

**ECONOMICS AND
SECURITY**

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NATO Parliamentary Assembly

DRAFT RESOLUTION

on

FORGING A TRANSATLANTIC POLICY TOWARDS CHINA

presented by

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The Assembly,

1. **Acknowledging** that China's rapid development has become a critical factor in global economic growth and is changing many underlying assumptions that long shaped the post-war international system;
2. **Recognizing** that, by extension, China's economic progress is having a locomotive effect on many developing countries, particularly those in Asia;
3. **Yet acknowledging** that some developing countries lack the capabilities to adjust to China's commercial challenge and will require increased aid and "special and differential" treatment to safeguard livelihoods and encourage growth;
4. **Understanding** that a market-oriented China has become a more open and pluralist society and that China's civil society today enjoys far greater latitude for autonomous action, at least outside the realm of politics;
5. **Yet concerned** about the slow pace of political reform, the lack of democratic dialogue, pervasive corruption particularly at the provincial and local levels, and ongoing human rights abuses, all of which are generating enormous social pressures that could ultimately limit China's development potential and even undermine its stability;
6. **Recognizing** as well that China's economic rise could further alter the strategic balance in East Asia, particularly if its leaders were to use their country's new found economic strength to underwrite a massive arms build-up;
7. **Lamenting** the recent transatlantic dispute over lifting the embargo on arms sales to China and the lack of a genuine transatlantic strategic dialogue on China;

8. **Applauding** China's role in the Six-Party Talks in persuading North Korea to give up its nuclear weapons programme;
9. **Commending** China's willingness to adopt a legal regime conducive to the free trade obligations it has accepted as a new member of the WTO;
10. But **regretting** China's problems in implementing some of these obligations, particularly at the provincial and local levels;
11. **Applauding** China's recent decision to abandon the hard dollar peg, but **recognizing** that the renminbi may still be overvalued;
12. **Noting** that China is both the world's second largest consumer of oil and producer of greenhouse gases but that it is still significantly behind the United States in terms of overall energy use;
13. Yet **recognizing** that China's energy consumption is expanding inexorably because it is growing so quickly, uses energy inefficiently and has embraced the norms of a mass consumer society, and will thus very likely surpass the United States in terms of absolute energy use and emissions production between 2020 and 2030;
14. **URGES** member governments and parliaments of the North Atlantic Alliance:
 - a. to initiate a discussion that will facilitate a more coherent and, when possible, co-ordinated approach on strategic, diplomatic and economic issues in which China has become an important player;
 - b. to make use of the North Atlantic Council to facilitate this discussion;
 - c. to acknowledge that an approach to China premised solely on a policy of military containment will be counterproductive and could even encourage the emergence of a more aggressive China;
 - d. to recognize that the United States is playing a critical role in preserving peace and security in a Pacific region that is gripped by a range of strategic uncertainties;
 - e. to forge a common arms export strategy towards China based on a genuine transatlantic strategic dialogue on China;
 - f. to develop further the nascent and informal NATO-China dialogue in order to build confidence and identify areas of mutual interest and possible co-operation;
 - g. to encourage deeper dialogue on a range of economic governance issues with China, under the auspices of the OECD;
 - h. to encourage China and its people to build a more open, pluralist and ultimately democratic system commensurate with the ever more open society and very liberal economic system that is swiftly emerging in China, and to make Western financial resources and know-how available for those purposes;
 - i. to encourage China to integrate fully in the multilateral trading order and to implement its WTO obligations in areas like product piracy and investment rules;

- j. to accept our own obligations to build a liberal trading order by acknowledging that Western states and industries cannot rely on protectionist tools to deal with China's competitive challenge;
 - k. and thus to respond to this challenge in ways that ultimately render our own economies and societies more competitive, productive, fiscally balanced, educated, innovative and wealthy;
 - l. to assist the developing world in making the difficult structural adjustments needed in a world changed by China;
 - m. to engage in an energy dialogue with China to mitigate the risks associated with energy rivalry;
 - n. to develop common energy strategies that will help China and the OECD countries to reduce significantly their reliance on carbon fuel, further delink economic growth from energy use, and thus meet long-term energy needs in a sustainable manner.
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