ISSUE DEFINITION

President Carter's surprise announcement on Dec. 15, 1978, that the United States would establish diplomatic relations with the People's Republic of China (P.R.C.) as of Jan. 1, 1979, would break its diplomatic ties with the Nationalist Chinese administration on Taiwan on that date, and would terminate its defense treaty with Taiwan a year later presented Congress with several legal, economic, and strategic concerns regarding future U.S. relations with China and with Taiwan. In general, these issues focused on the following three questions:

1. How would the United States continue current commercial (including arms sales), cultural, and other forms of interchange with Taiwan in the wake of the break in official diplomatic relations?

2. What legislative actions were likely to be required in order to normalize commercial and other interchanges with the P.R.C. following the normalization of Sino-American diplomatic relations?

3. What should be the direction of future U.S. relations -- especially military ties -- toward China, and what effect would changed relations with the P.R.C. and Taiwan have on other important American foreign and defense policy concerns, especially vis-a-vis the U.S.S.R.?

BACKGROUND AND POLICY ANALYSIS

President Carter's decision was designed to put an end to the Taiwan issue as an impediment to normal Sino-American diplomatic relations. The Taiwan question had remained the major stumbling block between Washington and Peking following President Nixon's landmark visit to the P.R.C. in February 1972. At that time, Nixon and Chinese leaders signed the Shanghai Communique, which deferred problems of diplomatic relations and Taiwan for the sake of working together on the basis of common Sino-American strategic interests in Asian and world affairs. In particular, the two sides pledged to cooperate to insure that the East Asian region would not become subject to international "hegemony" -- a code word used by China to denote Soviet expansion. Prospects for such cooperation had been enhanced during the Nixon Administration by the reduction of the U.S. military role in Vietnam and by the scaling down of the U.S. military pressure along China's periphery in East Asia. Peking, for its part, was actively searching for increased support against the Soviet Union. The Chinese had been facing heavy Soviet military pressure since the Sino-Soviet border clashes of 1969. By the turn of the decade, they viewed the Soviet Union as China's major adversary and saw the United States as a source of useful leverage against the Soviet "threat."

Over the next five years, the Nixon and Ford Administrations emphasized common U.S.-P.R.C. strategic interests in opposition to international "hegemony," and encouraged closer U.S. contacts with the P.R.C. without significantly altering formal U.S. diplomatic and defense ties with Taiwan. This policy seemed acceptable to China and relations gradually improved. In
particular, Peking saw the gradual withdrawal of U.S. forces from East Asia—under terms of the Nixon doctrine—as conducive to a slow expansion of Chinese influence in the region. At the same time, it was important to Peking that the United States avoid a precipitous pullback and maintain sufficient forces in the area—especially naval and air forces—to help China offset possible Soviet expansion in Asia. Also, Peking urged the United States to vigilantly check Soviet moves in Europe and the Middle East, thereby compelling the U.S.S.R. to focus its strategic attention westward, away from China.

Minor problems arose in Sino-U.S. relations during 1974, apparently because of leadership debate in China between "moderates," led by Premier Chou En-lai and Vice Premier Teng Hsiao-ping, and more "radical" leaders led by leftists Chinese Politburo members Chang Chun-chiao and Chiang Ching. The debate focused on domestic issues, but it also affected foreign policy, including policy toward the United States. Mao's death in September 1976 was followed in a few weeks by the purge of Chang Chun-chiao, Chiang Ching, and two other leftist Chinese Politburo members.

The purge of the leftists and the advent of the Carter Administration in January 1977 were accompanied by a return to greater moderation and smoother functioning in Sino-U.S. relations. Peking soft-pedaled criticizing the United States over the normalization issue and demonstrated marked pragmatism in other areas of foreign affairs, notably by increasing economic and political ties with Japan and Western Europe, while ending longstanding aid programs and political support for former ideological allies like Vietnam and Albania.

The Carter Administration, for its part, reaffirmed its intention to work for the full normalization of U.S.-P.R.C. relations. As Soviet-American relations encountered difficulties over arms control, Soviet policy in Africa, and human rights, a number of U.S. leaders in and outside of government advocated a closer relationship with China as a means to pressure the U.S.S.R. into a more accommodating posture toward the United States. Perhaps with this in mind, U.S. leaders emphasized parallel strategic interests with China during the visit of National Security Adviser Zbigniew Brzezinski to Peking in May 1978, and they subsequently stepped up technical exchanges and trade with China while limiting similar interaction with the Soviet Union. In response, Soviet leaders strongly warned the United States against trying to "play the Chinese card" in its relations with the U.S.S.R.

Meanwhile, U.S. economic relations with Taiwan remained close, even though political ties became increasingly cool and the U.S. gradually withdrew its military forces stationed on the island. U.S.-Taiwan trade continued to grow rapidly; its annual value in recent years has been several times the annual value of U.S. trade with the P.R.C.

President Carter's Decision

Peking leaders had long demanded that the United States meet three conditions for the normalization of Sino-American diplomatic relations; the United States must withdraw all military forces from Taiwan, break diplomatic relations with the government on Taiwan, and terminate the U.S.-Taiwan defense treaty. At the same time, the leaders had urged the United States to follow the example of Japan's normalization of relations with the P.R.C. in September 1972. The so-called "Japanese formula" required the United States to end diplomatic relations with the Taipei government, recognize Peking as
the sole legal government of China, and acknowledge Peking's claim that Taiwan is part of China. This approach foretold the ending of the U.S.-Taiwan defense treaty, but U.S. economic relations with Taiwan would continue unhindered and political relations were to be maintained through private offices staffed by career foreign service officers who are officially "retired," "separated," or "on leave."

President Carter's Dec. 15, 1978 speech made clear that the United States would meet Peking's three conditions and that it would follow the Japanese formula with few modifications. The United States did not immediately terminate the U.S.-Taiwan defense treaty, but rather notified Taiwan that the mutual defense treaty between the United States and Taiwan is to be terminated one year from Jan. 1, 1979, in accord with the provisions of the treaty. And, Administration spokesmen told the press after the President's announcement that the United States would continue during 1979 to deliver military equipment already contracted for by Taiwan, and that even after formal military ties end, the United States would continue to make available to Taiwan "selected defense weaponry" on a "restricted basis."

The Chinese leaders in Peking hailed the Sino-American agreement on normalization, with Premier Hua Guofeng holding his first press conference in order to welcome the accord. In Taipei, Chinese Nationalist leaders bitterly condemned the President's "sell-out," while some anti-American demonstrations were held in the city. Reactions of most major foreign governments were mild.

U.S. and P.R.C. leaders hailed the normalization of their diplomatic relations during Chinese Vice Premier Teng Hsiao-ping's visit to the United States from Jan. 29 to Feb. 4, 1979. The two sides announced in a joint press communiqué that they had agreed to conclude trade, aviation, and shipping agreements, and they used the communiqué to reiterate their joint opposition to international "hegemony."

Future Relations with Taiwan

There appeared to be three major issues involved in future U.S.-Taiwan relations: (1) the maintenance of continued -- albeit unofficial -- political ties; (2) U.S. arms sales to Taiwan; and (3) continued trade with and continued U.S. private investment in Taiwan. This third issue includes the continued application of most-favored-nation (MFN) treatment and of the generalized system of preferences (GSP) to Taiwan, the extension of Export-Import loans to Taiwan, and investment guarantees provided by the Overseas Private Investment Corporation (OPIC) to U.S. firms investing in Taiwan.

The Administration prepared a package of legislation and submitted it to Congress as an "omnibus bill" in January 1979. Provisions for continuance of unofficial political ties, as expected, were similar to the Japanese formula for maintaining ties with Taiwan. The Administration's bill called for the establishment of a nonprofit private corporation, to be called the American Institute in Taiwan, which would carry out programs, transactions or other relations previously conducted by the U.S. embassy. Government funds would be appropriated for the Institute to carry out these functions, and it would be staffed by personnel separated from government service but eligible for reinstatement with full career benefits after termination of employment with the Institute.
The proposed legislation also provided that legal requirements for the maintinance of diplomatic relations with the U.S. will not bar the people on Taiwan from eligibility in programs under U.S. law; specified that laws, regulations and orders which refer or relate to "foreign governments" would continue to apply to the people on Taiwan; and provided for dealing with the people on Taiwan through an instrumentality established on their behalf. These provisions were intended to confirm the continued eligibility of the people on Taiwan under the Arms Export-Import Bank Act, the Foreign Assistance Act of 1961, and other legislation.

The Role of Congress

Congressional reaction to the Administration's decision and proposed legislation was mixed, with an overwhelming majority of Members judging that at least some special congressional efforts were needed in order to change several aspects of the Administration's new policy toward China and Taiwan. Few Members opposed the establishment of diplomatic relations with Peking, as most agreed with the arguments of Administration spokesmen that this was a goal that had been widely accepted in the United States since Nixon's trip to China in 1972. Rather, the Members were concerned over what they saw as the inadequacies in the Administration's handling of the normalization question. They adopted the view that the issue of whether to recognize the P.R.C. was not the central question; the important point focused on what some Members called the "practical implications" of normalization -- questions concerning the timing and the method of normalization and especially its impact on Taiwan and broader U.S. foreign policy interests. In these respects, they judged that the Administration had not done a good job.

The Congress used deliberations and legislative action during the debate on the Taiwan bill in order to register their dissatisfaction and to make numerous amendments and changes. Although the congressional actions focused on future U.S. relations with Taiwan, they also showed concern over U.S. policy toward China and Asia in general, and over the problem and prospects of Executive-Legislative interaction in the conduct of American foreign policy. Thus, for example, many Members were especially critical of the "haste" of the Carter Administration in coming to agreement with China without allowing for adequate consultations with Congress.

Against the background of signs of friction between the Administration and the Congress over the style of the new American China policy, the Congress set to work to modify several substantive aspects of the Taiwan relations bill. In broad terms, Congress judged that the bill did not give sufficient attention to U.S. security interests in Taiwan and the Western Pacific, failed to treat adequately aspects of future U.S.-Taiwan economic relations, slighted a number of important legal questions regarding relations with Taiwan, and avoided providing for strong congressional oversight of U.S.-Taiwan ties.

1. Security Issues. Congress showed particular concern that the official American break with Taiwan might be misinterpreted in Asia and elsewhere as a part of a continuing American withdrawal from commitments in East Asia following the failure of U.S. efforts in Indochina in the mid 1970s. Some Members judged that the Carter Administration's "hasty" normalization decision, without consulting closely with U.S. allies in Asia, could have given an impression that the United States was not concerned with the fate of its allies in the area and could not be counted on for future security support. Thus, after heated discussion and consideration of several different proposals in both Houses, the Congress decided to add language to
the Taiwan Relations Act that would demonstrate more clearly the American commitment to support the security of the people on Taiwan and to maintain an active interest in backing U.S. allies elsewhere in the region. In sections 2 and 3 of the Act, Congress added a number of declarations of policy which, among other things, affirmed that it is the policy of the United States:

- to declare that the peace and security of the Western Pacific are in the interests of the United States;
- to make clear that the United States expects that the future of Taiwan will be determined by peaceful means;
- to consider any nonpeaceful effort against Taiwan -- including boycotts and embargoes -- as a threat to the peace of the Western Pacific and of grave concern to the United States;
- to provide Taiwan with enough defensive arms to maintain a sufficient self-defense capability; and
- to maintain the capacity of the United States to resist any resort to force or other coercion that would jeopardize Taiwan's well being.

To assure that this policy was fully carried out, the Congress specified in the Act that the Congress, along with the President, would determine the types and quantities of defensive arms and services to be provided to Taiwan and that the President must inform the Congress promptly of any threat to Taiwan's well being.

2. Economic and Legal Questions. Congress adopted a number of changes in the legislation designed to place U.S.-Taiwan ties on firmer legal ground. Regarding economic issues, Congress added provisions which allowed American investors in Taiwan to continue to receive guarantees from the Overseas Private Investment Corporation (OPIC), even though Taiwan's annual per capita income of about $1,300 surpassed the $1,000 ceiling normally imposed by OPIC. Congress also added language which specifically allowed for "the continued transfer of nuclear power supplies and technology" to Taiwan, and it added the wording noted earlier in regard to U.S. opposition to embargoes and boycotts of Taiwan, which was designed to support continued prosperity on the island and the growth of U.S.-Taiwan economic interchange. Congress also specified that the end of U.S. official ties with Taiwan should not be seen as a basis for supporting the exclusion of Taiwan from continued membership in international financial institutions or any other international organization.

On other legal matters, Congress added provisions which explicitly noted Taiwan's ability to sue and be sued in U.S. courts, stated how Taiwan should be treated under terms of the Immigration and Nationality Act, and set forth in more detail the services to be provided by the AIT to American citizens in Taiwan. The Congress also requested that the President grant the counterpart Taiwan instrumentality -- known as the Coordinating Council for North American Affairs (CCNNA) -- the same number of offices in the United States as the Taipei government had prior to Jan. 1, 1979, and it authorized the President to grant privileges and immunities to Taiwan personnel in the United States equivalent to those granted AIT personnel in Taiwan. Congress also held that the U.S. switch of recognition should not be seen as affecting Taiwan's assets in the United States. And Congress added a precise definition of the term "Taiwan" to include the governing authorities on the
island recognized by the United States prior to Jan. 1, 1979 -- an addition which was designed to strengthen the Taiwan government's standing under U.S. law.

The issue of human rights in Taiwan was repeatedly mentioned during the course of the hearings and deliberations on the bill, and Congress decided to add a provision to section 2 of the Act reaffirming American interest in the human rights of the inhabitants of Taiwan and asserting that nothing in the Act should be seen as opposed to that interest.

Some Members of Congress, led by Senator Goldwater, took particular issue with President Carter's legal claim to the right to terminate the mutual security treaty with Taiwan without the approval of Congress. Filing suit in Federal Court in Washington, D.C., the Senator and other plaintiffs were successful in their case before Judge Oliver Gasch, who ruled on Oct. 17, 1979, that President Carter had acted unconstitutionally in deciding to end the security treaty without the approval of either two-thirds of the Senate or both Houses of Congress. The Carter Administration promptly filed an appeal in the U.S. Court of Appeals, hoping to have Judge Gasch's decision overturned before Jan. 1, 1980, when the security treaty with Taiwan was scheduled to end under terms of the normalization agreement with Peking. The Court of Appeals overturned Judge Gasch's decision on Nov. 30, 1979, but lawyers for Senator Goldwater appealed the matter to the Supreme Court. On Dec. 13, the Supreme Court granted certiorari, vacated the judgment of the Court of Appeals, and ordered the district court to dismiss the complaint as either not ripe for judicial review or as a political question, thereby opening the way for the termination of the treaty at the turn of the year.

3. Congressional Oversight. Congress added several amendments which explicitly gave Congress a strong role in the oversight and supervision of U.S.-Taiwan relations. Not only did the Congress add language requiring that it be promptly informed by the President of any threat to Taiwan, but it set up other reporting procedures. Thus, for example, section 12 of the Act said that agreements made by the AIT will be subject to congressional notification, review and approval procedures, and that the Secretary of State is required to make semi-annual reports to the Congress on the status of U.S.-Taiwan relations during a 2-year period following the effective date of the Act. In addition, the President is required to report to the Congress any rules and regulations he may formulate in regard to carrying out provisions of the Taiwan Relations Act during a 3-year period following the start of the Act. Section 14 added that the House Foreign Affairs Committee, the Senate Foreign Relations Committee and other appropriate committees shall monitor the implementation of the Act, the affairs of the AIT, U.S.-Taiwan economic relations, and U.S. security policies in the Western Pacific.

Post-Act Developments

The Congress-Administration compromise seen in the Taiwan Relations Act was called into question on Aug. 30, 1979, when Vice President Mondale reportedly said in Canton, China, that the Administration planned to end some commercial agreements with Taiwan, replacing them with unofficial arrangements. Many observers in Taiwan and the United States, including some Members of Congress, saw the Vice President's remarks as a reversal of the Administration's repeated assurances at the time of U.S.-P.R.C. normalization that all treaties and agreements between the United States and Taiwan, with the exception of the mutual defense treaty would remain in effect after normalization. Administration officials have countered that Congress was told during deliberations on the Taiwan Relations Act that existing agreements
with Taiwan would have to be altered over time, especially as they expired or became obsolete or irrelevant to U.S.-Taiwan relations.

Meanwhile, the State Dept. announced on Jan. 3, 1980, that the Carter Administration had decided to sell Taiwan $280 million worth of antiaircraft missiles and other defensive weapons, but to reject for now Taipei's request for advanced fighter planes. On June 6, 1980, Senator Richard Stone announced that the State Department had decided to permit U.S. companies to discuss the sale of advanced fighter warplanes (the FX) to Taiwan.

Closer Ties With Taiwan

Press reports in mid-1980 that the Republican Presidential candidate Ronald Reagan favored a restoration of official U.S. ties with Taiwan prompted considerable interest and controversy in the United States, China and Taiwan. Carter Administration spokesmen warned that such action would have a "devastating" impact on U.S. interests in East Asia, leading to a downturn in U.S. relations with Peking and a possible revival of military tensions in the Taiwan Straits. Peking responded with authoritative press commentary critical of any restoration of official U.S. ties with Taiwan. Taipei officials were reported to be encouraged by the candidate's views and interested in obtaining more information about his China policy.

The dispute grew during August 1980 when Republican Vice Presidential candidate George Bush led a delegation to Peking for talks with Chinese leaders amid continued Chinese media criticism of Mr. Reagan's avowed interest in closer U.S.-Taiwan ties. Subsequently, Mr. Reagan issued a lengthy statement designed to clarify his position on U.S.-Taiwan-China relations.

The controversy emerged anew in December 1980 following the visit of Ray Cline, a member of Ronald Reagan's foreign policy advisory board, to several Asian cities, including Taipei. Peking media strongly criticized Cline's reported remarks on U.S. policy toward Taiwan, taking fundamental issue with the Taiwan Relations Act, which Reagan Administration spokesmen, including Cline, emphasized would form the basis of their future policy toward the island.

Peking's criticism of U.S.-Taiwan relations grew in January 1981 when Chinese media accused the United States of encouraging the Dutch government to build two submarines for Taiwan's navy and of inviting officials from Taiwan to the inauguration of President Reagan. The U.S. State Department subsequently denied that the United States was involved in the submarine deal, and it announced that no representatives from Taiwan had been officially invited to the Reagan inauguration. On Feb. 6, 1981, the Reagan Administration for the first time announced that it would honor the "solemn undertakings" made by the United States in agreeing to normalize relations with China in December 1978. The announcement was seen as a gesture to China, whose officials had been seeking reassurances of the new Administration's commitment to the normalization process. The Chinese were reportedly further reassured when Secretary Haig and President Reagan met with the Chinese ambassador on Feb. 20 and Mar. 19, 1981, respectively.

Taiwan's premier told the New York Times on Jan. 23, 1981, that he hoped the Reagan Administration would quickly supply Taiwan with defensive arms, including advanced fighter aircraft. He called for improvement in U.S.-Taiwan relations within the framework of the Taiwan Relations Act, and
he suggested unspecified revision of the Act.

Secretary Haig's visit to China in June 1981 further reassured Chinese leaders over U.S. intentions and Administration officials subsequently told the press that there was "no urgency" for the United States to provide advanced fighter aircraft for sale to Taiwan.

Economic Relations with the P.R.C.

The normalization of diplomatic relations has affected U.S. economic ties with China in several important areas:

(a) Most-Favored-Nation (MFN) and Generalized System of Preferences (GSP) = Tariff Treatment for the P.R.C. Under terms of the Trade Act of 1974, MFN status could be granted to the P.R.C. in the context of a Sino-American bilateral commercial agreement valid initially for three years after approval by Congress. The agreement must, among other things, contain safeguards against market disruption, contain agreements for the settlement of commercial disputes, make provisions for bilateral consultations, and secure protection for the individual property rights of U.S. nationals, equivalent to those contained in the Paris Convention for the Protection of Industrial Property. The Sino-American commercial agreement, which the Carter Administration signed with the Chinese in July 1979 and which it submitted to Congress for approval in October 1979, met these requirements.

Moreover, the granting of MFN may not be extended to any nonmarket economy that denies its citizens the right or opportunity to emigrate or imposes more than nominal exit fees or taxes on documents or individuals. President Carter notified Congress that he was waiving these provisions when he submitted the Sino-U.S. trade treaty to Congress in October 1979. The Congress endorsed the President's action and approved the Sino-U.S. trade agreement granting MFN tariff treatment to China on Jan. 24, 1980.

In regard to GSP, the P.R.C. is clearly a developing country which would -- judged by economic criteria -- qualify also for a U.S. designation as a beneficiary developing country (BDC) under the GSP. The benefit accruing to a country that is so designated is in having a large array of its exports to the United States dutied at a zero-rate (imported duty free). A communist country, however, is denied the status of a BCD unless it has been granted the MFN status, is a contracting party to the General Agreement on Tariffs and Trade, and is not dominated or controlled by international communism. (The P.R.C. at this time does not qualify under 2 and arguably 3.)

(b) Blocked Assets/Private Claims. Settlement of the issues of Chinese assets blocked in the United States and U.S. private claims against the P.R.C. was required before certain steps in U.S.-P.R.C. commercial relations could be taken. These issues stem from the blocking by the United States of Chinese dollar denominated accounts and other assets on Dec. 17, 1950, after P.R.C. military forces entered North Korea, and from the subsequent Chinese decree of Dec. 29, 1950, announcing seizure of American public and private property in China.

In 1966, Congress amended the International Claims Settlement Act of 1949 to authorize the Foreign Claims Settlement Commission to undertake an evaluation of claims by American nationals for losses due to Chinese nationalization of property and other assets after Oct. 1, 1949. Claims by private U.S. citizens and corporations adjudicated by the commission totaled...
about $197 million.

The Treasury Department, responsible under the Foreign Assets Control Regulations for maintaining control over the blocked Chinese assets, undertook a second census of these assets in June 1970. Since the first census of 1951, many changes in assets had occurred. The completed census placed the value of the assets in June 1970 at $76.5 million.

These unsettled claims had some impact on U.S.-P.R.C. trade. Unsettled, these issues prevented direct shipping and direct airline connections by the flag carriers of the P.R.C., owing to the possibility that private claimants might seek redress through the courts by attaching ships, aircraft, and other P.R.C. property which came into the United States. Direct banking was forestalled for the same reason, and the resultant need to work through third country correspondent banks was cumbersome for American traders. The sending of P.R.C. trade exhibitions to the United States was virtually precluded. In addition, the fact that the P.R.C. had nationalized and expropriated U.S.-owned property precluded the P.R.C. from obtaining GSP 19 U.S.C. 2462 (a) (4).

Treasury Secretary W. Michael Blumenthal reached an agreement with the Chinese on the settlement of American claims during his visit to Peking in March 1979. Under the agreement, which was officially signed during Secretary Kreps' visit in May 1979, the Chinese will pay 41 cents on the dollar for a total of $80.5 million. $30 million is to be paid to U.S. claimants on Oct. 1, 1979. It was also agreed that the U.S. would unblock Chinese assets in the U.S. as of Oct. 1, 1979. (On Sept. 30, 1979, China announced that the two sides had "recently" decided to delay implementing the claims agreement until Jan. 31, 1980.) Ownership of these assets is unclear and will probably be determined through the courts.

This agreement did not require congressional approval. However, the Trade Act of 1974 embodies a section potentially troublesome where the settlement of outstanding claims is concerned. Section 408 (19 USC 2438) requires a claims settlement, previously negotiated with Czechoslovakia by the State Department, to be renegotiated and submitted to the Congress as part of any agreement granting to Czechoslovakia the MFN statute, on the grounds that the settlement reached was unfair to U.S. claimants. Although the section applies specifically to Czechoslovakia, it may be an indication of broader congressional attitudes on claims settlements with other countries.

(c) Other Trade Issues. There is a possibility that legislation may be called for to loosen the controls of U.S. exports to China provided for by the Export Administration Act of 1969 as amended, and extended by the Equal Export Opportunity Act of 1972 and the Export Administration Amendments of 1974. (Of course, such loosening can take place entirely by action of the executive branch by simply amending the report administration regulations.) It would make the controls applicable to exports to the P.R.C. less restrictive than those on exports to Soviet bloc states. One purpose of this legislation is to authorize controls over the export of goods and technology that would contribute to the military potential of communist countries in a way that would adversely affect U.S. national security. The legislation also declares it to be the policy of the United States to encourage trade in nonsensitive items with all nations, including China, with whom we have diplomatic and trading relations. Since 1969 the general trend in the administration of exports control has been toward liberalization of control on all but the most strategically sensitive items.
In addition, the importation of certain Chinese furs to the United States is prohibited by the Tariff Act of 1930 as amended (19 USC 1202, schedule 1, part 5, subpart B, headnote 4).

(d) Restrictions on Possible U.S. Aid and Export Credits to the P.R.C. In the wake of normalized U.S.-P.R.C. diplomatic relations, legislation may be called for to ease current restrictions on the provision of U.S. aid and credits to the P.R.C. Thus, for example, provisions of PL-480 appear to prohibit assistance provided for in the law from being granted to communist countries, including China. The Foreign Assistance Act of 1961 also limits the furnishing of almost every type of assistance provided for in that act to "friendly countries." However, the act does not explicitly define the term. There is a specific ban on furnishing any assistance covered by the act to any communist country unless the President issues a narrowly defined waiver.

Also exempt upon Presidential waiver noted in the previous paragraph are programs administered by OPIC. The Export-Import Bank Act of 1945 as amended prohibits any credit transaction by the bank directly or indirectly involving a communist country, unless the President determines that such transaction is in the national interest. Moreover, Eximbank credits may in general not be granted to non-market countries which curb their citizens' right to emigrate.

In August 1979, Vice President Mondale told the Chinese that the Carter Administration was prepared to establish export-import bank credit arrangements for the P.R.C. on a case-by-case basis, up to a total of $2 billion over a 5-year period, and that the Administration would seek congressional authority to provide the guarantees and insurance of OPIC for Americans investing in China. Just prior to Mondale's trip, the Administration decided that China was eligible to receive reimbursable assistance from U.S. Government agencies like the Army Corps of Engineers. By approving the U.S.-China trade agreement in January 1980, Congress in effect endorsed President Carter's waiver of the emigration issue in considering Eximbank financing for China. In August 1980, Congress also passed special legislation amending the Foreign Assistance Act of 1961 to allow for operations by OPIC with the P.R.C.

U.S.-China Strategic Relations

The normalization of U.S.-P.R.C. diplomatic relations strengthened the U.S.-P.R.C. strategic understanding -- set forth in the Shanghai Communique -- that the two countries would cooperate to maintain a stable balance of power in East Asia that would preclude domination of the region by Soviet "hegemony." Significantly, the Dec. 15 announcement by President Carter pointedly reiterated the anti-hegemony clause first seen in the Shanghai Communique.

In addition, the establishment of U.S.-P.R.C. diplomatic relations on terms agreeable to Peking represented a major diplomatic accomplishment for the leaders in China, which reinforced their recent policies of cordiality toward the United States and hostility toward the Soviet Union. At the same time, it enhanced Sino-American cooperation to a point where Peking appeared to have become more helpful in the settlement of such sensitive strategic problems as military confrontation in Korea and international arms control.

A number of U.S. observers maintain that the United States should strengthen its policies which enhance Sino-American strategic cooperation, especially against the Soviet Union. They emphasize that the Chinese
preoccupation with the Sino-Soviet rivalry in international affairs has clearly resulted in substantial benefits for the United States, and that Washington should take initiatives, including the sale of arms and the transfer of advanced technology to China (either directly or through America's allies in West Europe and Japan), that will serve to enhance Peking's strength vis-a-vis the U.S.S.R. In particular, members of this school of thought maintain that American interests coincide with Chinese interests, insofar as they serve to preclude the growth of Soviet international power. In Asia, they note, China's posture has allowed the United States to reduce costly American military presence without dramatically upsetting the balance of power there. Peking's positive view of the United States has also reduced the possibility of a major Sino-American conflict in Asia; and it has made the Chinese less likely to disrupt the political order and economic stability of noncommunist Asian states -- which are important to the United States -- for fear that turmoil there could open opportunities for Soviet expansion.

In contrast, other observers are less sanguine about Chinese intentions. They point out that China remains one of the most unpredictable major powers in world affairs, showing in the past a remarkable flexibility regarding the building and breaking of alliances, and a willingness to use force, as well as conventional diplomacy, in order to achieve foreign objectives. They note in particular that the unity of the Chinese leadership remains a major unpredictable element in Chinese foreign policy, and that a major shift in the policies of either the Soviet Union or the United States could result in a substantial change in Chinese policies. Thus, for example, they note that if the United States followed Peking's repeated advice, adopted a decidedly anti-Soviet tilt in American foreign policy, and sold arms to China the result might be a violent Soviet response against the weakest link in the Sino-American "alliance" -- China -- that could seriously damage the interests of the United States, China, Japan and other states important to the United States in the maintenance of stability and prosperity in Asia.

A third group of observers advocates a "balanced" or "evenhanded" U.S. approach to the Chinese and the Soviets. They judge that the United States in the past has gained considerable international benefit within the great power triangular relationship by trying simultaneously to improve relations with both the U.S.S.R. and the P.R.C.

The Chinese invasion of Vietnam, which began in early February 1979, heightened awareness of the sensitivity of the triangular relationships. The Russians, in general critical of the Administration's China policies, expressed concern that the invasion occurred two weeks after Teng's Washington visit and voiced displeasure over Blumenthal's visit to Peking, which took place while the invasion continued.

President Carter asserted that normalization would not be affected by the Chinese attack on Vietnam, and that the U.S. would not get involved in a conflict between Asian communist states. U.S. policy was to deplore both China's invasion of Vietnam and Vietnam's earlier invasion of Cambodia. The Administration was concerned that the conflict not expand, particularly that the Soviet Union, Vietnam's ally, not become directly involved, and urged both the Soviet Union and China to exercise restraint.

Soviet Invasion of Afghanistan; Brown Visit to China

The debate on U.S.-Chinese strategic cooperation was influenced heavily by altered American and Chinese views of Soviet intentions following the Soviet invasion of Afghanistan in late December 1979. Peking reacted strongly to
the Soviet move, stating that it posed a direct threat to Chinese security and marked the most serious escalation of Soviet "expansionism" in over a decade. The Chinese reaction implied that Peking wished to see the United States adopt a more active approach to the Middle East-South Asian region in order to counteract the Soviet "threat"; and it signaled what some have seen as an even keener Chinese interest in pursuing closer strategic cooperation with the United States than in the past -- an interest that was reflected during Chinese discussions with Defense Secretary Brown in Peking in January 1980. It also demonstrated stronger Chinese suspicion of Soviet motives in international affairs -- a development that resulted in Chinese suspension of the Sino-Soviet talks begun on the China initiative in the fall of 1979.

The Soviet action and resulting anti-Soviet furor in the United States undercut the arguments of those American policymakers who had favored an evenhanded approach toward the Sino-Soviet powers or who were otherwise wary of U.S.-China military ties. China's strongly anti-Soviet reaction also offset the arguments of those Americans who had been suspicious that China could not be trusted to maintain an anti-Soviet posture in coordination with the United States.

A new American approach to the Sino-Soviet powers -- and the apparent demise of the former evenhanded strategy -- was apparent in Secretary Brown's week-long visit to China in January 1980. Although the full details of the visit are still unavailable, several of its accomplishments strongly indicated that the United States would side closely with China in common efforts to offset Soviet power in Asia. According to various press accounts:

(1) The United States agreed to sell a ground station enabling China to receive data of possible military use from American satellites.

(2) The United States told China of its willingness to sell the P.R.C. an array of non-lethal military equipment, which could be expanded in the future.

(3) The United States and China coordinated closely their parallel strategies in support of Pakistan and in backing other unspecified efforts -- perhaps including support for anti-Soviet Afghan forces -- to thwart Soviet expansion in southwest Asia.

(4) The United States informed China that it would welcome Chinese military help against Vietnam in whatever form Peking might choose, if Vietnamese forces crossed from Cambodian territory into Thailand.

Haig Visit to China

Secretary Haig's visit to China on June 15-17, 1981, further advanced Sino-U.S. strategic cooperation against the U.S.S.R. and Soviet-backed proxies. It involved talks to coordinate Sino-U.S. policies over such issues as Cambodia and Afghanistan, and led to the announcement by the United States that it would now be willing to consider the sale of lethal military equipment to China, on a case-by-case basis.

U.S. Military Transfers to China: The announcement that the U.S. was now willing to sell lethal military equipment to China caused some observers in the Congress and elsewhere to examine what role -- if any -- Congress would
play in future U.S. exports of defense articles and services to the P.R.C. Under present law, arms sales to China would be subject to several restrictions, some of which involve the Congress.

The Arms Export Control Act contains several provisions that would govern transfers of defense articles to foreign countries including:

1. Section 38(a), which, among other things, requires that defense articles or services to be transferred must have an export license issued by the Administration.

2. Section 36(b), which allows the Congress to disapprove by concurrent resolution the transfer of any "major defense equipment" worth $7 million or more, or any other defense articles or services worth $25 million or more.

3. Sections 38(b)(3) and 36(c), regarding commercial transactions, which allows the Congress to disapprove by concurrent resolution transfers of "major defense equipment" valued at $100 million or more.

4. Section 3, which sets forth a series of criteria a country must meet in order to be eligible to receive defense items under the Act, notably the country's agreement not to make unauthorized transfer of defense articles supplied under the Act or to permit them to be used for purposes other than those for which they were originally furnished.

At the same time, the Foreign Assistance Act, Section 620(f), would limit the furnishing of U.S. grant military assistance to any Communist country unless the President issues a narrowly defined waiver. This section specifies that the President must determine and report to Congress that: such assistance is vital to U.S. security; the recipient country is not controlled by the international communist conspiracy; and such assistance will further promote the independence of the recipient country from international communism. The phrase "Communist country" expressly includes the P.R.C.

Section 505(b) of the Act limits the ability of the President to grant defense articles at a cost in excess of $3 million in any fiscal year in the absence of a waiver by him. According to this section, the President must determine that the recipient country conforms to the principles of the U.N. Charter, that the articles transferred will be used to defend the country or the free world; that the recipient country is making reasonable efforts to build up its own defense, and that the increased ability of the recipient country to defend itself is important to the security of the United States.

Regarding the possible sending of military advisors to China, Section 515 of the Foreign Assistance Act states that no military assistance advisory group, military mission, or other organization of U.S. military personnel performing similar military advisory functions under the Act or the Arms Export Control Act may operate in a foreign country like China unless specifically authorized by Congress.

Meanwhile, Congress in recent years has used various legislative vehicles to impose restrictions on arms transfers to specific foreign countries. Turkey, Argentina, and Chile are countries which have been affected by these restrictions.
LEGISLATION

No relevant legislation in the 97th Congress.

HEARINGS


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U.S. Congress. Senate. Committee on Foreign Relations. Taiwan.

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U.S. Congress. Conference Committee, 1979. Taiwan Relations

of the visit to the People's Republic of China by the Special

Report of the delegation to the Far East. Washington,

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Subcommittee on Asian and Pacific Affairs. Asian security

China and Asia -- an analysis of

Playing the China card: implications for United


CHRONOLOGY OF EVENTS

11/20/81 -- The Far Eastern Economic Review disclosed that Foreign Minister Huang Hua had told U.S. leaders in late October that China would oppose the sale of any weapons to Taiwan until the U.S. makes a public commitment to reduce arms sales gradually over a fixed period, with a final cut-off in about 1986.

11/17/81 -- Treasury Secretary Regan met with Deng Xiaoping and Zhao Ziyang to discuss U.S.-China economic relations.

10/31/81 -- P.R.C. Foreign Minister Huang Hua ended two days of talks in Washington with no sign of progress on the contentious issue of U.S. advanced weapons sales to Taiwan. It was also announced that no date has been set for the much-delayed trip to the U.S. of Vice Chief of Staff Liu Huaqing.

10/21/81 -- Ronald Reagan hosted a luncheon for Chinese Premier Zhao Ziyang at Cancun, Mexico.

10/19/81 -- Sources in Moscow reported that the U.S.S.R. has proposed to China that the two countries revive talks about improving relations, or at least reopening the border negotiations that were broken off three years earlier.

10/13/81 -- NCNA criticized remarks made by U.S. Presidential Security Advisor Richard Allen concerning support for the Taiwan Relations Act.

09/30/81 -- The Wall Street Journal reported that Chinese leaders have recently put more emphases on the development of heavy industry, in contrast to the recent practice downgrading the importance of heavy industry in favor of light industrial production.

09/30/81 -- Peking issued its most forthcoming proposal to date, calling on Taipei leaders to begin talks to promote communication between the island and the mainland and to lay the groundwork for "peaceful reunification." Taipei leaders rejected the offer.

08/27/81 -- Former President Jimmy Carter ended three days of talks with top Chinese leaders, declaring that the U.S. had never agreed to limit the duration of its arms sales to Taiwan, though he had committed the U.S. to sell only "strictly defensive" weapons. Carter later told reporters that he was "surprised and impressed" by the vehemence of Chinese leaders over the Taiwan question.

08/26/81 -- NCNA sharply attacked House Foreign Affairs Committee Chairman Clement Zablocki for reported remarks he made in Taiwan on Aug. 22 at the head of a congressional delegation. Chairman Zablocki reportedly said that the Reagan Administration was willing to sell advanced
8/17/81 -- Senator John Glenn said that China's leaders believe that Washington had agreed implicitly in 1978 to cut sharply or halt weapons sales to Taiwan after Sino-U.S. relations were normalized in 1979.

8/13/81 -- The Reagan Administration has postponed a visit to the United States of a P.R.C. military delegation scheduled for August because, according to press reports, the Administration has not yet decided how far it wants to go in selling arms to China. Later reports said the delay was caused by Chinese unwillingness to send the delegation at a time of uncertainty over U.S.-Taiwan policy.

7/30/81 -- The House Foreign Affairs Subcommittee on Asian and Pacific Affairs held a hearing looking into the death in Taiwan of a professor from Pittsburgh, Pennsylvania. The professor, a Taiwanese national, died on July 3 under mysterious circumstances after having been interrogated for 13 hours by Taiwan security officers over his alleged anti-Taipei activities in the U.S.

7/04/81 -- People's Daily carried an article which warned, for the first time since Sino-American diplomatic normalization, that China might be forced to resort to "nonpeaceful methods" to settle the Taiwan problem. It criticized the U.S. implementation of the Taiwan Relations Act because it "encourages the Taiwanese authorities to reject peaceful talks and oppose peaceful unification."

7/02/81 -- CCP Vice Chairman Li Xiannian said that China is ready to purchase military technology from the United States in order to produce its own arms. He added that it is possible China would accept American technicians in China to train Chinese in the use of military technologies.

6/29/81 -- Pravda authoritatively condemned Secretary Haig's trip to China and his announcement of closer U.S.-China military relations as a "dangerous game" that demands an unspecified "resolute rebuff."

6/19/81 -- The House Foreign Affairs Committee's Subcommittee on Asian and Pacific Affairs sent a letter to President Reagan urging him not to sell advanced fighter aircraft to Taiwan and to approach arms sales to China with "the greatest caution."

6/17/81 -- Secretary Haig ended three days talks with Chinese leaders in Peking over bilateral issues and closer strategic cooperation against the Soviet Union and Soviet-backed proxies in such areas as Indochina and Afghanistan. Haig announced that the U.S. was now willing to consider weapons to Taiwan and would reach a decision early next year on the sale of F-X jet fighters.
the sale of lethal military equipment to China. U.S. officials subsequently disclosed that there was "no urgency" for the possible U.S. sales of advanced fighter aircraft to Taiwan.

-- Meanwhile, it was disclosed in Washington that the United States had been operating an intelligence monitoring station in Western China for over a year. The station was designed to replace stations targeted against the U.S.S.R. which were closed in Iran in 1979.

06/10/81 -- Pentagon officials told the press that the Reagan Administration has decided to consider any requests China may submit for U.S. weapons. While acknowledging that this willingness represents a change from past policy, the officials stressed that no decision had been made about actually selling arms to Peking.

06/05/81 -- State Department officials told the press that the National Security Council had decided the previous day to promote a series of measures to ease economic relations with China and to open the way for discussions with China on the sale of U.S. weapons to PRC. No decision was made on possible U.S. economic aid to China.

05/31/81 -- The New York Times reported that leading Taiwan officials were becoming worried and impatient over the Reagan Administration's alleged slowness to improve relations with Taiwan, notably by delaying a decision on the transfer of more advanced U.S. fighter aircraft for sale to Taiwan.

05/13/81 -- Chinese media announced that Secretary Haig will visit China during his first tour of East Asia in June 1981. Western press reports said that some U.S. officials want the agenda to include the sale of U.S. anti-tank and anti-aircraft missiles to China.

05/12/81 -- Chinese media criticized U.S. Presidential counselor Edwin Meese for his statements in support of the Taiwan Relations Act made at a press briefing that day.

04/05/81 -- Defense Secretary Weinberger said in London that the U.S. response to Soviet intervention in Poland could include the sale of U.S. weapons to China.

03/23/81 -- Former President Gerald Ford met in Peking with Deng Xiaoping to discuss the Reagan Administration's policy toward China. The visit capped several recent steps by the Administration, including a formal meeting with the Chinese ambassador by President Reagan on Mar. 19, to reassure China on U.S.-China relations. Ford reportedly discussed the sale of U.S. arms to Taiwan and to the P.R.C. during his China visit.
02/20/81 -- Secretary of State Haig held his first formal meeting with the Chinese ambassador in what Chinese media said was a "very friendly" atmosphere.

02/06/81 -- The Reagan Administration announced for the first time that it would honor the "solemn undertakings" made by the United States in agreeing to normalize relations with China in December 1978. The announcement, by the State Department spokesman, was seen as a gesture to China, whose officials had been seeking reassurances of the new Administration's commitment to the normalization process.

01/23/81 -- Taiwan's premier told the New York Times that he hoped the Reagan Administration would quickly supply Taiwan with defensive arms, including advanced fighter aircraft. He called for improvement in U.S.-Taiwan relations within the framework of the Taiwan Relations Act, and he suggested unspecified revision of the Act.

01/19/81 -- The State Department announced that no representative from Taiwan had been officially invited to the Reagan inauguration. Earlier in January, the Department announced that the United States had not been involved in an agreement between the Dutch government and Taiwan for construction of two submarines for Taiwan's navy. Both statements were made in response to heavy Chinese press criticism in early January of alleged U.S. official invitations to Taiwan representatives, and of alleged U.S. involvement in the submarine deal.

01/04/81 -- Senate Deputy Majority Leader Ted Stevens said in Peking after two days of talks with Chinese leaders that he would not "rule out" U.S. sales of weapons to China as a means to counter Soviet "aggressiveness" in world affairs.

12/08/80 -- Reports from Taipei showed that the government had managed to restore at least partially its past image of political stability by successfully conducting elections for the national representative organs (Legislative Yuan and National Assembly). The elections boosted Taiwanese representation in these bodies. Although politicians representing the ruling Nationalist Party were dominant among the election winners, several prominent dissident politicians were also elected.

12/02/80 -- Peking media strongly criticized the reported remarks on U.S.-China-Taiwan relations of Ray Cline, a member of Ronald Reagan's foreign policy advisory board, during Cline's visit to several Asian cities, including Taipei. Peking took particular issue with the Taiwan Relations Act, which Reagan Administration spokesmen, including Cline, said would provide the basis for closer American relations with Taiwan in the future.

11/19/80 -- The trial of ten former Chinese leaders, including
Mao Zedong's wife and three other members of the "gang of four," began in Peking.

10/22/80 -- China and the U.S. signed an agreement which provides for the annual Chinese purchase of at least 6 million tons of U.S. grain from 1981 through 1984.

10/02/80 -- The American Institute in Taiwan and its Taiwan counterpart signed an agreement giving each other's representatives privileges and immunities traditionally enjoyed by diplomats. Peking strongly protested the move in an authoritative press comment and in an unpublished foreign ministry protest note. Peking announced that the note was given to U.S. Ambassador Woodcock on Oct. 15.

09/30/80 -- Senator Robert Byrd published an article in the Washington Post calling on the U.S. to encourage Peking and Taipei to open peace talks.

09/21/80 -- The New York Times reported that China asked the U.S. for permission to buy police equipment from an American manufacturer, touching off a dispute in the Carter Administration over whether such sales should be permitted in view of China's human rights record.

09/17/80 -- The U.S. and China signed agreements on textile trade, consular services, civil aviation, and maritime shipping.

09/10/80 -- A delegation of senior U.S. Defense research experts capped a visit to China with a press conference in Peking where they announced that the Carter Administration has approved hundreds of export licenses for the sale of advanced U.S. electronic gear and military support equipment to China.

08/23/80 -- Vice Presidential candidate George Bush ended several days of talks with top Chinese leaders and departed Peking amid continued Chinese media commentaries strongly critical of Republican Presidential candidate Ronald Reagan's avowed interest in closer U.S. ties with Taiwan.

07/24/80 -- The Washington Post reported that the U.S. and China had agreed in principle to a 3-year bilateral trade pact to control the export of Chinese textiles to the U.S.

07/10/80 -- President Carter held an hour-long meeting with Chinese Premier Hua Guofeng in Tokyo, Japan, where both leaders were attending funeral services for Japan's former Prime Minister Ohira. The leaders reportedly discussed trade and other bilateral issues, as well as Soviet and Vietnamese policies in Southwest and Southeast Asia.

06/12/80 -- The Carter Administration warned that any effort to restore U.S. official ties with Taiwan would have a "devastating" impact on U.S. interests in East Asia. Two
days later, an authoritative Chinese press comment also condemned a restoration of such ties. The remarks came in response to press reports that Republican Presidential candidate Ronald Reagan favored a restoration of official U.S. relations with Taiwan.

--- Senator Richard Stone announced that the State Department had decided to permit U.S. companies to discuss the sale of advanced fighter warplanes to Taiwan. The decision came in the wake of complaints by Stone and six other members of the Senate Foreign Relations Committee in a letter to President Carter concerning delays by the Administration regarding the transfer of a new jet fighter to Taiwan.

05/29/80 -- Chinese Vice Premier Geng Biao ended four days of talks with top-level U.S. leaders on future Sino-U.S. military ties. As a result of the talks, the Carter Administration allowed American companies to begin negotiations to sell China a wide range of military equipment, including air-defense radar, helicopters and transport planes, and secure communications equipment.

04/18/80 -- The Taiwan Garrison Command sentenced eight dissidents on sedition charges arising from the Kaohsiung riot. Sentences were 12 years for six of the defendants, 14 years for one, and life imprisonment for one.

04/14/80 -- The People's Republic of China was admitted into the International Monetary Fund, and Taiwan was expelled.

03/17/80 -- Chinese Vice Foreign Minister Zhang Wenjin began talks in Washington with high-level U.S. officials on increased U.S.-China security cooperation, especially concerning parallel efforts to curb Soviet power in Asia and regarding possible U.S. sales of non-lethal military equipment to China. At the same time, the Administration prepared a lengthy list of the types of non-lethal military equipment it was prepared to sell to China.

01/24/80 -- The Congress approved the China-U.S. trade agreement granting most-favored-nation tariff treatment to China.

--- The Pentagon announced that Secretary Brown had told the Chinese earlier in the month that the United States was willing to sell China non-lethal military equipment, including trucks, communications gear, and certain types of early-warning radar. An official at the Pentagon reportedly added that the list could be expanded in time to include transport planes and battlefield computers.

01/20/80 -- China announced the suspension of talks on normalizing Sino-Soviet relations which began in 1979 in Moscow.

01/13/80 -- Defense Secretary Brown left China after a week of talks with Chinese leaders on closer Sino-American strategic cooperation in Asia, especially against
Soviet moves in Afghanistan and Soviet-backed expansion by Vietnam and Indochina.

01/03/80 -- The State Department announced that the Carter Administration had decided to sell Taiwan $280 million worth of antiaircraft missiles and other defense weapons, but to reject for now Taipei's request for advanced fighter planes.

12/31/79 -- Peking's strong reaction to the Soviet invasion of Afghanistan included an official warning that the Soviet action "poses a direct threat to China's security. This cannot but arouse the grave concern of the Chinese people."

12/13/79 -- The Supreme Court granted certiorari, vacated the judgment of the Court of Appeals and ordered the district court to dismiss the complaint by Senator Goldwater and other legislators as not ripe for judicial review or as a political question, thereby opening the way for the termination of the U.S. defense treaty with Taiwan.

12/10/79 -- Riots occurred in Kaohsiung, Taiwan, in opposition to government measures to restrict political dissidence on Taiwan. Over 100 people were injured. The government subsequently arrested several well known dissidents throughout Taiwan.

11/30/79 -- The U.S. Court of Appeals in Washington overturned a ruling on Oct. 17, 1979, by the U.S. District Court that President Carter had acted unconstitutionally in deciding to end the security treaty with Taiwan without congressional approval.

10/23/79 -- President Carter submitted the U.S.-China trade agreement to Congress for approval. The President also issued a statement declaring that recent Chinese actions allowed him to waive the restrictions of the Jackson-Vanik Amendment for China.

10/17/79 -- U.S. District Court Judge Oliver Gasch ruled that President Carter had acted unconstitutionally in deciding to end the security treaty with Taiwan without the approval of either two-thirds of the Senate or both Houses of Congress. Senator Goldwater and a number of other Members of Congress had filed a suit in late December 1978 challenging the legal right of the President to unilaterally terminate the defense treaty.

10/15/79 -- The State Department criticized China for sentencing a prominent dissident to a 15-year jail term. The action marked the first time the Carter Administration was known to have formally criticized China's treatment of human rights.

10/01/79 -- The Carter Administration disclosed that Defense Secretary Brown would visit China later in 1979.
The report of the first visit by a U.S. Defense Secretary to China came on the same day that President Carter announced U.S. military moves to counter the presence of Soviet troops in Cuba.

09/30/79 -- China announced that it and the United States had "recently" decided to delay implementing the claims agreement signed in May 1979 until Jan. 31, 1980.

09/27/79 -- Sino-Soviet negotiations designed to improve relations between the two communist powers opened in Moscow. The start of the talks culminated a 6-month period of preliminary diplomatic exchanges between the two sides on the agenda, location and diplomatic level of the negotiations.

09/01/79 -- The Baltimore Sun reported that Vice President Mondale had indicated, while visiting Canton, China, the previous day, that the Administration planned to end some official commercial agreements with Taiwan, replacing them with unofficial arrangements. Some observers in Taiwan and the United States said that the Vice President's remarks constituted a reversal of the Administration's repeated assurances at the time of U.S.-P.R.C. normalization that all treaties between the United States and Taiwan, with the exception of the mutual security treaty, would remain in effect after normalization. Administration spokesman countered that the Congress had been informed during deliberations on the Taiwan Relations Act that some agreements would have to be changed, especially as they expired or became obsolete or irrelevant to U.S.-Taiwan relations.

08/29/79 -- Vice President Mondale left Peking after several days of meetings with top Chinese leaders and the signing of Sino-American accords on cultural exchanges and cooperation in hydroelectric power. Mondale told the Chinese that the Administration this year would seek the approval of Congress for the recently negotiated U.S.-China trade agreement and for OPIC guarantees for Americans investing in China, and he added that the United States was prepared to establish export-import bank credit arrangements for the P.R.C. on a case-by-case basis up to a total of $2 billion over a 5-year period.

07/20/79 -- The Far Eastern Economic Review disclosed that earlier in July the U.S. Defense Department had sent the Congress formal notification of the sale of equipment to Taiwan involving 48 F-5E fighter aircraft, 500 Maverick air-to-ground missiles and other equipment worth $240 million.

07/07/79 -- The United States and China signed a trade agreement which, if endorsed by Congress, will provide most-favored-nation tariff treatment for China.
06/06/79 -- By a vote of 59 to 35, the Senate passed a nonbinding resolution that "approval of the U.S. Senate is required to terminate any mutual defense treaty between the United States and another nation." While it did not specifically mention Taiwan, the resolution was seen as a rebuke of President Carter's decision ending the U.S. defense treaty with Taiwan. The Senate resolution was also related to a Federal judge's decision earlier that day to dismiss a suit brought by 25 present and former Members of Congress against the President's decision on the Taiwan treaty. The judge reportedly indicated that he could take no action on the suit unless the Senate or the Congress formally showed its disapproval of the President's decision to end the treaty with Taiwan.

05/14/79 -- Secretary of Commerce Kreps capped her visit to China by initialing a Sino-American trade agreement. Earlier in her visit, Secretary Kreps signed a U.S.-P.R.C. agreement on financial claims and frozen assets which had been initialed during Secretary Blumenthal's visit to China in March 1979.

04/10/79 -- President Carter signed the U.S.-Taiwan Relations Act (P.L. 96-8).

03/02/79 -- Secretary of the Treasury Blumenthal announced at the end of his week-long visit to Peking that the Chinese had agreed to pay Americans $80.5 million in settlement of outstanding claims.

03/01/79 -- Treasury Secretary Blumenthal presided over the opening of the U.S. embassy in Peking as U.S.-P.R.C. relations were formalized.

02/26/79 -- The Senate Foreign Relations Committee confirmed Leonard Woodcock as the first ambassador to the People's Republic of China.

02/17/79 -- Charging numerous border incursions by Vietnamese, the Chinese announced they had launched a "counterattack" in order to teach the Vietnamese a lesson. The U.S. sought to prevent eruption into a wider war by calling on both nations to withdraw their troops behind their own borders and cautioning the Soviet Union against direct involvement.

02/15/79 -- Taiwan agreed to the establishment of a new organization to carry on its relations with the U.S., to be called the Coordination Council for North American Affairs.

02/04/79 -- U.S. and P.R.C. leaders hailed the normalization of their diplomatic relations during Chinese Vice Premier Teng Hsiao-ping's visit to the United States from Jan. 29 to Feb. 4, 1979. The visit resulted in the signing of bilateral agreements on science and technology.
and on cultural exchange, the reaching of understandings regarding cooperation in education, agriculture, and space, and an accord on high energy physics. Also an agreement was signed on the mutual establishment of consular relations. The two sides announced in a joint press communiqué that they had agreed to conclude trade, aviation, and shipping agreements, and they used the communiqué to reiterate their joint opposition to international "hegemony."

12/15/78 -- President Carter announced that the United States would establish diplomatic relations with the P.R.C. as of Jan. 1, 1979, would break its diplomatic ties with the Nationalist Chinese administration on Taiwan on that date, and would terminate its defense treaty with Taiwan a year later.

11/24/78 -- The New York Times reported that the Carter Administration had approved a request by France to sell an American-designed nuclear power plant to China.

11/06/78 -- The State Department announced that it was offering to sell Taiwan 48 F-5E jet fighters equipped with Maverick air-to-ground missiles. The Department noted that the United States had turned down Taiwan's request for more powerful American planes with longer ranges, like the F-4, F-16 or F-18.

11/03/78 -- Secretary of State Vance said that the United States would not sell military weapons to China but indicated that the United States would not oppose the sale of military weapons to China by West European countries.

10/31/78 -- The Washington Star reported that the United States had agreed to sell China a communications satellite that will improve telephone and television links in China.

09/08/78 -- The Senate passed legislation which would have the effect of facilitating U.S. grain sales to the P.R.C. The legislation subsequently was passed by the House and signed by President Carter.

07/25/78 -- The Senate passed, by a vote of 94-0, an amendment to the Foreign Assistance Act of 1961 and the Arms Export Control Act expressing the sense of the Senate that there should be prior consultations between the Senate and the executive branch on any proposed policy changes affecting the continuation in force of the U.S.-R.O.C. mutual defense treaty. The legislation subsequently was passed by the House and signed by President Carter.

07/05/78 -- The Carter Administration announced that the United States will permit Israel to sell up to 60 Kfir jet fighters -- which are equipped with U.S.-made engines -- to Taiwan.
05/23/78 -- National Security Adviser Brzezinski departed Peking after three days of talks with Chinese leaders Hua Guofeng, Teng Hsiao-ping, and Huang Hua.

05/09/78 -- A violation of the Sino-Soviet border by Soviet border guards prompted the first public exchange between Moscow and Peking over a specific border incident in four years.

10/31/77 -- Secretary of State Cyrus Vance told editors of U.S. News and World Report that it would be a "great mistake" for the United States to supply military equipment or assistance to either China or the Soviet Union, and noted that the leaders of neither country had expressed an interest in acquiring such equipment.

09/06/77 -- Vice Premier Teng Hsiao-ping was reported to have told visiting U.S. journalists that reports of progress on the normalization of U.S.-P.R.C. relations during Secretary Vance's visit to China in August were wrong. Teng also claimed that President Ford had promised during a visit to Peking in December 1975 that if he was reelected he would break diplomatic relations with the Chinese nationalist government on Taiwan and establish relations with Peking. Mr. Ford subsequently denied that any such promise had been made.

08/25/77 -- Secretary Vance capped his four-day visit to China with a private meeting with Chinese Party Chairman Hua Guofeng. Vance had earlier held talks with Vice Premier Teng Hsiao-ping and Foreign Minister Huang Hua.

07/11/77 -- Leonard Woodcock, former president of the United Auto Workers Union, was sworn in as chief of the U.S. Liaison Office in Peking.

10/29/76 -- The U.S. State Department announced that it would allow the private sale of sophisticated Cyber 172 computers and support systems to China and the Soviet Union.

10/06/76 -- Chiang Ching, Mao's widow, and three other radical members of the Chinese Politburo, Wang Hung-wen, Chang Chun-chiao, and Yao Wen-yuan were placed under house arrest.

09/09/76 -- The death of Chairman Mao at 82 was officially announced in Peking.

12/01/75 - 12/05/75 -- A visit by President Ford to China produced no significant announced changes in U.S.-China relations. A joint communique was not issued.

10/23/75 -- Secretary of State Henry Kissinger concluded four days of talks with Chinese officials.

04/05/75 -- President Chiang Kai-shek of the Republic of China died at
the age of 87.


11/14/73 -- A joint U.S.-P.R.C. communique was issued at the conclusion of a visit by Secretary of State Kissinger to China. The Chinese noted that the normalization of relations could be realized "only on the basis of confirming the principle of one China."

02/22/73 -- Peking and Washington announced in a communique that liaison offices would be established in the two capitals.

02/21/72 -- President Nixon began a seven-day visit to China. The United States and China issued a joint communique on February 27 in Shanghai which indicated that negotiations would continue toward normalization of relations, efforts would be made to increase the level of trade, and bilateral exchanges would be increased. The United States said it would in time withdraw all American forces and military installations from Taiwan. And, moreover, it did not challenge the position that there was but one China, of which Taiwan was a part, or the prospect of the Chinese themselves settling the Taiwan question.

10/25/71 -- The United Nations General Assembly voted 76 to 35, with 17 abstentions, to seat Peking and expel Taiwan.

07/15/71 -- Peking announced that President Nixon had accepted Premier Chou En-lai's invitation to visit China. The Peking broadcast announced that Dr. Henry Kissinger had held talks in Peking with Chou En-lai from July 9 to 11.

06/10/71 -- The United States announced the end of the 21-year embargo on trade with the People's Republic of China.

05/07/71 -- The United States removed all controls on dollar transactions with the P.R.C. (except previously blocked accounts).

04/07/71 -- China extended an invitation to the U.S. table tennis team to visit China.

03/15/71 -- The United States announced that U.S. passports no longer needed special validation for travel to mainland China.

ADDITIONAL REFERENCE SOURCES


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