

**“The National Security and Foreign Policy Implications for the
United States of Arms Exports to the People’s Republic of China
by Member States of the European Union”**

**Prepared Statement of
The Honorable Peter W. Rodman
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before the House Committees on
International Relations and Armed Services
Thursday, April 14, 2005**

Introduction

Chairmen, distinguished members of the two Committees, I would like to thank you for the opportunity to speak about the implications for the United States of European arms exports to China. This is an important concern of U.S. defense and security policy. It has implications not only for the military balance in the Asia-Pacific region, but also for our own defense cooperation with Europe. I commend the Committees for your interest in this issue.

Good Relations Do Not Depend on Arms Sales

During his recent trip to Europe, President Bush made our government's position clear: Any decision by the European Union to lift its embargo on arms to China -- imposed following the June 1989 Tiananmen crackdown -- is a bad idea and it would have serious consequences for U.S.-European relations. This has been our consistent position for over a year, since the EU first considered the matter. Japan has voiced similar concerns, because of the potential impact of lifting the embargo on East Asian stability. From the perspective of the Department of Defense, a lift of the EU embargo raises the prospect of European advanced technology aiding the military modernization drive of the People's Republic of China -- with direct implications for the safety of U.S. personnel whose mission it is to carry out the commitments the United States has made to allies and friends.

The United States seeks a strong, prosperous and transforming China, and we support strong economic and political ties between the EU and China. President Bush and other senior U.S. officials have declared, often, that we seek a cooperative, candid, and constructive relationship with Beijing. In this context, we are working to expand those areas in which we share common ground, while discussing frankly our differences as we try to narrow them. Indeed, U.S. relations with China have improved dramatically since 1989 -- even as we maintain our own prohibition on weapons transfers to China.

As part of the President's commitment to a constructive relationship with China, the Department of Defense has maintained -- and has expanded -- military-to-military relations with the Chinese People's Liberation Army (PLA). That relationship includes high-level visits by senior defense officials, port calls, and educational exchanges. However -- consistent with guidelines established by the National Defense Authorization Act of Fiscal Year 2000 -- we do nothing in these exchanges that could knowingly enhance PLA military capabilities. Indeed, our relationship with Beijing demonstrates that you can have good ties with China without selling advanced arms and technology.

Military Implications of an Embargo Lift

As our relationship with China has improved and continues to do so, the problem of tensions in the Taiwan Strait remains the most sensitive of bilateral issues. We have watched as China's armed forces have progressed rapidly. It was once common to hear that the PLA may have held quantitative advantages, but that its large force structure was backward and outclassed, generations behind the technological cutting edge. Fuelled by an impressive record of economic growth, China has been able to devote ever greater national resources to defense modernization. This has translated into double-digit percent annual increases in Beijing's officially announced defense budget almost every year for the past 15 years.

Last month, for example, the Chinese National People's Congress announced a 12.6 percent increase in the 2005 defense budget, to a total of about \$30 billion -- effectively doubling its announced budget from 2000. Even this figure, however, largely understates the large but difficult to calculate off-budget allocations -- which include, for example, foreign weapons acquisitions, subsidies to defense industry, and some defense-related research and development.

The PLA is no longer a third-world military force. In certain areas it is becoming a first-world military force -- in areas such as ballistic and cruise missiles, advanced fighters and multi-role aircraft, advanced submarines with anti-ship cruise missiles. It is now a force that is gradually tipping the balance of regional military power and posing a greater danger to U.S. military forces in a potential conflict. China is in no position to match the overall capabilities of the United States military, of course -- but it does not need to. China has already achieved a significant asymmetric capability that raises the risks to U.S. forces and thereby could change our calculus in a potential cross-Strait crisis. This is not only a future challenge; it is a problem here and now.

Many of the systems I mentioned are acquired by China from abroad. And that is a key point. Although Beijing is investing heavily in its indigenous weapons development, it remains heavily dependent on foreign suppliers of advanced weapons and technologies.

I would note that, even with the embargo, EU sales of military equipment to China increased eightfold from 2001 to 2003, from 54 million euro to 416 million euro (Jane's Defense Weekly, 30 March 2005).

Against this backdrop, a lift in the European arms embargo is likely to give China greater access to a host of technologies that could both enhance the weapon systems currently in PLA inventories and improve indigenous industrial capabilities to produce advanced weapons in the future. While the EU has stated that any lift of the embargo would produce no qualitative or quantitative increases in China's military capabilities, the tools at its disposal to enforce such a commitment, such as the Code of Conduct and so-called "tool box," remain inadequate. We can expect that China will cleverly and tenaciously exploit whatever new access it can get to technologies that advance the qualitative improvement of its forces.

Lifting the Embargo Sends the Wrong Signal

A European decision to lift the arms embargo would also send the wrong signal to China's leaders at a time when its position on Taiwan is taking a disturbing and destabilizing turn. China has, regrettably, never renounced the use or threat of force in connection with the Taiwan problem. During the same session in which it increased the defense budget, China's National People's Congress passed the so-called Anti-Secession Law, codifying the threat of non-peaceful means, under certain circumstances, to resolve the cross-Strait dispute. This law is not only unhelpful; it was passed at a time when the prospect of cross-Strait tension was actually declining. We have made clear to Chinese leaders that the only way to resolve the issue is through diplomacy and by mutual consent. Pursuant to the Taiwan Relations Act, The United States will view any Chinese use of force with grave concern.

The European Union imposed the embargo in 1989 after Tiananmen, as noted. Thus, there is a significant human rights dimension to this issue. Advocates of lifting the embargo say that China's human rights performance has improved. I would note, however, the reaction of China's leaders to the death last January of former Party General Secretary Zhao Ziyang, deposed and under house arrest since the Tiananmen incident: The Chinese Government reaffirmed its judgment that what it did in 1989 was correct.

Finally, a European decision to lift the arms embargo could also increase competition in the lucrative Chinese arms market, prompting China's traditional foreign suppliers of arms and technology, such as Russia, to show even less restraint on export decisions. This issue is now on our agenda with both Russia and Israel, you can be sure. With all parties, we are emphasizing that accelerating China's military modernization is destabilizing and poses dangers to U.S. interests.

The Way Ahead

Mr. Chairmen, the momentum for a European decision to lift the arms embargo against China appears to have stalled for the moment. What appeared to be a distinct possibility of a lift this spring, now appears less likely. Nevertheless, the issue remains on the EU agenda and our position is unchanged. We welcome the opportunity for a strategic dialogue with Europe to shape a common view of the requirements of peace and stability in the Asia-Pacific region. We hope this will reinforce the restraints on transfer of sensitive technologies including the embargo, thereby helping avoid future disagreements between us and our European allies. That would be the right outcome.

Congress has played an important and helpful role here. It has expressed its view, in unmistakable terms, that the embargo should not be lifted, that transfers of sensitive technology to China are against U.S. interests, and that serious consequences would ensue for U.S.-European relations should the EU proceed.

Thank you, Chairmen.