



**US-China Relations:  
China's Maritime Disputes Top the Agenda**

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The complexity of the US-China relationship was in sharp relief in the first four months of 2014. Differences over maritime disputes along China's eastern periphery were at the top of the agenda. Russia's seizure of Crimea introduced a new point of contention. Despite much diplomatic activity, little progress was made on a way forward in seeking denuclearization of North Korea. US Defense Secretary Chuck Hagel made a fruitful visit to China that included very sharp exchanges with his Chinese counterparts and a tour of China's aircraft carrier. Michele Obama along with her children and mother toured China promoting education and people-to-people exchanges. The full range of issues in the bilateral relationship was discussed by Presidents Obama and Xi Jinping when they met on the margins of the Nuclear Security Summit in The Hague.

**US hardens position on maritime disputes**

Beginning in late January, the Obama administration adopted a tougher stance on territorial disputes in the region, explicitly criticizing Chinese policy and behavior, and warning Beijing against further destabilizing moves. The harsher attitude was first signaled by National Security Council Senior Director for East Asia Evan Medeiros in an interview with Japan's *Kyodo News*. Medeiros warned China to refrain from establishing an air defense identification zone (ADIZ) in the South China Sea. "We have been very clear with the Chinese that we would see that as a provocative and destabilizing development that would result in changes in our presence and military posture in the region," he said.

A week later, in testimony before the House Committee on Foreign Affairs Subcommittee on Asia and the Pacific, Assistant Secretary of State for East Asian and Pacific Affairs Daniel Russel expressed "deep concern" about tensions arising from maritime and territorial disputes in the Asia-Pacific region. Calling into question the legality of China's nine-dash line claim in the South China Sea, Russel stressed that under international law, maritime claims must be derived from land features. "Any use of the 'nine dash line' by China to claim maritime rights not based on claimed land features would be inconsistent with international law," he added. Charging that the ambiguity of China's nine-dash line has "created uncertainty, insecurity and instability in the region," he stated that "the international community would welcome China to clarify or adjust its nine-dash line claim to bring it in accordance with the international law of the sea."

Several Chinese actions apparently heightened US concerns and increased pressure from partners in the region for Washington to take a firmer line. For example, the People's Liberation Army (PLA) Navy conducted its second exercise in less than a year around James Shoal, a submerged

reef about 50 miles off Malaysia's state of Sarawak and 1,100 miles from mainland China. Chinese TV aired video of hundreds of Chinese sailors on the deck of a warship taking an oath to defend the nation's territorial integrity and sovereignty, including James Shoal, which Beijing considers to be the southernmost point of Chinese territory. The exercise was mentioned by Evan Medeiros in remarks made at the Center for American Progress in mid-February.

Activity around Second Thomas Shoal, a submerged reef in the Philippine Exclusive Economic Zone, also caused concern. Chinese ships repeatedly attempted to prevent Manila from resupplying the eight marines who have manned a rusted warship on the shoal for the past 15 years. On several occasions, the Philippines resorted to airdropping food and water to the marines. In one instance a US surveillance plane flew overhead as Philippine vessels tried to outmaneuver Chinese Coast Guard ships to deliver supplies and fresh troops to the outpost.

At the end of April when President Obama visited four countries in East Asia, he reiterated US insistence on the peaceful management of territorial disputes through dialogue at several stops. In Tokyo at a joint press conference with Prime Minister Abe Shinzo, Obama underscored US and Japanese commitment to fundamental principles such as freedom of navigation and respect for international law. To Beijing's consternation, the president also reaffirmed publicly that Article 5 of the US-Japan Mutual Security Treaty covers all territories under Japan's administration, including the Senkaku Islands, known to the Chinese as the Diaoyu Islands. A joint statement issued by President Obama and Malaysian Prime Minister Najib noted "the importance of safeguarding maritime security and ensuring freedom of navigation throughout the region, including critical waterways in the South China Sea." The statement also cited the need to resolve disputes peacefully and in accordance with international law, including the United Nations Convention on the Law of the Sea. Moreover, the two leaders "highlighted the importance of parties concerned avoiding the use of force, intimidation, or coercion, and exercising self-restraint in the conduct of activities."

In his joint press conference with Philippine President Benigno Aquino, Obama stressed the need to respect international rules and norms, and voiced opposition to coercion and intimidation. He also expressed support for Manila's decision to seek international arbitration as a way to resolve its territorial disputes. China was not singled out by name, but there was no doubt that these statements were made with China in mind.

Beijing was likely uneasy about President Obama's visit to the region which, prior to his departure, some experts inside and outside China dubbed the containment tour. During the visit, China voiced concern on two occasions about US military involvement in the region. In response to questions from the media, China's Foreign Ministry spokesman criticized Obama's statement that the US-Japan alliance covered the disputed islands in the East China Sea. "The so-called US-Japan alliance is a bilateral arrangement from the Cold War and ought not to harm China's territorial sovereignty and reasonable rights," the spokesman maintained. Asked if the US-Philippines Enhanced Defense Cooperation Agreement is aimed at containing China, the spokesman said "it depends on what the US says and does." Although President Obama did not include China on his itinerary, the spokesman asserted that "China is right here, whether he comes or not."

Sharper criticism of Obama's Asia tour was evident in the Chinese media. An editorial in the state-run *China Daily* maintained that the US is "taking Beijing as an opponent." "With Obama reassuring the US allies of protection in any conflict with China, it is now clear that Washington is no longer bothering to conceal its attempt to contain China's influence in the region," the editorial said. "Ganging up with its troublemaking allies, the US is presenting itself as a security threat to China," it added.

### **Obama-Xi bilateral at The Hague**

Presidents Obama and Xi Jinping met on the margins of the Nuclear Security Summit in The Hague for approximately 90 minutes. Their discussions were wide-ranging, touching on Russia's annexation of Crimea, North Korea, Iran, climate change, economic issues, cybersecurity, bilateral military ties, counterterrorism, human rights, Taiwan, and Tibet. Both leaders characterized the US-China bilateral relationship in positive terms. Xi pledged to "adopt a more positive attitude and more vigorous actions to strengthen cooperation with the United States" and also to effectively manage differences and sensitivities. Obama noted that the bilateral relationship was "as important as any bilateral relationship in the world," adding that the two nations had "made great strides."

In a remarkable departure from usual protocol, during the press spray prior to the meeting President Xi referred to a recent letter sent to him by President Obama. The letter, Xi said, noted that the US president was committed to building the new model of major country relations with China and that the US and China could address common challenges through practical cooperation. Although no comment was made publicly on this breach of convention, US officials were undoubtedly rankled.

China's Foreign Ministry spokesman described the meeting as "in-depth, frank, sincere, and constructive," and listed 10 areas on which the two leaders had achieved "common understanding." Notable among these was agreement to launch an annual ministerial-level dialogue mechanism between China's Ministry of Public Security and the US Department of Homeland Security. Progress was also reported on a number of issues, including trade and investment cooperation and military-to-military relations. *Xinhua* reported that Obama and Xi said that they "were ready to continue to work for the establishment of a new type of great-power relationship between China and the United States."

Taiwan was almost certainly mentioned only in passing, but was nonetheless highlighted by the Chinese Ministry of Foreign Affairs. In what was unquestionably a deliberate distortion of President Obama's remarks, a report posted on the MFA website maintained that Obama had told Xi, "on the Taiwan issue and Tibet-related issues, the US side respects China's sovereignty and territorial integrity. This stance remains unchanged." This was a blatant attempt to conflate US positions on Taiwan and Tibet, which are in fact quite different: the US accepts Chinese sovereignty over Tibet, but does not recognize Chinese sovereignty over Taiwan.

The Obama administration apparently considered it necessary to correct the record. Evan Medeiros made an unscheduled appearance at conference at the Brookings Institution a few days later and described the Xi-Obama exchange on Taiwan as "just what you'd expect: China stated

its position, the United States stated its position.” Then he said that China’s Foreign Ministry “willfully mischaracterized the United States’ position on Taiwan, as if our position on Taiwan had somehow changed.” Medeiros stated that such kinds of actions are unwelcomed, and foster mistrust between the United States and China. He chided Beijing for seeking to make the people of Taiwan insecure about US policy and urged China to focus on winning the hearts and minds of the Taiwan people.

### **Russia’s seizure of Crimea – a new irritant in US-China relations?**

Russia’s seizure of Crimea posed a foreign policy dilemma for Beijing and added new strains in the US-China relationship. Despite its longstanding support for the principles of sovereignty and territorial integrity, Beijing refrained from criticizing Russia’s military intervention. At the UN Security Council, however, China did not block the attempt to isolate and condemn Russia’s actions. Instead, China abstained from a carefully worded resolution that declared the planned referendum on secession in Crimea illegal, resulting in Moscow casting the sole vote against it.

Remarks by Chinese Ambassador to the UN Liu Jieyi revealed a deliberate effort to adopt an even-handed stance. Liu stated that while China has always respected the sovereignty and territorial integrity of all states, it had “noticed foreign interference is also an important reason leading to violent clashes on the streets of Ukraine. In casting its vote, Beijing undoubtedly had in mind its domestic concerns about a potential vote on independence for Tibet or Taiwan. China also has a strong interest in preserving its relationship with Russia, which has been increasingly seen as a strategic partner.

In an effort to win greater support from China for its position, President Obama phoned Xi Jinping on March 10. According to the White House report on the phone call, “the two leaders agreed on the importance of upholding principles of sovereignty and territorial integrity,” implying that China and the US were in agreement. The Chinese press, meanwhile, contained no mention of these principles, instead emphasizing that Xi had urged all parties to exercise restraint in the crisis and noted Beijing’s “objective and fair stance” and the “complexity” of the situation. These differing accounts of the conversation underscored the divergence in Chinese and US positions and approaches to handling the crisis.

According to Deputy National Security Adviser Ben Rhodes, the US continued to privately press China on the issue of Ukraine. In their meeting on the sidelines of the Nuclear Security Summit, President Obama raised the issue and noted China’s long-standing policy of nonintervention. According to Rhodes, Obama conveyed that China “has always held sovereignty and territorial integrity as a core of its foreign policy and national security approach and that that principle needs to be applied to Ukraine.” Obama did not make headway, however, in persuading China to join the ranks of the US and other nations that want to punish Moscow for its act of aggression.

In an April 6 interview with the Japanese newspaper *Asahi Shimbun*, Evan Medeiros publicly called into question China’s intentions in Ukraine. Medeiros echoed Obama’s frustrations, stating, “China regularly, publicly, says that territorial integrity and sovereignty are of the utmost importance, but yet, in the face of a violation of them by Russia through its actions in Ukraine, China has remained agnostic, and has provided essentially de facto support to Russia.” Medeiros

went on to question whether China's backing for the principles of territorial integrity and sovereignty are situational. Does China "feel that there are some conditions that are actually attached to its support for territorial integrity and sovereignty?" he asked.

China's state news agency *Xinhua* sided squarely with Russia: "Based on the fact that Russia and Ukraine have deep cultural, historical and economic connections, it is time for Western powers to abandon their Cold War thinking. Stop trying to exclude Russia from the political crisis they failed to mediate, and respect Russia's unique role in mapping out the future of Ukraine," read one opinion piece.

Fears abound that the fallout of Russia's takeover of Crimea could include a closer Sino-Russian alliance and distract the US from the rebalance to Asia. Whether Xi Jinping will tilt toward Moscow or the crisis Ukraine will truly draw the US focus away from Asia remain to be seen, but it appears that China's fence-sitting has cost it some of its credibility in Washington.

### **North Korea: lots of meetings, little progress**

North Korea was a prominent topic of discussion on the US-China agenda in the first four months of 2014. In meeting after meeting, Beijing attempted to persuade the US to lower the bar for the resumption of the Six-Party Talks, while Washington sought to encourage China to put greater pressure on North Korea to take meaningful steps to denuclearize in accordance with existing agreements. At the interim round of the Strategic Security Dialogue Jan. 21-23, Deputy Secretary of State William Burns stressed the importance of close US-China cooperation to secure actions from North Korea to live up to its international obligations and implement irreversible denuclearization as agreed upon in the September 2005 joint statement.

Later that month, Special Representative for North Korea Policy Glyn Davies visited Beijing for consultations with Chinese Foreign Ministry officials. Following those discussions, he told the press that "the bulk of the time I spent in meetings with Chinese officials was about how best to move the process forward, get back to Six Party, convince North Korea, if necessary through further pressure, that it needs to begin taking steps now and get back . . . into that process of denuclearization." In addition, they discussed developments inside North Korea, including the significance of the execution of Jang Song Thaek, China's go-to guy in Pyongyang.

When Secretary of State John Kerry traveled to the region in mid-February, North Korea was the main focus of his discussions in both Seoul and Beijing. After his meeting with South Korean Foreign Minister Yun Byung-se, Kerry told the press: "China has a unique and critical role that it can play due to its economic, its geographic, its political, and its historical, cultural ties with North Korea. No country has a greater potential to influence North Korea's behavior than China, given their extensive trading relationship with the North."

The following day in Beijing, he noted that China had vigorously reiterated its commitment to achieve a denuclearized North Korea and had expressed its concerns about the risks of not achieving that goal. Moreover, Kerry said that he encouraged the Chinese "to use every tool at their disposal, all of the means of persuasion that they have, building on the depths of their long and historic and cultural and common history that has brought them together." He added that

both sides had put some ideas on the table regarding how to make headway, and that he would report back to President Obama. “We will continue this dialogue in the days ahead in a serious way with a great sense of the urgency of time and purpose,” Kerry told the press.

Foreign Minister Wang Yi reportedly maintained that China’s “top priority is to seize the opportunity to resume dialogue as soon as possible. He urged all parties (in other words, the US) to “have the overall situation in mind; speak and act prudently; show flexibility; do more things beneficial to the relaxation of the situation; and take practical measures to create favorable conditions for pushing the resumption of the Six-Party Talks.” The statement suggested that little progress was made in narrowing US-China differences on how to advance toward their common goal of denuclearization of North Korea.

In early March, in his press conference after the National People’s Congress (NPC), Wang Yi underscored China’s abiding interest in preserving stability in North Korea and for the first time ever referred to a policy redline: “The Korean Peninsula is right on China’s doorstep,” Wang stated. “We have a red line, that is, we will not allow war or instability on the Korean Peninsula.” The terms for resuming negotiations with North Korea was discussed again when President Obama met with Xi Jinping on the margins of the Nuclear Security Summit. In a press briefing on the meeting, Deputy National Security Advisor Rhodes said that Obama called for close coordination to send a clear message to North Korea. “We’ve had good cooperation with China in applying some pressure on North Korea,” he added, “but we as an international community need to continue to insist that North Korea abide by its obligations.” China’s MFA spokesman said that Xi and Obama had “in-depth communication about promoting an early resumption of the Six-Party Talks and agreed to jointly create positive conditions toward that end.”

In early April, Assistant Secretary of State Russel publicly highlighted the tension in China’s policy goals of maintaining stability on its border and achieving denuclearization in North Korea in an effort to step up pressure on Beijing. Speaking in a phone interview arranged by the Asia Society, Russel said that China has “a strong bias in favor of coaxing tactics that haven’t yielded results and don’t seem likely to work. We think they can still do more to push North Korea to choose the right path.”

A few days later it was Defense Secretary Chuck Hagel’s turn to encourage the Chinese to do more to address the growing threat posed by North Korea to regional stability and to the US homeland. In a speech delivered at China’s National Defense University, Hagel said that the US looks to China “to play a constructive role” in meeting the North Korea challenge. “Continuing to support a regime that engages in these provocative and dangerous actions – and oppresses its own people – will only hurt China’s international standing in this region,” he warned.

Back in Washington, China’s ambassador revealed Beijing’s frustrations in trying to work with the US on North Korea. In remarks at the United States Institute of Peace, Cui Tiankai complained that “We are often told that China has such an influence over the DPRK and we should force the DPRK to do this or that otherwise the US would have to do something that would hurt China’s security interests. You are giving us a mission impossible,” Cui said. “I don’t think this is very fair. I don’t think this is a constructive way to work with each other.”

Despite hopes for some progress when Wu Dawei visited New York and Washington DC in mid-April, no headway was made. US diplomatic sources even suggested that there was backsliding in China's positions, which contrasted sharply with the claim the foreign ministry spokesman that the visit demonstrated that "both sides are expanding consensus and narrowing differences." Two factors are likely hampering US-Chinese cooperation on North Korea: 1) Beijing's uncertainty about developments inside North Korea and in its bilateral ties with Pyongyang; and 2) increased Chinese concerns about the US rebalance to Asia and US intentions toward China.

During President Obama's Asia tour in late April, he publicly emphasized the need for China to use its influence with Pyongyang. Speaking at a joint press conference in Seoul with President Park Geun-hye, Obama stated: "China is beginning to recognize that North Korea is not just a nuisance; this is a significant problem to their own security. And we have encouraged them to exert greater influence over North Korea because China has the most significant effect on North Korean calculations."

Amid reports of increased activity in and around the Punggye-ri test site in northeastern North Korea, China's Foreign Ministry issued a veiled warning to Pyongyang to not conduct another nuclear test. "We are opposed to all actions that may lead to an escalation of tensions on the Korean Peninsula," spokesman Qin Gang told reporters. "We should cool down the situation, rather than flaring up tensions," he said.

### **Hagel tours aircraft carrier and spars with counterparts in Beijing**

In early April, Secretary Hagel made his first visit to China as secretary of defense. His first stop was Qingdao, where the PLA permitted him to tour China's first aircraft carrier, the *Liaoning* – the first foreigner to be granted that privilege. The ship's commanding officer, Capt. Zhang Zheng, provided a briefing about the ship's capabilities and operating schedule. Afterward, Hagel and the new US Ambassador to China Max Baucus, were shown the medical facilities, living quarters, flight control station, pilot house, the bridge, the flight deck, and the officers' dining area. A US defense official traveling with Hagel hailed the visit as a welcome step in China's attempts to be more transparent and open.

In Beijing, Secretary Hagel met his host, Defense Minister Chang Wanquan, Vice Chairman of the Central Military Commission (CMC) Fan Changlong, State Councilor Yang Jiechi, and President Xi Jinping. He had lunch with cadets at the Non-Commissioned Officers (NCO) Academy and delivered a speech at the National Defense University. In his meeting with Xi, which *Xinhua* noted was in Xi's capacity as chairman of the Central Military Commission as well as state president, the main topics the discussion was on the bilateral military relationship and the Korean Peninsula. Xi said that the two nations should develop a new model of military-to-military relations and adhere to the principles of no conflict and no confrontation, mutual respect, and win-win cooperation. He also stressed the need to effectively manage and control differences and sensitive issues. Hagel expounded on his view of the new model of military-to-military relations in his speech at NDU, saying that the two militaries should proceed on three tracks: 1) maintaining sustained and substantive dialogue; 2) forging concrete, practical cooperation where US and Chinese interests converge; and 3) working to manage competition and differences through openness and communication.

In his meeting with Secretary Hagel, Gen. Fan Changlong took the opportunity to criticize at length the remarks that the secretary had made about China's Air Defense Identification Zone and Chinese actions in the South and East China Seas during his stop in Hawaii, where he met with the ASEAN defense ministers, and in Tokyo. Such criticism is probably not unusual, but that such comments were made with the press present and later reported by *Xinhua* is atypical. *Xinhua* reported Fan as saying that he and the Chinese people were "dissatisfied" with Hagel's comments calling on the US to "do more things that are conducive to regional stability and to the friendly development between the two countries and the two armies."

When Secretary Hagel and Gen. Chang met jointly with the press, diverging US and Chinese perspectives on numerous issues were on full display. Chang lambasted Japan's Prime Minister Abe for causing "severe difficulty" in China-Japan relations and criticized the Philippines for illegally occupying islands and reefs in the South China Sea that belong to China while "disguising itself as a victim." Hagel insisted that maritime disputes be resolved "diplomatically, peacefully, through international law." He noted that Japan and the Philippines are long-time allies of the US and that the US remains "fully committed" to its treaty obligations to both nations. In response to a question about House Resolution 494 affirming the Taiwan Relations Act, including the sale of sophisticated defensive weapons to Taiwan, Chang expressed strong objection and urged the Obama administration to take concrete measures to prevent congressional approval so as not to undermine US-China relations.

The visit nevertheless produced agreements that will help expand the US-China military-to-military relationship. These included 1) an agreement to continue discussions on the two initiatives first proposed by Xi Jinping in his meeting with President Obama at Sunnylands: the establishment of a military notification mechanism of major military activities, and setting standards of behavior to ensure safety on the high seas; 2) an agreement to convene an Asia-Pacific security dialogue; and 3) an agreement to conduct a land-based joint medical cooperative exercise after the Rim of the Pacific exercise later this year.

Commenting on Hagel's visit to the *China News Agency*, Director of the China-US Defense Relations Study Center of the Academy of Military Sciences Maj. Gen. Yao Yunzhu said: "the weight of the relations between the two militaries in the overall relations between China and the United States has become increasingly great, and the military relations have become one of the brightest spots of the bilateral relations between the two countries and an important assurance for maintaining world peace and calm."

In mid-February, US Army Chief of Staff Gen. Raymond Odierno also visited China, where he met senior Chinese PLA officers in Beijing and toured the headquarters of the Shenyang military region. Odierno's visit yielded an agreement to set up a regular high-level dialogue between the US and Chinese armies. The dialogue will include humanitarian assistance, disaster relief, peacekeeping, and various military exchanges.

### **Two dialogues: SSD and APC**

The fifth round of the US-China Asia-Pacific Consultations (APC) was held in Beijing on Jan. 22. It was the first meeting of the APC since the beginning of President Obama's second term,

and was led by Assistant Secretary of State Russel and Assistant Foreign Minister Zheng Zeguang. A broad range of topics was addressed, but the bulk of the discussion focused on maritime security issues and North Korea. The two sides also sought to expand practical US-China cooperation to promote a positive sum relationship in the Asia-Pacific, balance ongoing bilateral friction, and reassure other regional states that despite their differences, the US and China can work together to promote peace, development and prosperity in Asia.

A joint fact sheet issued after the meeting listed several areas where the two countries are engaged in cooperation and a few projects that both sides agree to implement in the future. These include a possible joint project in Myanmar, a planned health project to support stability and capacity-building in Afghanistan, expansion of the US-China food security project in Timor-Leste, and continued cooperation between China's Fisheries Law Enforcement Command and the US Coast Guard. Additional projects call for enhanced multilateral cooperation with regional nations through the conduct of humanitarian assistance and disaster relief exercises, preventive diplomacy training, and environmental activities. The apparently thin agenda of bilateral projects is likely a function of increasing bilateral tensions and suspicions, in addition to the challenge of coordinating two complex and often mismatched bureaucracies.

The following day, Deputy Secretary of State Burns and Vice Foreign Minister Zhang Yesui, along with senior US and Chinese defense officials, co-hosted an intercessional round of the US-China Strategic Security Dialogue which brings together military officers and civilian officials to discuss bilateral, regional, and global security issues. This marked the first time that the SSD was held separate from the annual bilateral Strategic and Economic Dialogue. Public reporting on the meeting was sparse, but privately officials acknowledged that sensitive subjects such as cyber, space, and nuclear policies were on the agenda in addition to North Korea, Iran, and maritime security in the South and East China Seas. A brief statement released by the Chinese Foreign Ministry said that both sides exchanged views "in a candid, pragmatic and constructive atmosphere" and noted that there was agreement to continue to bring the dialogue mechanism "to full development to make it play a positive role in enhancing bilateral mutual trust."

### **Michelle Obama visits China**

In March First Lady Michelle Obama took a weeklong trip to China with her two daughters, Sasha and Malia, and her mother, Marian Robinson. The trip, which took them to Beijing, Xi'an and Chengdu, was billed as a chance to promote some of Mrs. Obama's favorite causes – education, cultural exchanges, and people-to-people ties – but the first lady managed to work in some far more sensitive bilateral issues as well. The White House ran a blog on the trip, which included videos, pictures, and a daily travel journal entry written by Mrs. Obama herself.

The Chinese attached considerable importance to the first lady's visit, evidenced by the reception she received from President Xi soon after her arrival. For Beijing, the visit provided an opportunity to promote Sino-US relations and to exercise China's soft-power diplomacy.

In a speech at Peking University's Stanford Center, Mrs. Obama highlighted the right to personal freedoms, saying that the US championed "the right to say what we think and worship as we choose." The speech was notably not broadcast on Chinese state-run television, but it did make

its way in full onto *Sina Weibo*, a *Twitter*-like service in China used by millions. The Chinese government did not remove the speech, despite her implied message that the Chinese government fails to sufficiently respect personal freedoms. The first lady was more directly critical of China in her discussion of the speech on the White House blog, stating “The government in China puts restrictions on both the internet and the news media ... in America, we believe that we’re strongest when everyone’s voices can be heard and people can question and criticize their government freely and openly.”

The following day, the first lady caused some controversy when she lunched at a Tibetan restaurant in Chengdu. The Chinese blogosphere lit up in anger, claiming that the lunch carried strong political overtones of US support for greater freedoms in Tibet. Mrs. Obama’s press team readily admitted their pointed choice of the restaurant, which took place a month after President Obama’s meeting with Tibet’s exiled spiritual leader, the Dalai Lama, at the White House.

### **Human rights is on the agenda**

The trial of Chinese legal scholar and rights advocate Xu Zhiyong began on Jan. 22, and reached a predictable and quick verdict. Gary Locke, who was close to wrapping up his tour as US ambassador to China, cited “deep concern” that the trial served as retribution for Xu’s “public campaigns to expose official corruption.” A few days later, following the announcement of Xu’s conviction, the US Department of State piled on to Locke’s criticism, issuing an official statement condemning China’s treatment of Xu, and calling for his release and the release of all other political prisoners in China. The state-run Chinese media conglomerate, the *Global Times*, predictably accused the West of amplifying the political significance of Xu’s conviction, insisting that the verdict was based on his “acts, not what he advocated.”

President Obama and the Dalai Lama met for the third time on Feb. 21 at the White House. Obama reiterated his support for the preservation of “Tibet’s unique religious, cultural, and linguistic traditions and the protection of human rights for Tibetans,” in China. The Chinese unsurprisingly objected, charging that Obama allowed the Dalai Lama to use the White House as a podium for promoting anti-Chinese activities. The meeting does not appear to have negatively affected cooperation on other issues in the bilateral relationship. There are rumors, however, that Beijing may cancel the annual US-China human rights dialogue in retaliation.

The annual report on human rights around the world, issued by the US State Department on Feb. 27, denounced Chinese conduct over the last year, including censorship of the internet, treatment of ethnic minorities (especially in Tibet and Xinjiang), and the Chinese crackdown on government critics in 2013. In what has become an annual routine, China retaliated the following day with its own report on perceived US human rights abuses, including charges that the US spies on its own citizens to a “massive and unrestrained” degree, and has conducted drone strikes in Pakistan and Yemen that have caused heavy civilian casualties.

As he has done in prior bilateral meetings with China’s president, Obama raised the issues of human rights and the rule of law when he met with Xi Jinping on the sidelines of the Nuclear Security Summit. According to Deputy National Security Adviser Rhodes, Obama expressed “concern over the recent lack of visas to US media outlets like *The New York Times*, *Bloomberg*,

and *Voice of America*.” Xi complained about US spying on Huawei, now the largest telecommunications equipment maker in the world and one of China’s most successful multinational companies.

### **National People’s Congress**

The second annual session of China’s 12<sup>th</sup> National People’s Congress (NPC) came to a close on March 13, just as the Chinese People’s Political Consultative Congress (CPPCC) wrapped up its corresponding session. This year’s annual “two meetings” held great importance for the still-new Xi Jinping administration, as it embarked on the first stages of implementation of a broad set of new policies. Great emphasis was placed on reform throughout the week-long session, and the Xi administration promised sweeping economic and social improvements that it plans to carry out in the coming months and years.

On the economic front, the NPC fleshed out and prioritized some of the key reform tasks that were set at last November’s Third Plenum. Economic growth remains a priority for China, but the NPC set a more modest target of 7.5 percent, indicating that the quality of economic growth is increasingly important to the Chinese Communist Party.

The NPC also set out to reform the Chinese banking system and create greater levels of transparency in government budgeting. China will begin to combat corruption in State-owned Enterprises (SOEs), which are a target for reform in 2014. SOEs will now allow for some private capital to enter sectors that were previously restricted. The Xi administration is not seeking to reduce the role of SOEs in the economy, however. To the contrary, in remarks to the NPC Shanghai Delegation, Xi explained that, “deepening the reform of SOEs is a major task; not only should SOEs not be weakened, they must be strengthened.” The state will retain management control of the SOEs, and attempt to improve their efficiency. This likely means better managed, but increasingly competitive Chinese SOEs.

In addition to fiscal and economic reforms, the NPC also laid out plans to tackle social issues such as income distribution, health policies and public concerns regarding pollution and terrorism. If the Xi administration is successful in the reforms and policies laid out at this year’s “two sessions,” it will serve to reduce levels of corruption, create a more efficient economy and, ensure a more smoothly run government, all of which would bolster the legitimacy of Xi himself as well as of the Chinese Communist Party.

### **What’s next?**

As Presidents Obama and Xi indicated when they met at The Hague, the two leaders remain committed to building a new type of major power relationship. At present, this does not exist; it is aspirational. Much work needs to be done to promote cooperation between the two countries. Opportunities to advance the bilateral relationship will be available at the upcoming meeting of the Strategic and Economic Dialogue this summer and when President Obama visits China in November to attend the APEC Leaders meeting.

## **Chronology of US-China Relations\***

### **January – April 2014**

**Jan. 9, 2014:** US Department of State spokesperson says the passing of restrictions by China's Hainan province on other countries' fishing activities in disputed portions of the East Sea is a "provocative and potentially dangerous act."

**Jan. 10, 2014:** China's annual trade in goods tops \$4 trillion, surpassing the US as the world's top trader.

**Jan. 15, 2014:** China's Ministry of National Defense confirms a report on Jan. 9 about China's flight-testing a hypersonic missile vehicle capable of traveling up to Mach 10 and says that the test is scientific in nature and not targeted at any country.

**Jan. 21-23, 2014:** Deputy Secretary of State Williams Burns visits China to participate in an interim round of the US-China Strategic Security Dialogue.

**Jan. 22, 2014:** Daniel Russel, US assistant secretary of state for East Asia and Pacific Affairs, accompanies Deputy Secretary Burns to China and co-chairs the fifth US-China Consultations on Asia Pacific with China's Assistant Foreign Minister Zheng Zeguang.

**Jan. 22, 2014:** Foreign Minister Wang Yi meets Secretary of State John Kerry in Montreux, Switzerland. They exchange views on US-China relations, the Iranian nuclear issue, and Syria.

**Jan. 22, 2014:** At the close of the fifth US-China Asia-Pacific Consultations in Beijing, the US and China release a fact sheet on ongoing and planned practical cooperation in disaster relief, Burma, Afghanistan, food security, health, preventive diplomacy and marine conservation.

**Jan. 23, 2014:** US Commerce Department opens an investigation into whether China and Taiwan are dumping a certain class of solar cells into the US market at below fair market value.

**Jan. 25, 2014:** Department of State releases statement expressing deep disappointment after a Chinese court convicts legal scholar and rights advocate Xu Zhiyong, sentencing him to four years in prison.

**Jan. 27-28, 2014:** US Special Representative for North Korea Policy Glyn Davies visits China. He meets Executive Vice Foreign Minister Zhang Yesui and Special Representative of the Chinese Government on Korean Peninsular Affairs Wu Dawei.

**Jan. 30, 2014:** US-China Security and Economic Review Commission holds hearings on China's military modernization and its implications for the United States.

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\* Chronology and research assistance by CSIS intern Yun Liu

**Jan. 30, 2014:** Evan Medeiros, senior director for Asian affairs at the National Security Council, gives an interview to *Kyodo News* and sets out a tougher US position against a potential Chinese ADIZ in the South China Sea.

**Jan. 31, 2014:** Department of State spokeswoman denounces any Chinese plan to announce an ADIZ in the South China Sea as “a provocative and unilateral act that would raise tensions.”

**Feb. 4, 2014:** US Senate Foreign Relations Committee approves the nomination of Sen. Max Baucus to be the next ambassador to China.

**Feb. 5, 2014:** In his testimony before the House Foreign Affairs subcommittee, Assistant Secretary Russel criticizes China.

**Feb. 14, 2014:** President Xi Jinping meets Secretary of State Kerry in Beijing. Kerry also meets Premier Li Keqiang, State Councilor Yang Jiechi, and Foreign Minister Wang Yi.

**Feb. 14, 2014:** US International Trade Commission (ITC) approves anti-dumping and countervailing investigations on crystalline silicon photovoltaic products from China, paving the way for the Department of Commerce to set preliminary duties in the months ahead.

**Feb. 15, 2014:** US and Chinese governments issue a joint statement pledging to work together to attenuate the effects of global climate change.

**Feb. 21, 2014:** President Barack Obama meets with Tibetan spiritual leader the Dalai Lama at the White House, ignoring Chinese urgings to cancel the meeting.

**Feb. 21, 2014:** Secretary of State Kerry designates Under Secretary for Civilian Security, Democracy, and Human Rights Sarah Sewall as Special Coordinator for Tibetan Issues.

**Feb. 21, 2014:** US Army Chief of Staff Gen. Raymond Odierno meets top Chinese generals in Beijing as part of efforts to build trust between the two nations’ militaries.

**Feb. 21, 2014:** US Department of Commerce announces that it has approved anti-dumping duty and countervailing duty investigations against imports of carbon and certain alloy steel wire rod from China.

**Feb. 24, 2014:** China’s Foreign Ministry says China will never recognize the US appointment of a special coordinator for Tibetan issues and opposes foreign intervention in its internal affairs.

**Feb. 26, 2014:** Department of State spokeswoman expresses deep concern that Chinese authorities have decided to formally arrest economics professor Ilham Tohti and calls on China to release him.

**Feb. 27, 2014:** Department of State releases the 2013 Country Reports on Human Rights Practices and highlights setbacks in human rights conditions in China.

**Feb. 28, 2014:** China's State Council Information Office publishes its annual report on the United States' human rights record.

**March 4-8, 2014:** Twelfth round of China-US Investment Treaty Negotiations is held in Washington.

**March 5, 2014:** China announces that its 2014 military budget will be raised by 12.2 percent to \$132 billion. Department of State spokeswoman says that the US will continue to carefully monitor China's military developments and encourage China to exhibit greater transparency with respect to its capabilities and intentions.

**March 6, 2014:** US National Security Adviser Susan Rice speaks by phone to Chinese State Councilor Yang Jiechi about the Ukraine situation, and the White House releases a statement that China agrees with the US that the sovereignty and territorial integrity of Ukraine must be respected in its dispute with Russia.

**March 9, 2014:** President Obama speaks by phone to President Xi regarding the situation in Ukraine.

**March 18, 2014:** In his first press conference since arriving in Beijing, new US Ambassador to China Max Baucus vows to strengthen business and people-to-people ties as well as raise Chinese respect for human rights norms.

**March 20-26, 2014:** First Lady Michelle Obama visits China, accompanied by her daughters Malia and Sasha, and mother Marian Robinson, and makes stops in Beijing, Xi'an and Chengdu.

**March 24, 2014:** President Xi meets President Obama during the 2014 Nuclear Security Summit in The Hague, Netherlands.

**March 24, 2014:** China's Foreign Ministry demands a clear explanation from the United States over a report that the US National Security Agency infiltrated servers at Huawei's headquarters.

**March 26, 2014:** World Trade Organization panel determines that China's export restrictions on rare earth minerals violate WTO trade rules, ruling in favor of a case filed by Japan, the European Union, and the United States.

**March 27-28, 2014:** Fifth US-China Dialogue on the Law of the Sea and Polar Issues is held in Qingdao, China.

**March 28, 2014:** WTO releases a report that backs China's challenge of countervailing and anti-dumping measures taken by the US against certain products from China. However, it does not support China's claim that a US measure known as the GPX Act is inconsistent with WTO rules.

**March 28, 2014:** Senior Director for Asian Affairs of the National Security Council Evan Medeiros criticizes China for willfully mischaracterizing the US position on Taiwan and reaffirms that the US stance remains unchanged.

**April 7, 2014:** After meeting Japanese Defense Minister Itsunori Onodera in Tokyo, Defense Secretary Hagel calls on China to use its “great power” responsibly and respect its neighbors.

**April 7, 2014:** US House of Representatives passes House Resolution 3470, the Taiwan Relations Act Affirmation and Naval Vessel Transfer Act of 2014, authorizing the transfer by sale of four *Perry*-class frigates to Taiwan.

**April 8-11, 2014:** Defense Secretary Hagel visits China and meets President Xi, Defense Minister Chang Wanquan and Vice Chairman of the Central Military Commission Fan Changlong.

**April 14-15, 2014:** Under Secretary of State for Arms Control and International Security Rose Gottemoeller visits China and takes part in the fifth P5 nuclear non-proliferation conference in Beijing, hosted by the Chinese Arms Control and Disarmament Agency.

**April 14-17, 2014:** US Special Representative for North Korea Policy Glyn Davies hosts bilateral meetings with Chinese Special Representative for Korean Peninsula Affairs Wu Dawei in New York and Washington.

**April 15, 2014:** In its semi-annual report to Congress on International Economic and Exchange Rate Policies, Department of the Treasury says “China’s currency (RMB) appreciated on a trade-weighted basis in 2013 but not as fast or by as much as is needed.” It does not label China a “currency manipulator.”

**April 23, 2014:** In response to President Obama’s statement in Tokyo that the US-Japan Treaty of Mutual Cooperation and Security covers disputed islands in the East China Sea, China’s Foreign Ministry spokesman expresses firm opposition and urges the US to take a responsible attitude and honor its commitment to remain neutral on territorial and sovereignty issues.

**April 23-26, 2014:** Delegation led by US House Majority Leader Eric Cantor visits China at the invitation of the National People’s Congress (NPC) Standing Committee and meets Chinese Premier Li Keqiang.

**April 28, 2014:** President Obama says in joint press conference with President Aquino of the Philippines that “our goal [of the defense agreement] is not to counter China; our goal is not to contain China.”

**April 29, 2014:** US Department of Commerce’s Bureau of Industry and Security (BIS) announces the addition of eight Chinese companies and one Chinese individual to its Entity List for their roles in supplying Iran’s ballistic missile program through the Chinese proliferator Li Fangwei (a.k.a. Karl Lee).