain.

Third, Beijing can use APEC as an important channel to join other international economic institutions in the world, such as the WTO. Beijing’s desire to bolster overseas economic relations promises a strong interest in participating in the process of economic globalization rather than in relying solely on East Asia. At the end of the 1980s, Beijing discarded the old notion of regarding the General Agreement on Tariffs and Trade (GATT) as a "club of rich nations," and is currently intent on reentering it.\(^6\) However, some difficulties are still challenging the PRC’s bid, including its inadequate market openness, heavy tariffs, and habitual negligence of the international rules. The rationale of APEC leaders has been to increase "participation by APEC economies in a strengthened GATT system," and in 1994, Beijing worked with other APEC leaders to issue a joint statement of "strong support for non-

\(^4\)China Daily (Beijing), November 22, 1993, 1; Zhang Yunling and Lu Jianren, "China, Japan, and ASEAN within APEC: Policy, Role, and Comparison Among Them," Shijie jingji (World Economy) (Beijing), September 1996, 5.


GATT members of APEC to complete the negotiations as soon as possible" to enable them to become WTO members. It is thus viewed that APEC will help Beijing build support for its application to join the WTO.

Fourth, Beijing can use APEC as a channel to establish friendly contacts and improve its political image in the region. China needs such a stable environment for its economic prosperity and the successful implementation of modernization. However, economic rationality alone cannot decide Beijing's APEC policy; political and security considerations are also important in its APEC connections. In the security dimension, Beijing has sought to reduce the possibility of armed conflicts with its Asian neighbors and avoid the dominance and influence of the Western hegemonic powers. Politically, APEC meetings offer a convenient location for Beijing to explain its policies to a region prone to seeing it as a great-power threat.

APEC's Nature and the PRC's Policies

The PRC has supported the idea of using governmental efforts to develop and strengthen the open multilateral trading system in the Asia-Pacific region before APEC was formed. However, Beijing was not invited to the first ministerial meeting in Canberra in November 1989 because of the Tiananmen crackdown in June that year. While intentionally isolating Beijing, most APEC members also understood that APEC would not be complete without China's participation. The PRC, Taiwan, and Hong Kong were thus invited to Seoul in November 1991, with the PRC being admitted as the only

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8Zhang and Lu, 'China, Japan, and ASEAN within APEC,' 5.
10Ibid.
11The PRC today is a rising power whose population accounts for a fifth of the total world population. With 2.5 percent of the world's output, it is the third largest economy in APEC on the basis of World Bank estimates of its GNP next to the United States and Japan. On a purchasing power parity (PPP) basis, which more accurately reflects the real size of the economies involved, APEC's share of the world's output is about the same as the more conventional measure—at 54 percent. However, the share of individual economies is very different. While the United States is still the largest economy in APEC in these terms, the PRC is the second largest economy in APEC on that basis. See http://www.dft.gov.an/apec96/media2-a.html (April 22, 1997): 1.
12According to Wen Wei Po, Taiwan state because the Tiananmen Incident supported Taipei's plan. See V (Liberty Times) (Taipei), Novemb
14Ibid., no. 50 (December 9-15, 1991).
15People's Daily (Beijing), November 20, 1993.
16A speech made by PRC President Jiang Zemin on November 20, 1993. Beijing R
as soon as possible” to be WTO. APEC will need such a stable environment for its successful implementation of its original intentions. Although the PRC is recognized as a significant rising regional power, its circumscribed economic bargaining strength gives it no inherent advantage in APEC. In reality, not having an eminent position within APEC might allow Beijing to mold APEC to its own benefits. However, it has also skillfully worked with other worried regional states to serve its own interests, and its economic policies include supporting some of APEC’s original intentions, such as insisting on focusing on economic issues and complying with the liberal APEC economic norms.

Principles and Issues

Since joining APEC in 1991, Beijing has considered itself as being in a “constructive partnership” and has supported APEC’s structure and process. Jiang Zemin has attended all five meetings and expounded on the same major principles and prospects for APEC each year. Seven key words can summarize the PRC’s position: openness, gradualism, volunteerism, consultation, development, mutual benefits, and common interests. In the last four years, Beijing has steadily pursued these principles for its own reasons.

Beijing believes APEC should be an open, flexible, and pragmatic forum for economic cooperation and “a consultation mechanism rather than a closed, institutionalized economic bloc.” In contrast, the active role of Washington since 1993 has caused apprehension in many Asian countries. Economically, the Clinton administration has vigorously sought to achieve more liberal norms in the region, including a freer trade and investment climate as well as minimal state involvement in the economy. These norms are expected to reduce the risks to American commercial engagement in the region; thus, it is natural that the United States, with the support of Australia and Singapore, has aimed at further strengthening APEC structures and achieving specific, member representing the Chinese people, and Taiwan and Hong Kong invited only as “economic entities.”

APEC itself represents a process of complex bargaining. Although the PRC is recognized as a significant rising regional power, its circumscribed economic bargaining strength gives it no inherent advantage in APEC. In reality, not having an eminent position within APEC might allow Beijing to mold APEC to its own benefits. However, it has also skillfully worked with other worried regional states to serve its own interests, and its economic policies include supporting some of APEC’s original intentions, such as insisting on focusing on economic issues and complying with the liberal APEC economic norms.

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rational, and visible results. China has supported several member states of the Association of Southeast Asian Nations (ASEAN) which have declared their opposition to the U.S. effort to turn APEC from their preferred notion of a "loose, consultative" body into a more formal negotiating body, as it reckons that more institutionalization would allow strong states to dominate APEC and use it as a vehicle to impose their economic agenda.

The PRC also advocates grounding the processes of the regional economic cooperation in "Asian ways." As former Japanese Prime Minister Tsutomu Hata stated, APEC should develop by means of "incremental gradualism by consensus." The institutionalization of cooperative activity in the Asia-Pacific region has proceeded in this fashion, while the Western preference for creating organizations and formal structures, deciding modalities, and delineating responsibilities has been disdained. The Asian way stresses patience, informality, and attention to process rather than structures, and emphasizes dialogue, consultation, and consensus, rather than pacts or treaties. Therefore, instead of the binding reciprocity preferred by the United States, China, along with Malaysia and most other ASEAN member states, has sought "... cooperation [which] should proceed slowly and with due consideration for the diversity of the region."21

The evidence that Beijing supports an evolutionary approach is most obvious in Bogar's free trade timetable. In November 1994, Beijing accepted the recommendations of the Eminent Persons Group (EPG) to set a timetable for deciding and achieving free trade and investment in the Asia-Pacific region by 2020, with industrialized economies reaching the goal by 2010. The PRC and other East Asian members of APEC with relatively high levels of protection are clearly wary of being forced into an early round of regionwide tariff cuts that could cause serious economic, social, and political consequences arising from large-scale restructuring and job losses.


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As the *Ming Pao* points out, an evolutionary approach can place Beijing in a better bargaining position: Deadlines of 2010 for richer countries and 2020 for China and other developing nations not only are not imminent enough to pose a serious problem, but also give Beijing access to "free markets" in industrial countries first.\(^{23}\) Moreover, the declaration does not legally bind the countries to any obligations.

At each informal leadership meeting of APEC for closer economic and technical cooperation, Jiang Zemin has also stated: "We should step up cooperation in the technical field [and] facilitate the diffusion of technology and know-how."\(^{24}\) Beijing strongly hopes that economic and technical cooperation will accelerate the growth of developing economies and transform potential markets into actual ones. While the infrastructures of mainland China and many developing members have fallen far short of actual needs, hindering their economic and social progress, Jiang has called for more aid from developed nations, which "are well advanced in the development and management of infrastructure and are in a better position to provide financial resources and technology."\(^{25}\) In the 1996 Manila ministerial meeting prior to the Subic summit, the United States pushed hard for an APEC consensus on passage of an agreement to eliminate tariffs on products related to information technology before 2000. However, the PRC was very quiet regarding U.S. demands, only remarking that "the promotion of a free flow of information technology is not only a tariff issue, but one that demands more efforts to eliminate barriers to technology transfers."\(^{26}\)

**Focusing on Economic Matters**

The PRC wants APEC to focus strictly on economic cooperation, and supports working groups on special topics such as trade and investment data, trade promotion, industrial science and technology, human resources development, regional energy cooperation, etc. However, it does not want APEC to encompass political matters unrelated to trade, as it apparently fears that political and social norms may be items on the Clinton administration's APEC agenda.\(^{27}\)

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\(^{23}\) *Ming Pao* (Hong Kong), November 16, 1994, A8; *Zhongguo shibao* (China Times) (Taipei), November 17, 1994, 3.


\(^{25}\) *China Daily*, November 16, 1994, 1.

\(^{26}\) Ibid., November 26, 1996, 1.

\(^{27}\) See note 18 above.
When it came into being in November 1989, APEC was launched as a "nonformal process" which would concern itself with pragmatic economic issues in the Asia-Pacific region. For more than eight years, its members have thus vigorously tried to avoid political or defense issues, fearing that the sensitive subject might break up the already unwieldy eighteen-member group. However, many indications show that one of the reasons that the United States decided to play a more active role in APEC in 1993 was its belief that a multilateral security forum could compensate for U.S. military force reductions, and that the APEC summit could begin a process of transforming APEC from an economic forum into a political institution covering security issues. For example, during the 1995 APEC summit meeting in Osaka, Japan, U.S. Defense Secretary William J. Perry told the Japanese press that it was time to expand APEC from an economic group into a security alliance. In March 1997, U.S. Assistant Defense Secretary Kurt Campbell suggested that APEC should include political and security issues. In general, politicians and realistic scholars alike are very pessimistic about the possibility of APEC being used as a framework for anything other than economic purposes. However, the argument for APEC as the most appropriate base for a future security or political structure has been made repeatedly the last few years.

Beijing has strongly preferred bilateral negotiation, or what some observers describe as a unilateral approach, in dealing with political or security issues in the region, and has strongly opposed the internationalization of South China Sea conflicts or the Taiwan issue. Likewise, to China, the Spratly and Taiwan have been Chinese territory since ancient times, and therefore multilateral dialogues or conferences are out of the question.

Political and social norms are other items that Beijing has refused to discuss at the APEC forums. The United States has been pressing China for swift action in improving its human rights situation, and has even threatened

28Elek, "APEC," 163.
30William Perry's suggestion stirred up a great deal of resentment among APEC members. To ease suspicions, U.S. Secretary of State Warren Christopher later denied Perry's statement and announced that "economics, not security, should be the focus of APEC." See International Herald Tribune, November 18-19, 1995, 7; and Ming Pao, November 16, 1995, A12.
31LianShe bao (United Daily News) (Taipei), March 16, 1997, 9.
APEC was launched as a forum with pragmatic economic aims. Within eight years, its members had become engaged in defense issues, fearing that the unwieldy eighteen-member organization could be an impediment to the United States' military force presence in the Pacific region. In 1993, the Japanese press reported that it was considering the formation of a security alliance.30

Kurt Campbell suggested that Beijing was likely to be concerned about the possibility of its security institution being supplanted by other nations.31 In general, political concerns about the possibility of a security institution being supplanted by other nations were more pressing than economic concerns. The internationalization of security institutions, such as the APEC, has become a sensitive issue for Beijing.32

For example, during the 1995 Osaka summit, Jiang Zemin outlined five principles for conducting regional economic cooperation, but upstaged APEC partners by announcing the biggest liberalization of its markets since the start of reforms in 1979.39 Jiang announced the actions which the Chinese government would take in 1996 toward trade and investment liberalization: (1) reducing import tariffs on more than 4,000 items by at least 30 percent; (2) lifting tariff quotas and import control measures on another 170 types of products; (3) conducting trial operations for Sino-foreign joint venture foreign trade enterprises in Shanghai and elsewhere; (4) continuing to expand trial operations of Sino-foreign joint venture retail enterprises; and (5) integrating the

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34Ibid.
37Ibid.
38Asia Week, December 6, 1996, 16-18.
39China News (Taipei), November 20, 1995, 3.
foreign exchange market for foreign-invested enterprises into a comprehensive system of exchange settlement by Chinese banks. 40

For China, which has often been a target of criticism on trade policies, these actions were a symbol to show the world that Beijing was ready to take a major new step toward joining the world's free traders. Even Taiwan newspapers acknowledged in their headlines that Beijing has "stolen the show" on the last day of the APEC meeting. 41

Beijing's Diplomatic Efforts in APEC

As established above, China does not want APEC to deal with any issues not related to economic cooperation. However, it has embraced APEC policies and strategies that encourage market principles and economic rationality, as well as reduce existing or potential tensions with its neighbors in order to dispel its political image as a "threat" in the Asia-Pacific region. It is easy to see that the PRC has deliberately used APEC to campaign for its good-neighbor policy and maximize diplomatic gains. 42 The diplomatic objectives can be summed up in three major perspectives: (1) bridging relations with the United States; (2) strengthening ties with its Asian neighbors; and (3) insisting on the "one China" policy.

Bridging Sino-U.S. Relations

To some degree, Beijing's efforts to improve relations with other regional powers, including Japan, can be explained by its wish to avoid American dominance in this region. 43 But at the same time, it realizes that the United States is important to its economic and political interests. PRC leaders on many occasions have stressed the importance of the summit meetings, hoping they can promote mutual understanding. 44 In fact, the relationship between China and the United States has witnessed significant breakthroughs since November 1993.

41Ibid. 39, no. 52 (December 23-29, 1996): 6-7; *China Daily*, November 20, 1995, 1.
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The first Clinton-Jiang summit meeting in Seattle in 1993 was a turning point for the two countries, as it was the highest-level contact between them since the 1989 army assault on democracy demonstrators in Tiananmen Square. In a way, the APEC summit served as a face-saving excuse for breaking the deadlock in relations and ending a dangerous period of possible national interest conflicts between the two countries. As the Seattle summit approached, there had been an increase in meetings between Chinese and U.S. senior officials. In June of that year, President Clinton had conditionally renewed China's MFN status for another year, and some of the sanctions imposed on China had already been lifted. However, bilateral relations had not improved to pre-1989 levels: Washington was still complaining about the PRC's unsatisfactory performance on trade, technology transfers, strategic issues, and human rights, while Beijing was disapproving of the United States imposing unilateral conditions on Chinese behavior, considering it to be interference in their domestic affairs. In addition, the Yinhe incident, Beijing's supplying missile technology to Pakistan, and Beijing's nuclear testing had all agitated the relationship.45

Although suspecting U.S. intentions, Beijing considered the APEC summit a perfect chance for reconciliation. Indeed, Qian Qichen stated before the meetings that China set great store in the upcoming Seattle summit.46 He added, "We hope that through the meeting, the two countries will enhance mutual understanding and reinforce mutual trust, so that a new phase of normalization of bilateral relations will be ushered in."47 Jiang also stated before his trip that this meeting would bring "a new start" to relations between the two nations.48 On the other side, the United States also wanted to conduct "constructive engagement" with the PRC. Before the meetings in Seattle, Lee Kuan Yew, Singapore's senior spokesman, encouraged Clinton to use the summit to signal Washington's willingness to treat China as a strategic partner, not as a "Third World pariah."49 In the aftermath of the summit, the People's Daily

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46Qian made the remarks while meeting with Beijing-based American journalists on November 9 before he began his visit to the United States. Beijing Review 36, no. 47 (November 22-28, 1993): 7-8.
48China Daily, November 18, 1993, 1; People's Daily, November 21, 1993, 1.
commented in 1994 that Sino-U.S. relations had made a modest improvement. For example, there were increased contacts and visits by high-level officials from both countries, including Chinese Vice-Premier Zou Jiahua and U.S. Secretary of State Warren Christopher, Chinese foreign trade and financial ministers, and American treasury and agriculture secretaries, among others. 50

Another turning point in Sino-U.S. relations occurred at the Manila summit meeting of 1996. After Washington allowed ROC President Lee Teng-hui to visit the United States in June 1995 for a college reunion, ties had deteriorated. The PRC not only withdrew its ambassador from Washington, suspended negotiations on arms proliferation, and canceled various high-level visits and exchanges, it also took direct action against Taiwan by suspending cross-Straits dialogues that had been under way since 1987 and staging a series of military exercises just north of the island involving missile tests and naval maneuvers. The latter occurred just before Taiwan's presidential election in March 1996, plunging Sino-U.S. relations to their worst point when Washington sent two aircraft carriers to the area in a show of support for Taipei. 51 It was obvious that there was no clear solution in sight to the problems that plagued the relations between the two countries. However, the APEC summit again provided a chance for the two sides to be reconciled with each other, and when Secretary of State Christopher stopped in Beijing and Shanghai, the tone of his talks was positive. "Like all great nations," Christopher said in a speech at Shanghai's Fudan University, "we will no doubt at times have divergent views. But history has given our two countries a remarkable opportunity [APEC]—the opportunity to build a new era of cooperation for a new century. We must seize it." 52

At the Manila summit in 1996, Jiang Zemin arranged for a full state visit to the United States. When the Chinese and American presidents emerged from their ninety-minute meeting in Manila, they announced reciprocal state visits for 1997 and 1998, without specifying who would go to Beijing within the first six months of 1997. 53 Jiang made his visit to the United States in early November, shortly after the Chinese Communist Party's Fifteenth National Congress. Together, these two trips have represented the first such visits between the two powers since June 1989.

No one expects that conferences or disputes; however, bilateral meetings through APEC can discuss and reduce misunderstandings. U.S.-China summits have included discussions on human rights (1993, 1996); the Vietnam war (1994, 1995, 1996); relations with China's alleged M-11 missiles (1993, 1995, 1996); China's entry into the World Trade Organization (1995, 1996); China's entry into the Pacific basin (1995, 1996); the PRC's affordable tourist services (1996); China's entry into the regional community (1996); and China's entry into the World Trade Organization (1996). Jiang's "good-neighbor" policy toward the United States is clear, and China unswervingly pursues regional and global stability. We never seek military blocs and never seek an alliance. 54

51Asiaweek, December 6, 1996, 16-18.
52Ibid.
53Vice President Al Gore eventually made the trip in March 1997, marking the highest-level U.S. visit to China since the bloody military crackdown in Beijing in June 1989.
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between the two powers since June 1989.54

No one expects that contacts and dialogues alone can resolve all differences or disputes; however, it appears that the opportunities for informal bilateral meetings through APEC have provided channels for the two sides to discuss and reduce misunderstandings and suspicions. Topics discussed in U.S.-China summits have included: China's treatment of dissidents and human rights (1993, 1996); the principles regarding the Taiwan issue (1993, 1994, 1995, 1996); the Yinhe incident (1993); nuclear tests (1993, 1996); China's alleged M-11 missile sales to Pakistan (1993, 1994); China's bid to host the 2000 Olympics (1993); visits of high-level officials (1993, 1994, 1995, 1996); China's entry into the GATT/WTO (1993, 1994, 1996); automatic renewal of China's MFN trading status (1996); outstanding issues such as textile quota disputes and intellectual property rights settled by consultations, not by sanctions (1996); environmental cooperation (1996); and four-party talks on North Korea (1996).

Strengthening Ties with Asian Neighbors

Since APEC is the most important regional cooperation forum in which China is officially involved, it is only natural that APEC has also become an instrument used by Beijing to downplay the perceived image of a "China threat." In the last few years, many countries in the region have increasingly voiced their concern over what they see as Chinese expansionary movements, an impression that has been recently reinforced by China's modernization of both its naval fleet and air force, moves which have been interpreted as a bid to establish itself as a regional power. Moreover, not only has China's defense budget increased dramatically, but there has also been a noticeable increase in military activities in the East China Sea, both of which have generated considerable concern among East Asian countries.55

In a speech at the 1993 APEC summit, Jiang Zemin reconfirmed Beijing's "good-neighbor" policy:

China unswervingly pursues an independent foreign policy of peace and has been making unremitting efforts toward the maintenance of regional and world peace and stability. We never seek hegemony. We keep away from arms race and military blocs and never seek any sphere of influence. We always strive to develop

At separate meetings with leaders from South Korea, ASEAN member countries, and Japan, China also declared its shared interest in reducing tension and building peace in the region. For instance, Beijing has told South Korean President Kim Young Sam that China will support a nonnuclear Korean Peninsula, and has encouraged North and South Korea to solve their conflicts by peaceful negotiations. While it agreed with its Southeast Asian neighbors that there is little room for compromise in the confrontation of sovereignty and security issues, it has reaffirmed its support for the peaceful settlement of disputes, the equality of states, and the principle of consensus.

During each APEC meeting, Jiang Zemin has also held separate bilateral meetings with Japanese prime ministers, specifically to discuss Chinese domestic concerns, namely the hope that Japan will not become a military power. Japan is currently China's largest trading partner, while China is Japan's second largest trading partner. China has also recently expressed cautious support for Japan's role in international affairs. Although relations between the two sides have been considered to be very positive recently, the Chinese still have negative perceptions of Japan as a cruel historical enemy. According to the China Daily, Jiang's major concerns expressed to Japanese Prime Minister Ryutaro Hasimoto in the 1996 Manila summit were as follows: (1) the Diaoyutai (Senkaku) Islands are an inalienable part of China's territory, and the two sides should not let the simmering dispute over them hamper relations; (2) the Japanese should perceive and correctly acknowledge its history of military aggression against China; (3) in the same vein, senior Japanese leaders should pay no more visits to the Yasukuni Shrine, which is associated with Japanese military expansion; (4) from a long-term viewpoint of preventing tragedies from happening again, it is necessary for Japan to strictly check a possible military resurgence and impart in its younger generations a correct perception of history; and (5) Japan should adhere to the "one China" policy and support China's bid to enter the WTO.

In general, Beijing's expanding economic and political connections with

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57 People's Daily, November 15, 1994, 1.
58 Ibid., November 15, 1994, 1; and November 19, 1995, 1.
South Korea, ASEAN member and all other countries of the Coexistence.56

South Korea, ASEAN member has an interest in reducing tension, Beijing has told South Korea to solve their conflicts in its Southeast Asian neighbors and the peaceful settlement of disputes.57

has also held separate bilateral talks to discuss Chinese do­main will not become a military trading partner, while China is also recently expressed cau­sions.58 Although relations between the two have been very positive recently, the issue can as a cruel historical enemy. Concerns expressed to Japanese officials at the Manila summit were as follows: (1) China's territory, including dispute over them hamper and correctly acknowledge its claim, (2) senior officials at the Yasukuni Shrine, which is a war memorial, (3) in the same vein, senior officials of the PRC have expressed their concern about the Yasukuni Shrine, which is a war memorial, (4) from a long-term viewpoint concerning the issue, it is necessary for Japan to recognize its historical responsibilities. (8) Japan should adhere to the "one China" policy of the WTO.60

The "One China" Policy

Beijing has effectively persuaded all APEC members to adhere to its "one China" policy (Taiwan and Hong Kong are included in APEC, but not as "sovereign states".61 Taiwan must be called "Chinese Taipei" and its political leaders are not allowed to attend the conferences).62

62While Japan has suggested letting Australia and New Zealand join ASEAN, the PRC has asked ASEAN to let India join APEC. Zhongguo shibao, November 21, 1995, 10.
63South Korea, Indonesia, Thailand, the Philippines, Singapore, and Brunei also support the EAEC. See International Herald Tribune, November, 10, 1994, 4.
64Trade volume between the two countries was about US$1 billion in 1996. China Daily, November 18, 1993, 4.
66Delegates from Taiwan and Hong Kong have maintained a low profile, giving the limelight to China's delegation, led by Foreign Minister Qian Qichen. South China Morning Post, November 22, 1991, 23.
67No ministers of foreign affairs participate in APEC activities, and APEC members have agreed that no national flags would be displayed in order to avoid awkwardness involving the "three Chinas." Similarly, meeting organizers have had to seat delegates from China and Taiwan at opposite ends of the conference table, so that they would not have to make eye contact. Frank Ching, "Forum Keeps the Peace as China Shows Three Faces," South China Morning Post, November 22, 1991, 23; Wen Wei Po, October 18, 1991, 2.
For years, Taiwan has attempted to play a constructive and cooperative role in all working groups, ministerial meetings, and annual conferences in the hopes of not only extending its trade activities with member countries, but also to achieve higher status in the world community. It has lobbied APEC members to treat it as an equal participant in APEC, arguing that not only is it a model of democratic development, but has also long been a proponent of free market and a leader in the fastest-growing region in the world. Since Taiwan joined APEC, it has made annual efforts to have President Lee Teng-hui invited to the informal summit meetings. However, President Lee has been excluded from annual heads-of-state meetings.68 Before the Seattle summit, for example, President Clinton sent an invitation card to Lee, but hoped that Lee would not participate. Before the Bogor summit in 1993, the Taipei government implemented a Southward Plan to invest in Indonesia, and in 1994, Premier Lien Chan and President Lee Teng-hui met with Indonesia President Suharto with the intention of gaining friendly feedback. However, at the Bogor summit, Suharto decided to follow the Seattle format.69 At the same time, Taipei hoped that Japanese leaders would provide a special relationship for President Lee, but Prime Minister Tomiichi Murayama stated that Japan would abide by the Seattle and Jakarta models.70 In 1996, as the editor of the Far Eastern Economic Review noted, Lee's exclusion from the Subic Bay summit was particularly ironic, as after all, it was "largely Taiwanese investment that helped transform the old U.S. naval base into an industrial park and Philippine showcase."71 In other words, Taiwan's political efforts have made very little progress, even though its economic efforts have facilitated substantial economic relationships with many APEC members, including mainland China.72

Conclusion

In sum, the PRC's APEC policy operates on two levels. The first level gains most of the headlines and is concerned with supporting rules and order in the regional economy, so that development. The second level can jargon calls "constructive e lay the foundation for becoming its sovereignty.

Some scholars argue that Chinese policymakers have taken building is "finding a balance between posture while pressing ahead with case of APEC, Beijing obviously to each other. Beijing's APEC policy conducive to the successful in development. This requires the economic interests. In other words, to show a benign face to the States, and promote its GATT/.

At the same time, Beijing's political connections with APEC is negative cooperative participant in the effort. It is misleading to concl unipolar counterpart of the Un other APEC members. However, perceptive manner to bridge the dis foreign goals.

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70China Daily, November 15, 1994, 1.
72Many observers believe that the PRC's participation with Taiwan in APEC will contribute to an emerging accommodation between the two Chinas. The fact that ministers from both sides are attending the meetings can also be taken as an encouraging sign.
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in the regional economy, so that mainland China can plan its own economic development. The second level has a lower profile and involves what American jargon calls "constructive engagement." It involves the PRC's efforts to lay the foundation for becoming an influential regional power and protecting its sovereignty.

Some scholars argue that one of the main conundrums that mainland Chinese policymakers have tackled in the past forty-five years of nation-building is "finding a balance between maintaining a strong national security posture while pressing ahead with economic development."73 However, in the case of APEC, Beijing obviously has realized that the two are compatible with each other. Beijing's APEC policy has centered on creating an environment conducive to the successful implementation of mainland China's economic development. This requires that Beijing diplomacy be mobilized to serve its economic interests. In other words, APEC has provided China with an opportunity to show a benign face to the world, smooth relations with the United States, and promote its GATT/WTO membership bid.

At the same time, Beijing also sees APEC as an occasion to expand its political connections with APEC members and bolster China's image as an active cooperative participant in regional dialogues without too much political effort. It is misleading to conclude that China's APEC policy has checked its unipolar counterpart of the United States, and has brought conciliation with other APEC members. However, the PRC has tactically maneuvered in a perceptive manner to bridge the differences and reaffirm its territorial and sovereign goals.