

**NATIONAL COMMITTEE ON U.S.-CHINA RELATIONS  
GALA DINNER  
OCTOBER 24, 2007  
NEW YORK**

**John D. Negroponte  
Deputy Secretary of State  
U.S. Department of State**

**RUSH TRANSCRIPT**

Thank you very, very much, Carla, for that kind introduction. I want to say at the outset, and I've said this before and it bears repeating, for as you mentioned I was Ambassador to Mexico from 1989 to 1993 and so we had the opportunity to work extremely closely together as you negotiated the historic North American Free Trade Agreement with Canada and Mexico.

I don't have a moment of regret about that agreement. I think it was the right thing to do. I think it's done a tremendous amount of good and I just hate to think of where our economic relationship, not to mention our other relationships, but our economic relationship with Mexico would be, if we didn't have that agreement in place today. I think it was a visionary accomplishment on the part of President George Bush Senior and of yourself.

I'd also like to acknowledge the presence of many good friends here. Former Ambassadors to China, Stapleton Roy, whom I've had the opportunity to work with recently on a couple of issues at the State Department. I saw Ambassador Sasser earlier.

I'm delighted to see both of these colleagues. I'm delighted to see Governor Pataki has come to join us this evening. Delighted to see you, sir, and remember well the time that I was Ambassador to the United Nations right after 9/11 and the leadership that you gave to this state and to this city in coping and dealing with the aftermath of 9/11. So thank you very much for your presence. The governor tells me it's not so bad out there in the private sector. He doesn't have to set his alarm clock in the morning any more!

I'd also like to express my appreciation for the presence of China's diplomatic corps. The chargé d'affaires from Washington, Mr. Zheng Zeguang. Also, Consul General Liu Biwei. Mrs. Cong Jun, who is representing her husband here today, the United Nations Ambassador of China here in New York, who is at the Party Congress. And thanks to many other of the Chinese officials who are here with us. I'd also, of course, like to express appreciation for the presence of my colleague, Chris Hill, and of course, his deputy, Deputy Assistant Secretary Tom Christensen, who has the lead on China issues in the East Asia and Pacific bureau and who has been of immense help to me as I've carried out our political dialogue with the Chinese government. I also want to thank the National Committee for letting us borrow Tom, at least for another year, before he returns to Princeton University.

I've seen a number of old timers here tonight and I want to thank them for the groundbreaking work that they have done in building a foundation for U.S.-China ties.

*National Committee on U.S.-China Relations  
Rush Transcript  
October 24, 2007*

Our bilateral relationship has long been of great personal interest to me. My first posting with the Foreign Service was in Hong Kong, providing an important window on China. I served on President Nixon's National Security Council staff, I traveled to what was called Peking at the time, before we established diplomatic ties. This was a year after the National Committee helped create Ping-Pong diplomacy.

In the early 1970s, the focus was on rapprochement. After establishing diplomatic relationships in 1979, we turned to the business of building bilateral relationships. Now, the challenge is much more expansive. We are building U.S.-China cooperation in third areas of the world, from Iran to western Sudan. The United States-China relationship will be central to our success on nearly all fronts of our foreign policy. And this cannot be a government-only endeavor.

We need help, as the Chinese say, from all walks of life, especially from private organizations like the National Committee on United States-China Relations.

Simply put, China is one of our most important bilateral relationships. I say this in no effort to downplay our strong alliances around the world. In Asia, in particular, our military and political ties with our allies, Japan, Korea, the Philippines and Australia, have kept the peace, allowing the entire region to enjoy stability to enjoy prosperity and stability. And no state has benefitted more than China.

In terms of diplomatic interaction, we have journeyed a long way since I worked on Henry Kissinger's National Security Council staff in the early 1970s. Today, our two presidents see each other several times a year. Secretary Rice participates in regular meetings and telephone calls with her Chinese counterparts, now-Foreign Minister Yang. Our Assistant Secretaries in our regional bureaus meet for regular intensive dialogues with their counterparts in the Foreign Ministry. Just a few years ago, it would be hard to imagine these people even knowing each other, let alone engaging in a deep, collaborative process.

Next year, we will open our new Embassy compound in Beijing. We also are working on opening our new Consulate General in Wuhan, in central China, to bring our diplomatic presence to more parts of the country.

Our presidents have launched two important diplomatic initiatives to coordinate our bilateral and global cooperation. The senior political dialogue, which I lead, and the Strategic Economic Dialogue, led by Treasury Secretary Hank Paulson.

Tonight, I would like to discuss five of the major global challenges that will require United States-China cooperation now and in the generation to come.

First, terrorism. Many Chinese nationals died alongside United States citizens, alongside citizens from 80 countries on September 11, 2001. Since that day, the United States and the world have focused on the threat posed by violent extremists, which endangers all of our security and prosperity. As we work with China to combat terror, some of our cooperation will be diplomatic, requiring the United Nations Security Council approval. Others will address terrorist

*National Committee on U.S.-China Relations  
Rush Transcript  
October 24, 2007*

financing, an issue that will become more prominent in our bilateral relations as the banking sector becomes more global.

Our second challenge is weak, poorly governed and failing states. In the future, the United States will continue to work with the UN Security Council, particularly its permanent members like China, to find solutions to these threats. But Security Council action alone sets the action for the state for more intensive diplomacy between interested and responsible powers.

We see this today regarding Sudan and Burma. In the case of Sudan, China supported Security Council Resolutions 1769, which called for the deployment of a robust United Nations-African Union hybrid peacekeeping force, under United Nations command. China played a pivotal role in brokering the agreement in support of this plan, which has committed 300 engineering troops to the force. We appreciate this sort of engagement in Sudan and have asked Chinese leaders to persuade President Bashir to unequivocally accept the United Nations-African Union force.

But China's interests in Sudan and Burma go beyond that of an interested Security Council member. China purchased more than \$1.9 billion of Sudanese oil last year. Beijing remains a major trading partner and provider of arms to Burma. As China's global footprint grows, so will its interests and responsibilities.

We believe that China's support for international intervention in Darfur shows a realization in Beijing that a strict policy of non-interference is out of step with the norm and challenges of our globalized world. We will continue to look to Beijing, now and in the future, not only to help the people of Darfur, but to prevent political instability and civil violence in other parts of the world.

Our third challenge is ensuring continued global economic prosperity. We welcome Chinese participation in the global economy. As President Bush has noted, we welcome a strong and prosperous China. In the years since my time in Hong Kong, more than four decades ago, the Chinese people have performed nothing short of an economic miracle.

This growing economic prosperity brings global responsibility. China must lead and encourage international economic growth. Five years after entry into the World Trade Organization, China and other developing nations like India and Brazil, should be leading the charge in dismantling trade barriers in the Doha Round, not claiming that it has done enough. As Chinese products reach ever more markets, the United States will work closely with Chinese regulators to ensure that only safe products reach our homes and businesses, on both sides of the Pacific. These types of real concerns of the American people must be addressed and we will address them with China in our Strategic Economic Dialogue and in other settings.

While this Administration believes strongly in the benefit of American workers and families that international trade brings, we recognize that some industries will face stiff competition. When we see unfair trade practices, we will take action at home or in the WTO. We also will raise our concerns over industrial policies and intellectual property rights directly with the leadership in Beijing.

Protectionist trade legislation, on the other hand, is not the answer.

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I would just mention one other responsibility that all large economies share in encouraging global growth: helping those who are being left behind by globalization. On this front, China has a long record in assisting in the economic development of poor countries and we welcome continued Chinese investment in, and trade with, developing countries, that can help to lift millions out of poverty.

But one of the areas we'd like to gain better understanding is Chinese foreign assistance projects and low-interest loans. Our concern is that without transparency and coordination with other lenders and donors, Chinese programs and projects can undercut multilateral efforts to promote accountability, good governance and sustainable growth. Our experience has taught us that without these considerations, investments and projects cannot only waste money, but destabilize the very country the investor wants to support.

The fourth global challenge that we and China face is the enforcement of non-proliferation norms. Here, Beijing has already come a long way in its approach to curbing the sale of weapons and associated technologies. One current example is Beijing's leadership in hosting the Six Party Talks. Following North Korea's provocative missile launches of July 2006 and in subsequent nuclear tests last October, China joined other members of the Security Council in unanimously imposing strong measures under UN Security Council Resolutions 1695 and 1718, including Chapter 7 sanctions. This was a major step for a country that Mao Zedong once described as being as close to North Korea as lips and teeth.

We are committed to working closely with China to implement fully the September 2005 Joint Statement, to achieve the complete, verifiable and irreversible denuclearization of the Korea Peninsula. This process has already begun, with China's recent announcement of agreement on second phase actions for implementation of the joint statement.

On Iran, China shares our assessment that Tehran must not obtain nuclear weapons capabilities. But we have at times differed on what kinds of action are necessary. Yes, China joined the United States and other Permanent Five members in approving UN Security Council Resolution 1737 and 1747, which imposed Chapter 7 sanctions on Iran for its failure to comply with its international obligations.

Still, there are other steps that China can take, including reconsidering investments in Iran's oil and gas sector. We have made clear to Beijing that these types of investments, along with continued arms sales, send the wrong signal the Iranian regime and raise serious concerns. Given Iran's intransigence on its nuclear program and its active support of terrorism, now is not the time for normal relations and business as usual with Iran. We are reaching a critical junction with respect to Iran's nuclear development, which will require a new United Nations Security Council Resolution.

Fifth and finally, we must tackle together the multifaceted challenge of energy security, economic activity and climate change. To address this challenge, it is imperative that Beijing have a seat at the global table. China now is the world's number three importer of oil across the

globe. And by one recent estimate, China has surpassed the United States as the world's largest emitter of carbon dioxide.

Any solution to these global challenges will require Beijing's buy-in. That is why President Bush invited Chinese representatives, along with representatives from over a dozen major economies, to a meeting last month to forge a post-Kyoto consensus to address climate change. This must include developing nations exempted from earlier targets. At the same time, we must address climate change in a way that does not stunt global economic growth.

The five challenges that I have addressed represent an opportunity to work consistently with China to solve major global problems that affect us all. At the same time, though, we must be mindful of serious differences and bumps along the road that we will have to manage carefully.

One of those areas is China's treatment of its own citizens. China's people are overall, more prosperous, better educated and better informed than at any time in their history. Yet we remain concerned by China's still weak record of guaranteeing freedom and justice for all its citizens. We are concerned with the treatment of minority communities in nominally autonomous areas. And we continue to encourage direct dialogue between the Chinese government and the Dalai Lama.

We hope to rapidly resume our bilateral human rights dialogue to discuss these issues. In our discussions, we point out that freedom is a source of national strength, not weakness. And that religious groups play an important and stabilizing role throughout the world through their charitable and social work.

Because China's overall human rights record remains weak, it is difficult to secure sustained support from the American people for the kind of deep and close relationship with Beijing that we believe will serve the interests of both countries and the entire world.

Another issue that will require careful management is the relationship across the Taiwan Strait. The United States believes that a strong, moderate Taiwan is a force for stability, prosperity and democracy in the region. We have also made it clear, however, that we do not support Taiwan independence. And that United States opposes unilateral acts by either side that attempt to change the status quo in the Taiwan Strait.

We believe that it is up to the people on both sides of the Strait to resolve their differences peacefully. The policy of the United States on cross-Strait relations is firmly rooted in the three joint Communiqués and the Taiwan Relations Act. Our policy has been durable and consistent over the course of more than three decades and seven Administrations; it will not change now.

Even as we express our opposition to certain political initiatives by Taiwan, we remain concerned about the growing arsenal of missiles and other Chinese military systems arrayed against Taiwan. We are also concerned about Beijing's refusal to renounce the use of force against Taiwan. We have communicated to the Chinese that their buildup of coercive capability across from Taiwan runs counter to their stated commitment to peaceful settlement of cross-Strait differences. It is a destabilizing factor in cross-Strait relations. It is also unhelpful when

Beijing attempts to place conditions on, and limit, Taiwan participation in international organizations where statehood is not a requirement.

Beijing deployments opposite Taiwan and its fast-paced military modernization raise broader concerns about Beijing's opaque military objectives. The January 11 test of a direct ascent, anti-satellite weapon exemplifies these concerns and it raised concerns in capitals around the world. Increased openness about its military budget, doctrine and intentions would do much to allay our concerns and those of China's neighbors. Defense Secretary Robert Gates will travel to Beijing next month and we hope these types of exchanges will be the norm, not the exception in the coming years, so that we can increase understanding and reduce suspicion.

On the subject of visits, the coming year will see China hosting athletes from approximately 200 participating teams at the 2008 Beijing Olympics. This represents the proud culmination of years of efforts by China's leaders, athletes and citizens. The United States wants successful Games and President Bush has announced his intention to attend the Opening Ceremonies in Beijing. The president has also noted the opportunity the Games provide for China to show a commitment to greater openness and tolerance. We urge China to seize the chance to put its best face forward and abide by the spirit of the Game so that China can enjoy a truly successful Olympics.

Ladies and Gentleman, never in our shared history have the United States and China been so deeply engaged together, working together on a wider scope of global issues. We seek to use this historic level of engagement to help shape China's choices. We want to encourage China to practice a responsible and stabilizing influence on international affairs, not just in the East Asia region but around the world.

We do not approach the United States-China relations as a zero-sum game. To the contrary, we actively invite China to play a larger role on the international stage to ensure stability and prosperity long into the future by confronting global challenges together. The course of United States-China relations over the past three and a half decades has certainly outstripped the expectations we held back in that fateful year of 1972. In this common effort, I am proud to have had the opportunity to play a part. And I want to thank the National Committee on U.S.-China Relations for the exceptional role it continues to play in nurturing one of the most important relationships in our world today.

Thank you very much.