



**US-China Relations:**

**The Run-up to Xi Jinping's State Visit\***

**Bonnie Glaser, CSIS/Pacific Forum CSIS  
Jacqueline Vitello, CSIS**

Preparations for Chinese President Xi Jinping's state visit to the US in September were the primary focus of the US-China relationship from May to August. The seventh Strategic and Economic Dialogue (S&ED) was held in June in an effort to tee up agreements for the summit. Friction increased on a range of issues, including China's artificial island building in the South China Sea, Chinese cyber hacking against US companies and the US government, and repressive laws and actions undertaken by the Chinese government, some of which are likely to have negative repercussions for future US-China people-to-people exchanges. National Security Adviser Susan Rice traveled to China at the end of August to finalize deliverables for the summit amid reports of a possible Obama administration decision to impose sanctions on China for cyber-enabled theft of US intellectual property before Xi's arrival.

**Secretary Kerry visits Beijing**

As the US and China prepared for their annual Strategic and Economic Dialogue (S&ED), Secretary of State John Kerry traveled to Beijing in mid-May for consultations. In addition to his meetings with Foreign Minister Wang Yi, State Councilor Yang Jiechi, Premier Li Keqiang, and Central Military Commission Vice Chairman Fan Changlong, Kerry also met Chinese President Xi Jinping. The agenda of the meeting with Xi included areas of cooperation, such as climate change, Iran's nuclear program, and combatting Ebola in West Africa, as well as contentious issues such as cyber hacking and the South China Sea. Xi reiterated that the consensus he reached with President Obama to build a new model of major country relations is in the common interests of the US and China and said that the US-China relations "remains stable on the whole" and "has witnessed early harvest." This suggests that Xi does not view the problems in the bilateral relationship as seriously as the US would like him to.

In a joint press conference with Wang Yi, Kerry described the US-China relationship as "one of the most consequential, if not the most consequential relationship in the world." On areas where the two countries disagree, such as maritime disputes, cyber issues and human rights, Kerry emphasized that the two sides "don't simply agree to disagree and move on." Rather they talk to each other candidly and try to find "a cooperative road ahead." Wang Yi insisted that China and the US have "far more common interests than differences." He noted that he and Secretary Kerry had discussed details for Xi Jinping's visit to the US in September, including "the arrangement

---

\* This article is extracted from [Comparative Connections: A Triannual E-Journal on East Asian Bilateral Relations](#), Vol. 17, No. 2, Sept. 2015. Preferred citation: Bonnie Glaser and Jacqueline Vitello, "US-China Relations: The Run-up to Xi Jinping's State Visit," *Comparative Connections*, Vol. 17, No. 2, Sept. 2015, pp. 27-42.

of events, the agenda items, and the outcomes of this visit.” Wang described Xi’s planned visit as “the paramount priority for the China-US relationship this year, which will have far-reaching and major implications for the China-US relationship in the days ahead.” Indeed, ensuring that Xi Jinping’s September visit to the US is a “success” in Chinese terms is currently Beijing’s foremost concern.

### **The seventh Strategic and Economic Dialogue**

Secretary of State Kerry and Treasury Secretary Jacob Lew co-hosted the seventh annual S&ED June 23-24 with their Chinese counterparts Vice Premier Wang Yang and State Councilor Yang Jiechi. A central objective of this year’s S&ED was to pave the way for Chinese President Xi Jinping’s upcoming September visit to the United States. According to US Assistant Secretary of State for East Asian and Pacific Affairs Daniel Russel, the S&ED talks “unquestionably serve to advance the agenda,” in preparation for such state visits. Russel referenced the 2014 S&ED’s success in “teeing up progress on the climate deal that President Obama and President Xi were able to announce” last November, as an example.

The focus of the talks in the economic track was on reorienting China’s growth model from investment to consumption, from manufacturing to services, and from exports to domestic spending. While the Chinese recognize the need for the shift, they worry about potential unintended consequences of undertaking fundamental structural adjustments and are therefore implementing reforms slowly. The slide in Chinese stock markets over the summer introduced additional uncertainty that many observers worry may delay steps to rebalance the economy. The US was pleased to receive commitments from China on nondiscriminatory treatment for US information and communications technology in China’s banking sector, but as US Chamber of Commerce Executive Vice President Myron Brilliant noted in a post-S&ED statement, “implementation, including whether US companies are able to secure commercial opportunities in sectors targeted for home-grown development, will be the measure of the value of these commitments.” China also pledged further reforms in the financial sector, including liberalizing interest rates, expanding market access to foreign investors, and opening capital markets.

China committed to holding bilateral meetings to discuss the possibility of implementing its Antimonopoly Law in a more transparent and nondiscriminatory manner and agreed to discuss non-discriminatory patent policies as well. These offers, however, fell short of US expectations. On exchange rate reform, another US concern, China promised for the first time to intervene in the market only when there are “disorderly market conditions,” which some US reports interpreted as a merely “incremental gain.” Heavy Chinese intervention to break the stock market’s fall in the weeks after the S&ED increased US worries about the Chinese government’s willingness to allow for substantially more open and transparent markets.

A primary concern of the Chinese side at the S&ED was enhancing China’s international economic status and limiting US interference in its push to achieve that goal. In his closing remarks, Vice Premier Wang highlighted the US commitment to “implement the plan of IMF quota and Executive Board reform,” while noting China’s stance that the quota should continue to shift in favor of emerging markets to “better reflect the relative weight of IMF member states in the world economy.” This increased pressure comes after China’s recent unexpected success

in establishing the Asian Infrastructure Investment Bank (AIIB) as an alternative to existing financial institutions like the World Bank and the IMF. One driver of Beijing's push to create the AIIB was its limited voice in these existing bodies. AIIB success aside, China continues to seek higher status in the IMF and World Bank. At the S&ED closing press conference, Vice Premier Wang emphasized China's desire for the RMB's inclusion in the IMF's special drawing rights basket, stating that the US had "promised to respect the IMF's procedures and process" in the upcoming review.

The bilateral investment treaty (BIT) was also discussed in the economic track. Vice Premier Wang called the BIT negotiations "the top priority in bilateral economic relations," and Secretary Lew echoed his statement. Following the conclusion of the S&ED, Myron Brilliant called the BIT "the single, most decisive step the two governments can take to deepen the economic relationship," signaling the US business community's support for the treaty. Chinese state-run media outlet *Xinhua* applauded the S&ED for setting a "clear timeline" for a second round of negative list exchanges on the BIT. The initial swap of negative lists in June, which outlined sectors that the US and China deem closed to the other side's investors, was a disappointment, with China's list far too long to provide the basis for serious negotiations.

The two sides are set to exchange new negative lists in early September ahead of President Xi's US visit. China views these sector-based exclusions as a much-needed edge in competition against more developed economies, while the US believes they represent unnecessary barriers to market entry. Continued support for the BIT from the US business community will depend largely on the forthcoming Chinese negative list, both the items listed and the length of the list.

Chinese media largely hailed the economic track dialogue of the 2015 S&ED as a success, with *Xinhua* claiming the economic discussions made bilateral economic ties "more stable... and paved the way for Xi's visit in September." US representatives, including Secretary Lew, described the discussions as "informative, insightful and frank, reflecting the full range of issues that we face in our bilateral relationship." Lew cautioned, however, that "more progress is needed in order to ensure balance and sustainable growth for both our economies," highlighting the importance of continued progress toward a market-determined exchange rate for the RMB.

Secretary Kerry and State Councilor Yang co-chaired the strategic track of the S&ED that focuses on diplomatic and security issues. The breadth of the bilateral relationship was underscored in the "outcomes" document that was released after the end of the talks. It contained 127 items, including cooperation on various regional and global challenges including maritime issues, health, environmental protection, science, technology, and agriculture, and a lengthy section on cooperation on climate change and energy. The most contentious matters were cyber-enabled theft and Chinese activities in the South China Sea.

For the first time, a separate special S&ED session was held on US and Chinese ocean policies, which included promoting cooperation to protect the marine environment and to combat illegal, unreported, and unregistered fishing. The two sides also agreed to expand cooperation between their coast guards and maritime law enforcement authorities. Briefing the press, Secretary Kerry noted that precisely because the US and China have disagreements on maritime policy, they were working hard to address differences and find areas of commonality.

On June 22, the US and China held the fifth round of the joint civilian-military Strategic Security Dialogue (SSD) co-chaired by Chinese Vice Foreign Minister Zhang Yesui and US Deputy Secretary of State Antony Blinken, and attended by Deputy Chief of Staff of the PLA Sun Jianguo, US Undersecretary of Defense for Policy Christine Wormuth, and US Ambassador to China Max Baucus. Public reports on the meeting revealed little, noting only that a “candid” and “constructive” exchange was held on security issues of common concern. The agenda apparently included cyber security, outer space, nuclear policy, and maritime issues. Sources indicated that the meeting was mostly an exchange of talking points, and did not narrow differences on any of the issues discussed. Two days later, US Deputy Secretary of Defense Robert Work “frankly exchanged opinions” with Adm. Sun Jianguo, according to *PLA Army Daily*.

The sixth annual High-Level Consultations on People-to-People Exchanges (CPE) convened on June 23-24. Headed by Secretary Kerry and Chinese Vice Premier Liu Yandong, the two sides held working groups on youth, culture, sports, health, education, science and technology, and women’s issues. Deputy Secretary of State Blinken delivered remarks and noted US concern with the “scope” of China’s proposed Non-Governmental Organizations (NGO) law, which threatens the operations of foreign NGOs in China. Blinken candidly stated that “the draft law could have a chilling effect on the very exchanges and relationships that we’re working together to build and to strengthen.” The CPE dialogue achieved 119 outcomes across a range of issues.

### **No progress in defusing tensions over South China Sea**

Tensions over the South China Sea continued throughout the summer with no signs of easing. During Secretary Kerry’s visit to China in May, he conveyed US concerns about the pace and scope of China’s land reclamation on seven features in the Spratly Island chain and publicly urged the Chinese to take measures to reduce tensions and seek a diplomatic solution. A few days later in a speech delivered in Jakarta, Deputy Secretary of State Blinken criticized China’s actions to “make sovereign land out of sandcastles and redraw maritime boundaries,” saying that they were “eroding regional trust, undermining investor confidence, and challenging the energy security upon which all of us depend.” He called for all claimants to exercise self-restraint and resolve their differences in accordance with international ties and the rule of law. In late June, Blinken again condemned China’s South China Sea activities in a talk at the Center for a New American Security. Comparing China’s behavior to Russia’s aggression in eastern Ukraine, Blinken charged that both are “efforts to unilaterally and coercively change the status quo – transgressions that the United States and our allies and partners stand united against.”

In an effort to publicize China’s massive artificial island building and apparent challenges to US surveillance flights operating in the vicinity, the US Navy permitted a *CNN* team to join a surveillance patrol toward the end of May. Flying aboard a *P-8A Poseidon*, *CNN* filmed the land features below and recorded repeated warnings from the Chinese Navy through the radio of the aircraft to stay out of China’s “military alert zone” and to “go away . . . to avoid misunderstanding.” Although it appeared from the footage that the US aircraft was flying very close to the islands, in fact it did not fly within 12nm of any land feature. Revealing that such patrols are being conducted regularly in the Spratlys, Capt. Mike Parker, commander of the fleet of *P-8* and *P-3* surveillance aircraft deployed to Asia, told *CNN* aboard the *P-8A*, “We see this

every day.” Two months later, the newly installed US commander of the Pacific Fleet, Adm. Scott Swift, joined a seven-hour surveillance mission over the islands. The public release of a photo of Swift on board the plane was another example of the US Navy’s effort to broadcast China’s island building and signal US determination to preserve peace and security in the region. Secretary of Defense Ashton Carter joined the fray in late May, first at the change-of-command ceremonies at the US Pacific Command and the US Pacific Fleet in Hawaii, and then at the Shangri-La Dialogue in Singapore. Carter called for “an immediate and lasting halt to land reclamation by any claimant” and an end to further militarization of the disputed features in the South China Sea. He also pledged that the US would “fly, sail, and operate wherever international law allows.” Noting that China’s recent actions are causing nations in the region to work together in new ways and demand greater US involvement, Carter pledged that the US would meet these expectations. “We will remain the principal security power in the Asia-Pacific for decades to come,” he declared.

Two days later, Carter reiterated that message to a large audience of regional experts and officials at the annual Institute of International Strategic Studies (IISS) gathering in Singapore. He also underscored the importance of improving US-China military-to-military ties and building habits of cooperation. China’s representative to the meeting, Adm. Sun Jianguo, maintained that China would use its outposts primarily for peaceful purposes that will benefit the entire region and asserted that Beijing would consider establishing an air defense identification zone in the South China Sea only if Chinese security is threatened.

As the US-China S&ED and the ASEAN Senior Officials Meeting approached, Beijing announced that its land reclamation projects were nearing an end. China’s Foreign Ministry spokesman detailed plans to build infrastructure for civilian projects that would provide public goods to the region, and acknowledged that construction for military purposes would also take place. Contrary to Chinese hopes that the pending halt to dredging would be welcomed by the US, the Department of State chastised China’s refusal to refrain from further construction and militarization on its outposts.

In July, Assistant Secretary of State Daniel Russel gave a speech at the fifth annual conference on the South China Sea held by the Center for Strategic and International Studies (CSIS). Russel called on the Chinese to stop land reclamation, cease construction of new facilities and forego further militarization of existing facilities. “When you find yourself in a hole – stop digging,” he said, quoting former Deputy Secretary of State Richard Armitage. Russel implored the Chinese to “create room for diplomacy.” “For us, it’s not about the rocks and shoals in the South China Sea or the resources in and under it,” he asserted. “It’s about rules and it’s about the kind of neighborhood we all want to live in. So we will continue to defend the rules, and encourage others to do so as well.”

Later that month, US Commander of the Pacific Command Adm. Harry Harris, speaking at the Aspen Security Forum, insisted that the facilities on China’s artificial islands are “clearly military in nature.” The 10,000-foot runway on Fiery Cross Reef “is large enough to take a *B-52*, almost large enough for the Space Shuttle, and 3,000 feet longer than you need to take off a 747,” Harris said. He also revealed that China is building hangars that are designed to host tactical fighter aircraft and expressed concern that the islands could host radars and electronic

warfare capabilities. China is “changing the status quo in the region through aggressive, coercive island building,” Harris charged.

On Aug. 20, the US Department of Defense released a report on its maritime security strategy in the Asia Pacific that stated China had reclaimed more than 2,900 acres of land in the Spratlys, 17 times more land in 20 months than all the other claimants combined over the past 40 years.

### **Cyber sanctions on the agenda?**

On April 1, President Obama signed an executive order establishing a sanctions program to combat cyber-attacks, wherein he declared that cyber-attacks “constitute an unusual and extraordinary threat to the national security, foreign policy and economy of the United States.” Obama said at the signing that under the new order, the US would respond to anyone posing threats to the US by “damaging our critical infrastructure, disrupting or hijacking our computer networks, or stealing the trade secrets of American companies or the personal information of American citizens for profit.”

The following month, on May 18, a US federal grand jury indicted six Chinese citizens, including Zhang Hao, a professor at Tianjin University, on charges of stealing trade secrets. Assistant Attorney General John Carlin stated that “the defendants leveraged their access to and knowledge of sensitive U.S. technologies to illegally obtain and share U.S. trade secrets with the PRC for economic advantage.” Carlin went on to say that “economic espionage imposes great costs on American businesses, weakens the global marketplace and ultimately harms US interests worldwide.” In response, Chinese state-run media outlet, *Xinhua*, published a response titled “Tianjin University Expresses Serious and Grave Concern over Prosecutions of its Professors,” in which the author argued that Zhang Hao’s research “adheres to international standards for scientific research and is within the parameters of academic ethics.”

The cyber issue in US-China relations escalated further on June 4 when the Obama administration announced an unprecedented breach in data held by the US Office of Personnel Management (OPM) involving millions of US federal employees’ personal information. The information acquired could help identify covert agents or exploit vulnerabilities among government employees. The Obama administration was initially reluctant to publicly blame the Chinese government for the attack, despite compelling evidence. The Chinese, for their part, vigorously denied any allegations that the government was involved in the cyber-attack. At a regular press briefing on June 5, Chinese Foreign Ministry spokesman Hong Lei stated that China wished the US would be “less suspicious and stop making any unverified allegations, but show more trust and participate more in cooperation.”

The OPM hack posed a dilemma for the Obama administration. Since raising cyber-enabled theft as a priority issue with China, the US has taken the position that using cyber to steal economic secrets is unacceptable, but is legitimate for the purpose of appropriating other types of information. China has rejected this distinction since its definition of national security blurs the lines between economic and other forms of national power. The Chinese OPM hack raised the question of whether the Obama administration would broaden its definition of improper targets of cyber-attacks. This possibility was hinted at by an unnamed senior US administration official,

who told the *New York Times* that the OPM break-in was a clear-cut case of “classic espionage, just on a scale we’ve never seen before from a traditional adversary.”

At the opening of the S&ED, State Councilor Yang stated that China wished to work with the US and other countries to develop an “international code of conduct for cyber information sharing.” Secretary Kerry added his strong belief that “the US and China should be working together to develop and implement a shared understanding of appropriate state behavior in cyberspace,” but also stated Washington’s deep concern “about cyber incursions that have raised security questions and quite frankly harmed American businesses,” in apparent reference to recent cyber-attacks by China. No agreement to establish a code of conduct for cyberspace was included on the list of the S&ED outcomes.

Immediately following the close of the S&ED, US Director of National Intelligence James Clapper officially identified China as the “leading suspect” in the OPM attacks. Clapper also said that these types of attacks would continue “until such time as there is some sort of penalty for what we would find reprehensible and onerous,” but also saluted the Chinese for the hack, stating that if the US “had the opportunity to do that, I don’t think we’d hesitate for a minute.”

On July 23, FBI Assistant Director for Counterintelligence Randy Coleman highlighted a 53 percent rise in economic espionage cases over the past year and attributed the majority of this rise to China. In a major departure from Obama administration policy, the *Washington Post* reported on Aug. 30 that the White House was preparing a list of possible sanctions against Chinese SOEs and individuals that the administration believed had “benefited from their government’s cybertheft of valuable US trade secrets.” If issued, these sanctions would be the first use of Obama’s executive order signed in April. While the OPM hack appears to have provided the impetus for forging a consensus in the administration on sanctions, any sanctions that are imposed are likely to be solely on Chinese companies that have benefited from the illegal theft of US intellectual property. Sanctions may not be the only course of action that the administration is pursuing in retaliation for recent cyber-attacks, however. An unnamed US official suggested that “done in tandem with other diplomatic pressure, law enforcement, military, intelligence,” sanctions might “actually start to impose costs and indicate that there are costs to the bilateral relationship.”

The timing of the sanctions will be important in the run-up to Xi Jinping’s September visit. If sanctions are announced prior to the Xi visit, this, more than almost any other issue, has the potential to cause serious friction in bilateral relations. The White House has thus far declined to comment on the specifics or the timing of the sanctions that are being considered. US media reports suggest that sanctions are likely to be imposed prior to Xi’s arrival in the US.

### **China’s domestic laws and human rights**

US concerns about China’s increasingly repressive domestic political policies mounted in this May to August period. US companies operating in China expressed concern about new Chinese laws, including the national security law, which was adopted by China’s National People’s Congress (NPC) on July 1, as well as draft versions of NGO, cyber security and counterterrorism laws. The national security law is expansive, covering threats to territorial sovereignty, internet

security, outer space, among others. Among the potential negative repercussions the new legislation may have if passed is the hindrance of foreign competition in Chinese markets.

With the broad purpose of protecting “the political power of the people’s democratic dictatorship and the system of socialism with Chinese characteristics,” the national security law serves to aid President Xi Jinping in the consolidation of his personal and political power. The sweeping language of the law will help Xi to implement his comprehensive reforms and provide a veneer of legal cover for his initiative to move to a rule-of-law system, while being vague enough to allow for wide-ranging, and possibly excessive, methods of enforcement. Among other requirements, the national security law demands that all key network infrastructure and information systems be “secure and controllable.” US officials and companies worry that this language could result in further restrictions on the use of foreign technologies in China and thus greatly reduce market access.

Other Chinese laws, currently in draft form, are also likely to impose restrictions on foreign companies and organizations. The draft counterterrorism law, for example, could compel foreign firms to relinquish access to critical data on any systems they use on Chinese soil. The draft NGO law could seriously limit the activities of foreign NGOs and require every foreign non-governmental organization to register with the police. The implications for US-China exchanges were highlighted by Deputy Secretary of State Blinken who said “every lecture by a US university professor, every concert by the New York Philharmonic, every act of charity by a foreign nonprofit organization, every seminar on investment opportunities by business chambers, would require permission from the police and could be subjected to prohibitive regulations and inappropriate monitoring.” According to Zheng Shuna, a member of the Legislative Affairs Commission of the NPC Standing Committee, the new laws are crucial in the face of “ever-growing security challenges.”

The Chinese government also mounted a broad crackdown on human rights lawyers operating in the country, accusing hundreds of attorneys and activists of “creating social chaos.” Chinese state-run media outlets *People’s Daily* and Xinhua reported human rights attorneys as having “staged open defiance inside the courtroom and on the Internet.” The *New York Times* reported Li Heping, one of China’s most prominent human rights lawyers, and three of his colleagues as having “disappeared” in Beijing on July 10. It was later revealed that more than 200 lawyers and human rights advocates had been arrested, questioned, interrogated or “held incommunicado” in the sudden crackdown July 10-12.

The 19<sup>th</sup> US-China Human Rights Dialogue was held on Aug. 13 in Washington, DC, headed by US Assistant Secretary of State for Democracy, Human Rights and Labor Tom Malinowski and the Chinese Foreign Ministry’s Director General of the International Organizations Department Li Junhua. At a press briefing following the talks, Malinowski said that “the vast majority of the conversation concerned events in China” and the “growing sense of alarm ... about human rights developments” there. The two sides discussed in depth China’s recent crackdown on lawyers, concerns with China’s national security law, the draft NGO, counterterrorism and cyber laws, and issues of religious freedom in China. Li stressed that “China and the United States have (areas of) consensus, but more differences in terms of human rights.” Li argued that human rights issues “should not dominate” bilateral discussions, and that the two sides “should see a bigger



picture.” In a departure from the Obama administration’s past approach, Malinowski said human rights concerns would be “very prominently addressed” in the upcoming Obama-Xi summit.

### **US-China military ties sustain momentum**

CMC Vice-Chairman Fan Changlong made a week-long visit to the United States in June. Prior to arriving in Washington DC, Gen. Fan toured three military bases, the aircraft carrier *USS Ronald Reagan* in San Diego, and a Boeing factory in Seattle. The main goal of the trip, according to Guan Youfei, director of the Foreign Affairs Office of China’s Ministry of National Defense, was “to create a positive atmosphere for the planned state visit to the United States by Chinese President Xi Jinping in September by boosting mutual trust, deepening cooperation, promoting friendship, and accumulating consensus.”

On June 11, Gen. Fan met US Secretary of Defense Ashton Carter at the Pentagon. According to *Xinhua*, Fan suggested that “both militaries should work hard to build a new type of military relations of ‘mutual trust, cooperation, no conflict, and sustainability.’” They agreed that both sides should do their utmost to complete negotiations on air-to-air encounters to the Code of Safe Conduct on Naval and Air Encounters before Xi Jinping’s September visit.

Carter raised US concerns about the South China Sea and reiterated his proposals that China halt its land reclamation and stop further militarization on its artificial islands in the Spratlys. Gen. Fan explained that China’s construction on the islands is intended primarily for civilian purposes, while insisting that China has the right to establish military facilities on its own territories. He reportedly described the South China Sea as an “interlude” in the bilateral relationship and proposed that the two sides “take the high ground to get a long-term perspective.” Fan also urged the US military to reduce its naval and air activities in the South China Sea. Other issues discussed included Taiwan, Japan, and the Korean Peninsula. Gen. Fan invited Secretary Carter to visit China later this year and issued a separate invitation to Adm. Harry Harris, the new commander of the US Pacific Command.

During his visit, Gen. Fan and US Army Chief of Staff Gen Raymond Odierno witnessed the signing of the Framework Document on a Mechanism of Dialogue for US-China Army-to-Army Exchanges and Cooperation at the National Defense University. The new platform is intended to provide the two armies with a channel “to raise and discuss issues of mutual concern such as humanitarian assistance and disaster response practices,” according to the Pentagon.

Gen. Fan also met with National Security Adviser Susan Rice and Deputy Secretary of State Blinken. Although China had hoped for a meeting between Fan and President Obama, no meeting took place. In 2006, the last time a CMC vice chairman visited the US, President Bush dropped by the meeting between Gen. Guo Boxiong and National Security Adviser Stephen Hadley. The White House’s decision to not grant a meeting with Obama this time was likely a signal of the US administration’s dissatisfaction with China’s cyber hacking and destabilizing activities in South China Sea.

In June, China dispatched PLA troops to Mongolia to participate in Exercise *Khann Quest*, a multinational ground forces peacekeeping drill cosponsored with the US Pacific Command

(PACOM). It marked the first time that China has participated in *Khaan Quest*, which has been taking place annually since 2003, though Chinese soldiers have joined as observers in prior years. The exercise included 1,200 military personnel from 25 countries and is designed to enhance military-to-military interoperability and mission effectiveness, as well as develop common tactics, techniques, and procedures.

The US Navy *Arleigh Burke*-class guided-missile destroyer *USS Stethem* (DDG 63) arrived in Qingdao on July 28 for a three day visit. In addition to holding recreational activities and exchanging visits with Chinese sailors, the *USS Stethem* conducted a fleet communication drill at sea with PLA Navy warships from the North Sea Fleet. The port call took place less than four months after the *USS Blue Ridge* (LCC-19) visited Zhanjiang, signaling an uptick in US naval port visits to China. Three Chinese Navy ships visited Naval Base San Diego in August 2014 after participating in the *Rim of the Pacific* international maritime exercise.

### **Heading to the summit**

National Security Adviser Susan Rice visited Beijing at the end of August in a bid to firm up preparations for Xi Jinping's visit to the US and produce more deliverables. Meeting with Xi, she said that his trip presents "a great opportunity" to strengthen and deepen cooperation between the two countries. Both Rice and Xi emphasized the need to expand common ground and manage differences. Rice also met with Gen. Fan and State Councilor Yang.

One item on the agenda may have been Beijing's request for the extradition of Chinese businessman, Ling Wancheng, who fled to the US after his brother, Ling Jihua, was ousted from the Chinese Communist Party (CCP). Jihua was the former director of the CCP's General Office, who was expelled in July under Xi's intensifying anti-corruption campaign. According to *Xinhua*, the CCP found that Ling Jihua had hoarded a significant amount of state and party "core secrets," which if passed on to his brother could prove to be a real intelligence victory for the US. The Obama administration has thus far refused to accede to Beijing's request.

The summit will commence on the evening of Sept. 24 with a small dinner that will include Presidents Obama and Xi along with a few of their close aides. Apart from the pomp and circumstance that goes along with such state visits, expect public emphasis on US-China cooperation on global challenges such as Iran and climate change, and tough closed-door discussions on a growing pile of controversial issues, including the South China Sea, cyber hacking and cyber-enabled theft, and China's repressive and anti-foreign domestic environment.

## **Chronology of US-China Relations\*** **May – August 2015**

**May 6-8, 2015:** Delegation of US Democratic and Republican Party leaders and US business leaders meet senior Communist Party of China (CPC) officials and Chinese business leaders for the eighth US-China High-Level Political Party Leaders Dialogue in Beijing.

---

\* Chronology compiled by CSIS intern Emily Chen

**May 8, 2015:** US Department of Defense releases its annual report to Congress entitled *Military Developments Involving the People's Republic of China 2015*.

**May 10-12, 2015:** US Senate Foreign Relations Committee holds hearings on US-China Civil Nuclear Agreement.

**May 13, 2015:** US-China Economic and Security Review Commission holds hearing on China's Relations with Southeast Asia.

**May 13, 2015:** US Senate Committee on Foreign Relations holds a hearing on Safeguarding American Interests in the East and South China Seas. Daniel Russel, assistant secretary of state for East Asian and Pacific affairs and David Shear, assistant secretary of defense for Asian and Pacific security affairs, provide testimony.

**May 14, 2015:** Assistant Secretary Russel testifies on Advancing US Economic Engagement in Asia before the US House Foreign Affairs Committee.

**May 16-17, 2015:** Secretary of State John Kerry travels to Beijing. He meets President Xi Jinping and Gen. Fan Changlong, vice chairman of China's Central Military Commission.

**May 19, 2015:** US indicts six Chinese citizens on charges of stealing trade secrets.

**May 19, 2015:** In a *Wall Street Journal* interview, US Vice Chief of Naval Operations Michelle Howard calls on China to explain its land-reclamation work in the South China Sea and offers to support Southeast Asian countries if they choose to adopt a unified stance against Beijing.

**May 20, 2015:** Chinese Deputy Premier Wang Yang has a phone conversation with US Secretary of the Treasury Jacob Lew about the preparations for the upcoming S&ED.

**May 20, 2015:** In a speech at a conference in Jakarta, US Deputy Secretary of State Antony Blinken says that China's land reclamation in the South China Sea is "eroding regional trust and undermining investor confidence."

**May 20, 2015:** US Navy takes a *CNN* reporter onboard a *P8-A Poseidon* surveillance aircraft on a flight near several of China's artificial islands in the South China Sea.

**May 21, 2015:** US Senators John McCain and Jack Reed send letter to Defense Secretary Ashton Carter, urging him to "revoke" China's invitation to attend *RIMPAC 2016* and consider policy options that raise costs on China's "provocative actions" in the East and South China Seas.

**May 26, 2015:** China's Ministry of National Defense releases a white paper on China's military strategy, that explains the PLA's "active defense strategy" and emphasizes China's growing overseas interests and the need for China's military to protect those interests.

**May 26, 2015:** David Lipton, International Monetary Fund First deputy managing director, declares that China's currency is "no longer undervalued," marking a significant shift after more than a decade of criticism of Beijing's tight management of the renminbi.

**May 29, 2015:** US Special Representative for North Korea Policy Sung Kim says at a media briefing in Beijing that China agrees that "pressure" should be a part of its policy on North Korea, and the US believes that China is fully implementing sanctions on North Korea.

**May 29, 2015:** In an interview with *The Wall Street Journal*, China's Ambassador to the US Cui Tiankai defends China's recent expansion of reefs in the Spratly Islands and warns the US against "anti-China" alliances and a "Cold War mentality."

**May 29-31, 2015:** 2015 Shangri-La Dialogue is held in Singapore. Secretary of Defense Carter and China's Deputy Chief of Staff of PLA Adm. Sun Jianguo deliver speeches.

**June 4, 2015:** Obama administration reveals a breach into the Office of Personnel Management (OPM) and the Interior Department's computer systems.

**June 8-12, 2015:** 19<sup>th</sup> Round of US-China Bilateral Investment Treaty negotiations are held in Beijing. The two sides exchange negative lists, which outline sectors that are closed to investors.

**June 8-14, 2015:** Gen. Fan Changlong, vice chairman of China's Central Military Commission, travels to the US for an official visit.

**June 9, 2015:** Sen. Charles E. Schumer (D-N.Y.) and Sen. Lindsey O. Graham (R-S.C.) send a letter to urge International Monetary Fund Managing Director Christine Lagarde to deny China's effort to have the yuan recognized as a special reserve currency.

**June 9, 2015:** US Assistant Secretary of State for South and Central Asian Affairs Nisha Biswal hosts Chinese Vice Foreign Minister Cheng Guoping in Washington for a US-China Sub-Dialogue on Central Asia, one of several regional sub-dialogues under the US-China Strategic and Economic Dialogue (S&ED) framework.

**June 12, 2015:** US and China sign the Army-to-Army Dialogue Mechanism (AADM) at the National Defense University in Washington.

**June 15, 2015:** US-China Economic and Security Review Commission holds a hearing on Commercial Cyber Espionage and Barriers to Digital Trade in China.

**June 17, 2015:** US House Subcommittee on Asia and the Pacific holds a hearing on China's Rise: The Strategic Impact of its Economic and Military Growth.

**June 19, 2015:** At a ceremony for the 10th anniversary of the "Chunhui Cup" Innovation and Entrepreneurship Competition for Overseas Chinese Students in Pittsburgh, Chinese Vice Premier Liu Yandong calls for further exchange between young people in China and the US in the field of innovation and entrepreneurship.

**June 20-July 1, 2015:** PLA troops join Exercise *Khaan Quest*, a multinational ground forces peacekeeping drill hosted by Mongolia and US Pacific Command.

**June 22, 2015:** US Deputy Secretary of State Blinken co-hosts the fifth Strategic Security Dialogue (SSD) with China's Executive Vice Foreign Minister Zhang Yesui.

**June 23-24, 2015:** US Secretary of State John Kerry and Treasury Secretary Jacob Lew co-host seventh US-China Strategic and Economic Dialogue (S&ED) in Washington with China's State Councilor Yang Jiechi and Vice Premier Wang Yang. The sixth Consultation on People-to-People Exchange and the seventh US-China Women's Leadership Exchange and Dialogue are held concurrently.

**June 25, 2015:** US Department of State's Bureau of Democracy, Human Rights and Labor releases its annual country reports on human rights, including a report on human rights in China, Tibet, Hong Kong, and Macao in 2014.

**June 26, 2015:** In its annual rebuttal to US accusations of human rights violations by the US State Department, Beijing issues its own report and accuses the US of being "haunted by spreading guns" and racial discrimination.

**July 2, 2015:** China's Foreign Minister Wang Yi and Secretary of State Kerry meet on the sidelines of the Iran nuclear talks in Vienna.

**July 3, 2015:** US Interior Secretary Sally Jewell meets Vice Premier Wang Yang in Beijing to discuss efforts to crack down on illegal trading of wildlife and to enhance natural conservation.

**July 6-9, 2015:** Frank Rose, assistant secretary of state for arms control, verification and compliance, visits Beijing for meetings and external events related to space security, missile defense, arms control, and other bilateral and multilateral security topics.

**July 7, 2015:** Permanent Court of Arbitration in The Hague begins a hearing in response to China's claim that the tribunal has no jurisdiction to hear a legal challenge over territorial claims in the South China Sea.

**July 8, 2015:** US Senate Foreign Relations Committee holds a hearing on South China Sea defense activities.

**July 9, 2015:** US Department of State releases a statement condemning Thailand's forced deportation of over 100 ethnic Uighurs to China.

**July 12, 2015:** Department of State releases a statement expressing concern about China's new National Security Law being used to commit human rights abuses, and urging China to release all those who have recently been detained for seeking to protect the rights of Chinese citizens.

**July 13, 2015:** Department of State releases a statement expressing sadness over the death of Tenzin Delek Rinpoche, a Tibetan Buddhist leader who had been a political prisoner since 2002 and died in prison.

**July 16, 2015:** The US House Foreign Affairs Committee holds a hearing on the US-China Nuclear Cooperation Agreement.

**July 17, 2015:** Chinese Ministry of Commerce expresses serious concerns over US punitive duties on certain passenger vehicle and light truck tires from China.

**July 18, 2015:** US Pacific Fleet Commander Adm. Scott Swift joins a seven-hour surveillance flight over the South China Sea on board a *P-8A Poseidon* aircraft.

**July 20, 2015:** President Obama speaks to President Xi on the phone to express appreciation for the role China played in reaching a nuclear deal with Iran.

**July 21, 2015:** Assistant Secretary of State Russel delivers keynote speech at the Center for Strategic and International Studies' (CSIS) Fifth Annual South China Sea Conference in Washington DC.

**July 23, 2015:** US House Foreign Affairs Committee holds a hearing on America's security role in the South China Sea.

**July 24, 2015:** Adm. Harry Harris, commander of US Pacific Command, says China is militarizing its artificial islands in the South China Sea.

**July 28, 2015:** *USS Stethem* arrives at a naval base in Qingdao for a three-day official visit.

**July 28, 2015:** US Special Envoy for Six-Party Talks Sydney Seiler visits Beijing to meet Chinese Deputy Representative for Korean Peninsula Affairs Xiao Qian.

**Aug. 4, 2015:** Tina Kaidanow, coordinator for counterterrorism, and Vice Foreign Minister Cheng Guoping co-chair second China-US Counter-terrorism Consultation.

**Aug. 5, 2015:** Foreign Minister Wang Yi and Secretary Kerry meet in Kuala Lumpur on the sidelines of the ASEAN Regional Forum.

**Aug. 11, 2015:** Ten US senators write a letter to President Obama urging him to raise concerns about human rights and civil society in his upcoming meeting with Xi Jinping in September.

**Aug. 11, 2015:** Nineteen US business and technology industry groups write a letter to President Obama asking him to urge Beijing not to use cyber security measures to protect its domestic technology industry in his upcoming meeting with Xi Jinping.

**Aug. 12-14, 2015:** Zhang Zhijun, Director of the Taiwan Affairs Office of the State Council, meets Deputy Secretary of State Blinken, Assistant Secretary of State Daniel Russel, and Senior Director at the National Security Council for Asian Affairs Daniel Kritenbrink in Washington.

**Aug. 13-14, 2015:** Assistant Secretary for Democracy, Human Rights and Labor Tom Malinowski and Chinese Ministry of Foreign Affairs Department of International Organizations and Conferences Director General Li Junhua co-chair the 19<sup>th</sup> US-China Human Rights Dialogue in Washington.

**Aug. 19, 2015:** Chinese Assistant Foreign Minister Zheng Zeguang meets Chairman of the American Chamber of Commerce in China, James Zimmerman, to exchange views on US-China economic and trade cooperation.

**Aug. 20, 2015:** The US Department of Defense releases the Asia-Pacific Maritime Security Strategy as required by the National Defense Authorization Act of 2015.

**Aug. 20-28, 2015:** Ambassador-at-Large for International Religious Freedom David Saperstein visits China to discuss religious freedom with government officials, religious leaders, and civil society representatives, visiting Beijing, Shijiazhuang, Shanghai, Hangzhou, and Hong Kong.

**Aug. 21, 2015:** Treasury Secretary Lew speaks to Vice Premier Wang Yang via phone to discuss economic ties between the two countries.

**Aug. 22, 2015:** US Trade Representative Michael Froman meets Chinese Vice Premier Wang Yang in Beijing.

**Aug. 24-28, 2015:** US and China hold the 20th round of investment treaty talks in Beijing and focus on negative lists.

**Aug. 25, 2015:** Chief of Naval Operations Adm. Jonathan Greenert holds a video teleconference (VTC) with his Chinese counterpart, PLA Navy Commander Adm. Wu Shengli to introduce his replacement as CNO, Adm. John Richardson.

**Aug. 27, 2015:** Armies from China, Australia and the US begin Exercise *Kowari* in Darwin, Australia. The exercises will run through Sept. 14.

**Aug. 28-29, 2015:** National Security Adviser Susan Rice visits Beijing to finalize preparations for Chinese President Xi Jinping's visit to Washington in September.