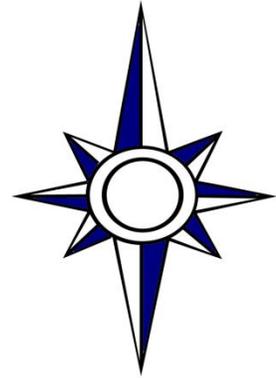


# Comparative Connections

A Triannual E-Journal on East Asian Bilateral Relations



## US-China Relations: Still Treading Water, the Sixth S&ED

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The US and China held the sixth Strategic and Economic Dialogue in Beijing in July. None of the myriad of problems in the relationship were solved, but the annual meetings provided an opportunity to take stock of bilateral relations and hold high-level discussions. Tensions in the South China Sea caused by China's deployment of an oil rig off the Paracel Islands dominated many bilateral and multilateral meetings. There were several military exchanges, with a visit to the US by Chief of the General Staff of the PLA Fang Fenghui and a visit to China by Chief of Naval Operations Adm. Jonathan Greenert. The PLA Navy participated in the US-led *RIMPAC* military exercises for the first time. In an incident reminiscent of the 2001 collision between a Chinese fighter jet and a US surveillance plane, a Chinese fighter flew dangerously close to a US Navy *P-8 Poseidon* aircraft.

### The sixth Strategic and Economic Dialogue

The sixth round of the US-China Strategic and Economic Dialogue (S&ED) took place July 9-10 in Beijing. Secretary of State John Kerry and State Councilor Yang Jiechi headed the strategic track, while Treasury Secretary Jack Lew and Vice Premier Wang Yang co-led the economic track. In a written statement greeting the two delegations, President Barack Obama noted that as the "premier mechanism for dialogue between the United States and China," the S&ED "offers us a chance annually to exchange views on a diverse range of bilateral, regional, and global challenges critical to both our countries." He reiterated US support for the emergence of a "stable, peaceful, and prosperous China" and said the US is "committed to the shared goal of developing over time a 'new model' of relations with China defined by increased practical cooperation and constructive management of differences."

In his address to the opening ceremony, Xi Jinping stressed that history and reality demonstrate that cooperation between the US and China benefits both nations, while struggles against each other are mutually harmful. His four-point proposal called for both sides to 1) deepen mutual trust; 2) respect each other, build up common views and defuse differences; 3) treat each other as an equal and deepen cooperation; and 4) set the sights on the masses and deepen friendship. Xi also maintained that the new model of great power relationship between China and the US is a "mission and responsibility."

A document issued following the S&ED enumerated 116 "outcomes" of the strategic track, highlighting the breadth and depth of the US-China diplomatic relationship. A few of the notable achievements were: 1) establishment of a joint working group on counter-proliferation; 2) creation of a joint working group between maritime law enforcement agencies; 3) eight

demonstration projects – four on carbon capture, utilization, and storage, and four on smart grids – under the US-China Climate Change Working group; 4) agreement to explore new proposals to extend reciprocal visa validity for tourists, short-term business travelers, and students; and 5) commitment to expand cooperation to combat wildlife trafficking and promote global health.

There were sharp exchanges on South China Sea maritime disputes. Secretary Kerry urged China to apply the golden rule that President Xi invoked in his opening speech to the S&ED, namely, that no country should do unto others as they don't want to be done to them. State Councilor Yang blamed the US for increasing tensions on China's periphery by emboldening small countries to challenge Chinese sovereignty and by driving a wedge between China and its neighbors.

Regional architecture was another contentious topic. The US sought to clarify the intentions behind Xi Jinping's speech on May 21 at the Conference on Interaction and Confidence Building Measures in Asia (CICA) that included a call for Asian problems to be solved by Asians. Kerry staunchly defended US alliances as a stabilizing force in the region. In a briefing on background, a senior State Department official noted that the conversation about regional architecture is "ongoing," including the "right mix" between "longstanding venerable regional institutions, between new and emergent institutions and fora, and to what extent there needs to be tweaks and adjustments and updates to reflect changing dynamics in the region and shifts in priorities." State Councilor Yang reiterated China's position that the region and the Pacific is big enough for both the US and China, and that Beijing welcomes constructive US engagement in the region and is not seeking to exclude the United States. Other topics discussed included North Korea, Iran, Afghanistan, human rights, counter-terrorism, Hong Kong, and bilateral US-China relations.

The fourth round of the Strategic Security Dialogue (SSD) was held on July 8, co-chaired by Executive Vice Foreign Minister Zhang Yesui and Deputy Secretary of State William Burns, who were joined by Deputy Chief of the PLA General Staff Lt. Gen. Wang Guanzhong and Under Secretary of Defense for Policy Christine Wormuth. A Chinese Foreign Ministry press release noted that "the two sides had in-depth discussions on strategic and comprehensive security issues of mutual concerns in a candid, pragmatic and constructive manner, which strengthened mutual understanding of each other." Maritime security, nuclear and outer space issues, cyberspace, risk reduction, and Taiwan were included on the agenda. The delegations agreed that they would hold an inter-sessional round of the SSD at an undetermined time, likely at the end of the year.

At the opening session of the economic track of the S&ED, Secretary Lew delivered remarks praising the reforms that China outlined in last November's Third Plenum. He urged China to undertake efforts to structure growth around household consumption rather than investment and exports, among other ventures, arguing that doing so would "help China achieve sustainable and balanced growth in the future." While his overall remarks on Chinese reforms were positive, Lew did not miss the chance to emphasize certain points on the US agenda, suggesting that, "opening the Chinese economy to greater foreign investment and strengthening the protection of intellectual property rights and trade secrets is also important to boost productivity growth."

Several objectives were achieved in this year's economic discussions, and over 90 items of agreement were reached, including a commitment from China to continue efforts to liberalize its

exchange rate, an outcome the US welcomes with the belief that it will create a more level economic playing field. The delegations also agreed to “intensify the US-China Bilateral Investment Treaty (BIT) negotiations,” marking the sixth time in as many successive S&EDs the two sides have agreed to continue such discussions. This year, however, there are grounds for optimism that a BIT will be concluded as they announced the US and China will soon begin discussions on the second phase of talks – negotiating China’s negative list, which details the sectors within China that are barred to foreign investment. These talks are set to begin in early 2015. According to Chinese Vice Finance Minister Zhu Guangyao, “Conclusion of the BIT talks would be historic, significantly helping the bilateral relationship and the world economy.”

In keeping with the theme of Chinese reform efforts, China also promised to continue to take steps to reform state-owned enterprises (SOEs), strengthen trade secrets protection, enhance bilateral cooperation on intellectual property and rule of law, and expand opportunities for US firms in China. According to US Trade Representative Michael Froman, the two countries also had “constructive discussions” on expanding WTO Information Technology Agreement negotiations, but no formal agreement was reached. In Wang Yang’s concluding remarks at the S&ED, he highlighted the economic dialogue as a model stating, “The success of this round of talks reaffirms that the two countries have the ability and wisdom to manage their contradictions and differences.”

On July 8, immediately prior to the start of the S&ED, companies and research institutions from both countries signed agreements on eight joint projects to combat climate change. The next day, Kerry, Lew, Yang, and Wang chaired a special Joint Session on Climate Change “to review and strengthen efforts to tackle climate change and air pollution in both countries.” The two countries signed a new round of Eco-Partnerships on June 10, the final day of the S&ED, which will expand the scope of emissions trading systems and seek to reduce pollution from transportation in China, among other ambitious environmental protection goals. Differences in approach to combat climate change still exist, however, and according to Vice Chairman of China’s National Development and Reform Commission (NDRC) Xie Zhenhua, “developing countries are most concerned that they get funds and technological support from developed countries. On this issue, we are still having great difficulties and we have to put forth more effort.”

The US and China also held the fifth round of High-Level Consultations on People-to-People Exchange (CPE) on July 9-10. Headed by Secretary Kerry and Vice Premier Liu Yandong, the talks resulted in a 104-item agreement aimed at enhancing bilateral cooperation in education, science, culture, and sports. The agreement seeks to sharply boost the number of students studying in each other’s countries, and specifically sets aside funding for African-American students to study in China. Kerry acknowledged that the US “attaches great importance to people-to-people exchanges,” and Liu named people-to-people exchanges as one of the “three indispensable backbones of Sino-US relations.”

At a press conference, Kerry suggested that the US and China continue to differ over the fundamental objectives and principles that guide the bilateral relationship. The new model of relations is “not going to be defined by us carving up areas and suggesting there are spheres of influence, it’s going to be defined by our mutual embrace of standards of global behavior and activity that protect the values and interests that we have long worked by the norms of

international behavior,” Kerry said. Nevertheless, he maintained that the discussions had a “seriousness of purpose and intent”; that US-China cooperation overall on major issues of global concern remains “significant”; and that both sides are effectively managing their disagreements.

After the S&ED, Xi Jinping met Kerry, Lew, and other key members of the US delegation at the Great Hall of the People. Emphasizing the extraordinary journey that the two nations have taken since the establishment of diplomatic relations 35 years ago, Xi urged the two sides to enhance mutual trust, expand converging interests, and manage and control differences in order to continuously promote the bilateral relationship along the right track.

### **Cyber charges**

On May 19, the US Justice Department indicted five Chinese military officers for stealing data from six US companies. According to US Attorney General Eric Holder, the case “represents the first ever charges against a state actor for this type of hacking.” He maintained that “the range of trade secrets and other sensitive business information stolen in this case is significant and demands an aggressive response. Success in the global market place should be based solely on a company’s ability to innovate and compete, not on a sponsor government’s ability to spy and steal business secrets. This Administration will not tolerate actions by any nation that seeks to illegally sabotage American companies and undermine the integrity of fair competition in the operation of the free market.” Holder’s strong statements were echoed by FBI Director James Comey, who said, “for too long, the Chinese government has blatantly sought to use cyber espionage to obtain economic advantage for its state-owned industries. The indictment announced today is an important step. But there are many more victims, and there is much more to be done.”

The Chinese government reacted quickly and furiously. The Foreign Ministry issued a statement calling the charges “purely ungrounded with ulterior motives.” Foreign Ministry Spokesman Qin Gang announced the suspension of all activities related to the bilateral Cyber Working Group, citing a “lack of sincerity on the part of the US to solve issues related to cyber security through dialogue and cooperation.” The day after revelation of the indictment, Assistant Foreign Minister Zheng Zeguang summoned US Ambassador to China Max Baucus to lodge a formal complaint. Zheng reportedly told Baucus that depending on how the situation developed China would “take further action on the so-called charges.” Zheng also repeatedly denied any Chinese government involvement in the “theft of trade secrets over the Internet.” He additionally accused the US of spying on the Chinese government, businesses, universities, and individuals, again emphasizing the apparent hypocrisy of the US charges.

Retaliatory steps were also taken against US companies Cisco and Microsoft. One day after the US charged the five PLA officers, China declared that governmental departments would not use Microsoft’s Windows 8 operating system in the future. A few days later, China’s National Internet Information Office declared that it would implement an Internet security censorship system that it said was aimed at preventing “some countries and enterprises” from collecting sensitive information by “utilizing their products’ unilateral monopoly and technological advantages.” The party newspaper, *People’s Daily*, accused the US National Security Agency of embedding monitoring tools in routers, server, and other Internet devices produced by Cisco.

Cyber security remained a sticking point in bilateral discussions at the S&ED. As Secretary Kerry remarked in a press briefing on the dialogue, “we continued our conversation on cyber security and cyber theft... I emphasized that incidents of cyber theft have harmed our businesses and threatened our nation’s competitiveness. And we believe it is essential to continue the discussion in this area.” The two sides discussed in detail the importance of cooperation to reduce risk in cyberspace, and also talked about the upcoming UN negotiations on the application of international law in cyberspace. At the conclusion of the S&ED Vice Premier Yang remarked, “the Chinese side believes that cyberspace should not become a tool for damaging the interests of other countries. The Chinese side hopes that the US side would create conditions for the two sides to have dialogue and cooperation on the cyber issue.” The Chinese are clearly waiting for the US to make the next constructive move, and despite the apparent appetite for dialogue on both sides no agreement was reached to restart the bilateral working group on cyber talks.

### **Military interactions, positive and negative**

Chief of the General Staff of the PLA Gen. Fang Fenghui visited the US in May. His trip began with a stop at the US naval base in San Diego where he met Adm. Samuel Locklear, head of Pacific Command. Fang then traveled to Washington, where he met Chairman of the Joint Chiefs of Staff Gen. Martin Dempsey at the Pentagon and discussed the East China Sea, the South China Sea, North Korea, and the US-China military relationship. They also agreed to establish a dialogue between the strategic planning departments at the headquarters level and to continue to advance the army-to-army dialogue. The generals also discussed the possibility of upgrading the defense telephone link they use to allow secure video teleconferencing with each other and agreed to explore opportunities to conduct joint exercises and training in a third country. At a joint press conference with Fang, Dempsey characterized their discussions as “refreshingly frank and open.” He also called on China to contribute to stability in the region, noting that the two sides had pledged to work with each other toward that end.

Substantial disagreements were apparent as the two generals responded to questions posed by the media. Gen. Fang strongly insisted on China’s right to drill for oil in disputed waters near Vietnam after Dempsey described China’s actions in the South China Sea as “provocative.” Fang charged that the US rebalance to Asia “has stirred up some of the problems which make the South China Sea and East China Sea not so calm as before.” Defending the rebalance, Dempsey stated “We’ll go because we can and should, and we’ll go because we have to.” He stressed, however, that strengthening military ties with China is necessary to avoid miscalculation that could lead to conflict.

A few weeks later Fang’s deputy, Lt. Gen. Wang Guanzhong, met Secretary of Defense Chuck Hagel briefly on the sidelines of the Shangri-La Dialogue in Singapore. According to the Pentagon press secretary, Hagel reiterated the US position that all regional disputes should be solved peacefully, through diplomacy and in accordance with international law. He also encouraged China to foster more dialogue and deeper relations with its neighbors. In his speech at the Shangri-La Dialogue, Hagel criticized China more harshly than he had one year earlier. After providing firm reassurance that the US rebalance to Asia is “not a goal, not a promise, or a

vision,” but rather is “a reality,” Hagel detailed China’s “destabilizing, unilateral actions asserting its claims in the South China Sea.” Although the US takes no position on competing territorial claims, Hagel said, it would “not look the other way when fundamental principles of the international order are being challenged” and would “firmly oppose any nation’s use of intimidation, coercion or the threat of force” to assert its claims.

Gen. Wang and the entire Chinese delegation were incensed by Hagel’s remarks. After overnight consultations with Beijing, Wang told the gathering of defense officials and scholars that Hagel’s speech was “excessive beyond . . . imagination” and suffused with hegemonism . . . threats and intimidation.” He also sharply criticized Prime Minister Abe Shinzo’s keynote speech, which he suggested was coordinated with Hagel’s to “stage a provocative challenge against China.” Abe had barely mentioned China, but his speech was replete with implied criticisms of China’s challenges to the rule of law and detailed Japanese efforts to aid other countries to build capacity to defend their interests against coercion, presumably from China. The strident rhetoric used by both Hagel and Wang at the Shangri-La Dialogue provided ample evidence of the growing friction between the US and China over the handling of territorial disputes between China and its neighbors.

In mid-June, four PLA officers were among the guests who were welcomed on the *USS George Washington* for a “VIP visit” as the carrier prepared to berth in Hong Kong on a routine port call. The visitors were shown a display of take-offs and landings of some of the carrier’s *F/A-18 Super Hornet* fighter aircraft. Rear Adm. Mark Montgomery, commander of the task force accompanying the *George Washington*, welcomed the group and urged China to allow more visits to its carrier, the *Liaoning*. In August, the US 7<sup>th</sup> Fleet’s command ship *USS Blue Ridge* visited the port of Qingdao in Shandong province. Three ships from the Chinese Navy, including a destroyer, a frigate, and a supply ship, visited the US naval base in San Diego.

Chief of Naval Operations Adm. Jonathan Greenert made his second visit to China this year in mid-July. Hosted by Commander-in-Chief of the PLA Navy Admiral Wu Shengli, Greenert visited China’s aircraft carrier, the *Liaoning*, the first US service member to do so. He also toured a Type 039B diesel-powered submarine, a frigate, and a missile patrol craft. Discussions between Greenert and Wu focused on expanding US-China naval interaction and cooperation, including eight proposals made by Wu when he visited the US last September. These include implementation of the code for unplanned encounters at sea, or CUES, signed by 21 Pacific naval powers in April, sending officers to each other’s naval academies and war colleges, and arranging simple joint exercises on short notice in the Gulf of Aden, the Mediterranean, the South China Sea, and the East China Sea. After his visit, Greenert told the Aspen Security Forum that “It was a good visit; it was frank; it was respectful.”

For the first time ever, China’s Navy participated in the US-led *Rim of the Pacific (RIMPAC)* maritime exercises from June 26 to Aug. 1. The PLA Navy sent four ships and 1,100 personnel as well as two helicopters, a commando unit, a diving squad, and a medical team. China’s task force rendezvoused in Guam with ships from the navies of Singapore, Brunei, and the US, and together made the 16-day transpacific voyage to Pearl Harbor. Chinese ships participated in drills that covered surface warship maneuvers, counterpiracy, simple gunnery, military medicine, diving, and search and rescue.

Zhao Xiangang, the drill director of the Chinese fleet, described the experience as “profound and far-ranging” and hailed China’s participation in *RIMPAC* as a step toward enhancing military transparency. Vice Adm. Kennet Floyd, commander of the US Third Fleet and commander of the 2014 *RIMPAC*, positively evaluated China’s performance in the exercises. He said the US would continue to invite the Chinese Navy to the biennial naval exercise and looked forward to China’s broader and deeper participation in 2016.

Overall, China’s involvement was a success, but there were a few hiccups along the way. Apparently Chinese requests to participate in specific exercises such as “opposed boarding” of a ship, which included dropping commandos from a helicopter, and kinetic drills were declined because of US legal restrictions and China’s limited capabilities and experience. After a Japanese officer was put in charge of a humanitarian assistance and disaster relief exercise, China withdrew its request to join that drill, likely because of persisting tensions between China and Japan and the sensitivities involved for China of putting its ships under Japanese command. The appearance of a Chinese Navy electronic surveillance ship to spy on the exercises also caused some consternation.

In an incident reminiscent of the 2001 collision between a Chinese fighter jet and a US *EP-3* surveillance plane, a Chinese fighter flew dangerously close to a US Navy *P-8 Poseidon* aircraft 135 miles east of Hainan Island on Aug. 19. The Pentagon claimed that the wingtips of the Chinese fighter came within 30 feet of the US reconnaissance aircraft and then performed a roll maneuver above the US plane so that the US pilot could see the Chinese jet’s weapons. A US defense spokesman called the maneuvers by the Chinese jet “pretty aggressive” and “very unprofessional.” The Chinese military rejected US accusations as “groundless,” however. A Ministry of National Defense spokesman insisted that the Chinese pilot had maintained a safe distance from the US aircraft. He blamed the incident on the United States, saying that the US is conducting “large-scale, high-frequency close-proximity surveillance” which endangers Chinese-US maritime and aviation safety. An editorial published in the Chinese Communist Party’s newspaper, *People’s Daily* under the pen-name homophone for “Voice of China,” maintained that “such practice not only harms the mutual trust between China and the United States, but also damages Washington’s international creditability.”

The incident was undoubtedly a central focus of discussion at talks a few days later between US and Chinese military officials on establishing rules of behavior in the air and at sea. The working talks had been scheduled previously and are aimed at implementing an agreement between US and Chinese presidents to negotiate a code of conduct for naval and air assets as well as a system for mutual notification of major military activities. No readout of the meeting was provided.

### **Chinese deployment of oil rig heightens tension**

On May 2, China’s state-owned China National Offshore Oil Corporation moved a huge oil platform, the *Haiyang Shiyou 981*, to waters near the disputed Paracel Islands in the South China Sea and 120 nm from Vietnam’s coastline. Subsequent Vietnamese efforts to disrupt the rig’s placement and operations resulted in repeated confrontations between Chinese and Vietnamese vessels, including one instance in which a Vietnamese fishing boat sank after being rammed by a

Chinese law enforcement ship. On May 13, Secretary of State Kerry told Chinese Foreign Minister Wang Yi in a phone call that China's move was "provocative" and "aggressive." The Chinese Foreign Ministry issued a statement in response, cautioning Kerry to be more objective and "speak and act cautiously."

At a round of ASEAN-based multilateral meetings in Yangon, Myanmar the following month, Assistant Secretary of State for East Asian and Pacific Affairs Daniel Russel discussed rising tensions in the South China Sea. In an effort to prevent further escalation and promote settlement of outstanding territorial disputes, Russel put forward two suggestions. First, he encouraged the claimants to identify behaviors that they find provocative when others undertake them, and to offer to impose a voluntary freeze on those sorts of actions on the condition that all other claimants agree to do the same. Citing a few examples, Russel proposed that claimants could agree to not occupy land features that are currently unoccupied and cease large-scale reclamation projects as well as the construction of military facilities in the South China Sea. Second, he suggested that China reconsider its position to not participate in the arbitration case brought by the Philippines to the International Tribunal on the Law of the Sea, noting that it had until mid-December to submit clarification of the legal basis of its claim. Both suggestions, Russel noted, are consistent with, if not actually implicit in the 2002 Declaration of Conduct on the South China Sea. The US initiative for a "freeze" on destabilizing actions in the South China Sea was fleshed out by Michael Fuchs, deputy assistant secretary of state for East Asian and Pacific affairs, at the fourth annual South China Sea Conference held by the Center for Strategic and International Studies on July 11.

Concerns about the Chinese behavior in the South China Sea and the East China Sea were also highlighted in testimony by Secretary Russel at a Senate Foreign Relations Committee hearing on US-China relations. He stated that China's neighbors were "understandably alarmed by China's increasingly coercive efforts to assert and enforce its claims" in regional waters. Calling for peaceful resolution of disputes, he maintained that from the perspective of the US and the international community, the use or threat of force to try to advance a claim has "no effect in strengthening the legitimacy of China's claims." Instead, claims must be decided based on their legal merits; Russel called on countries, including China, to avail themselves of third-party dispute resolution processes.

At the end of July, the US Senate passed Resolution 167 condemning the use of coercion and threat or force in the South China Sea and the East China Sea to alter the status quo. The bill, cosponsored by Senate Foreign Relations Chairman Robert Menendez (D-NJ) and Senators Marco Rubio (R-Fla), Ben Cardin (D-Md), and John McCain (R-Ariz), strongly urged all parties to maritime and territorial disputes in the region to exercise self-restraint and engage in collaborative diplomatic processes to peacefully their disagreements.

When foreign ministers of the ASEAN Regional Forum member nations met in Nay Pyi Taw in early August, South China Sea issues were prominent, despite China's decision to remove the oil rig on July 15. Secretary Kerry made a plea for steps to "lower the temperature" in the South China Sea as the claimants continue to discuss a meaningful code of conduct. He told reporters that the US proposal for a voluntary freeze on tension-producing activities "is a way of actually locking into place the very promises that people have already made." The US initiative got a

cool response, however, not only from China, but also from some Southeast Asian nations. China argued that the US proposal interfered with ongoing discussions on a code of conduct for the South China Sea and indicated its intention to continue with its construction activities.

ASEAN Secretary General Le Luong Minh said the proposed freeze was not discussed by ASEAN ministers because there was already a mechanism in place to reduce provocative actions such as land reclamation and building on disputed islands. In their joint communique, the ministers said they remained “seriously concerned over recent developments which had increased tensions in the South China Sea” and urged all parties to exercise self-restraint and avoid actions that could undermine peace, stability and security.

Nevertheless, a senior US State Department official insisted that China was “feeling the heat” and that Chinese efforts to “play for time and change the subject” had suffered a setback.” The official maintained that “the movement is away from diversionary topics, the happy talk issues between China and ASEAN, in the direction of significant engagement on the South China Sea itself.” Going forward, the US said it would be monitoring closely the situation around the rocks, reefs, and shoals in the South China Sea.

On the margins of the 47<sup>th</sup> ASEAN Foreign Ministers Meeting, Kerry met Foreign Minister Wang Yi, who chided him for arriving 30 minutes late. Kerry said he was “very, very sorry” for keeping Wang waiting.

### **China remains a free rider**

In a long interview with the *New York Times* in mid-August, President Obama talked bluntly about China’s unwillingness to assume greater responsibility in the international system. Calling China a “free rider,” Obama said that he jokes sometimes that the US should “be a little bit more like China” since nobody expects the Chinese “to do anything when this stuff comes up. The comment was made in the context of the crisis in Iraq, where China has maintained a low profile. An editorial published in the *People’s Daily* insisted that China was a “partner” and “builder” in Iraq, providing humanitarian assistance to the Iraqi people and reinvigorating the economy. On the contrary, the US has been an “invader” and “deserter” of Iraq, the article charged.

### **Final months of 2014**

The highlight of the final four months of the year will be President Obama’s trip to China in November to attend the APEC Leaders Meeting and hold a summit with President Xi. According to Robert Wang, the senior State Department official in charge of the APEC meeting, the two leaders are likely to hold informal discussions as they did at Sunnylands in June last year. Those talks will take place against the background of a strained relationship, despite recognition by both presidents of the importance of bilateral cooperation on a host of regional and global challenges. In advance of the president’s trip, National Security Advisor Susan Rice will travel to Beijing on Sept. 7-9 to consult with senior Chinese officials on a range of bilateral, regional, and global issues. A White House statement announcing her upcoming visit stated that Rice “will underscore the United States’ commitment to building a productive between our two countries in advance of the President’s visit to China in November.”

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

### **May – August 2014**

**May 1, 2014:** US State Department spokeswoman condemns “the horrific and despicable acts of violence against innocent civilians” at the train station in Urumqi, capital of Xinjiang Uygur Autonomous Region, saying it appears to be “an act of terrorism.”

**May 2, 2014:** US Commission on International Religious Freedom releases its 2014 Annual Report, re-designating China as one of the “countries of particular concern.” Chinese Foreign Ministry spokesperson says that “reports released by this US Commission over recent years are full of misstatements about China.”

**May 4-7, 2014:** Wang Jiarui, director of the International Department of the Central Committee of the Communist Party of China, visits the US. He holds extensive talks on North Korea with Secretary of State John Kerry on May 7.

**May 7, 2014:** Department of State expresses deep concerns over reports that human rights lawyer Pu Zhiqiang and other activists have been detained following their participation in a meeting to peacefully mark the June 4 anniversary of the Tiananmen Square incident.

**May 12, 2014:** In a meeting with the visiting Singaporean foreign minister, Secretary Kerry says that the US is deeply concerned by China’s “aggressive act” of moving an oil rig into an area in the South China Sea also claimed by Vietnam.

**May 13, 2014:** Chinese Foreign Minister Wang Yi holds a phone conversation with US Secretary Kerry. Kerry says China’s introduction of an oil rig and numerous government vessels in waters disputed with Vietnam is provocative.

**May 13, 2014:** US Treasury Secretary Jacob Lew meets Chinese Premier Li Keqiang in Beijing, pressing China to ease exchange rate controls and lower barriers to trade and investment.

**May 13-15, 2014:** Gen. Fang Fenghui, chief of the General Staff of the Chinese People’s Liberation Army, visits the US.

**May 19, 2014:** US Justice Department indicts five members of the PLA on charges of hacking into computers and stealing valuable trade secrets from American companies. In response, Beijing suspends the cyber working group with the US that was launched in June 2013.

**May 22, 2014:** White House issues a statement condemning the terrorist attack in Urumqi, calling it “a despicable and outrageous act of violence against innocent civilians.”

**May 31, 2014:** Secretary of Defense Chuck Hagel criticizes China’s recent moves in the South China Sea as “unilateral and destabilizing in his speech at the Shangri-La Dialogue in Singapore.

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\* Chronology and research assistance by CSIS intern Susan Sun

**June 1, 2014:** Deputy Chief of Staff of the PLA Gen. Wang Guanzhong delivers a speech at the Shangri-La Dialogue in which he criticizes Secretary Hagel for “groundless accusations.”

**June 4, 2014:** Chinese state media asks Beijing to severely punish US IT firms, including Google, Apple, Microsoft, and Facebook, for cyber spying.

**June 4, 2014:** White House press secretary statement on the 25<sup>th</sup> anniversary of the Tiananmen Incident expresses US support of the freedoms that the protestors sought and urges China to guarantee the universal rights.

**June 5, 2014:** China expresses its strong dissatisfaction with the White House statement marking the 25<sup>th</sup> anniversary of the Tiananmen Incident.

**June 6, 2014:** Pentagon releases its annual report to Congress on developments in China’s military modernization and activities.

**June 9, 2014:** Thirteenth round of negotiations aimed at reaching a US-China bilateral investment treaty between China and the US begins in Beijing.

**June 10, 2014:** US cybersecurity company CrowdStrike reports that Shanghai-based unit 61486 of the People’s Liberation Army 12th bureau has been hacking the US space, aerospace, and communications sectors as well as networks of Western government agencies.

**June 11, 2014:** US and China sign a package of agreements on energy efficiency projects during the fifth US-China Efficiency Forum in Beijing, which opened on June 9, 2014.

**June 16, 2014:** Four PLA officers are welcomed for a VIP visit to the *USS George Washington* docked in Hong Kong.

**June 23, 2014:** Chinese Vice Premier Wang Yang and US Treasury Secretary Jacob Lew discuss US-China economic ties by phone.

**June 24, 2014:** Four PLA ships arrive in Hawaii for the *Rim of the Pacific* (RIMPAC) exercise.

**June 25, 2014:** Assistant Secretary of State for East Asian and Pacific Affairs Daniel Russel delivers testimony at Senate Foreign Relations Committee hearing on US-China relations.

**July 2, 2014:** In advance of the US-China Strategic and Economic Dialogue (S&ED) and the US-China Consultation on People-to-People Exchange, Secretary Kerry and State Councilor Yang Jiechi talk by phone.

**July 7, 2014:** The World Trade Organization (WTO) rules in its Appellate Body Report that the US has acted inconsistently with WTO rules in regard to its countervailing and anti-dumping measures on certain products from China. China urges the US to respect the ruling.

**July 8, 2014:** The fourth US-China Strategic and Security Dialogue (SSD) under the framework of the sixth US-China Strategic and Economic Dialogue (S&ED) begins in Beijing.

**July 8, 2014:** The US and China sign eight partnership pacts to cut greenhouse gases.

**July 8, 2014:** Chief of General Staff of the Chinese People's Liberation Army Fang Fenghui meets visiting commander of US Pacific Command Adm. Samuel Locklear.

**July 9-10, 2014:** Sixth round of the US-China S&ED is held in Beijing.

**July 9, 2014:** Deputy Chief of General Staff Wang Guanzhong meets US Undersecretary of Defense Christine Wormuth to discuss US-China military relations in Beijing.

**July 10, 2014:** The US Senate passes a bipartisan resolution co-sponsored by Sens. Marco Rubio (R-Fla.), Ben Cardin (D-Md.), and John McCain (R-Ariz.), urging China to refrain from implementing the Air Defense Identification Zone (ADIZ) in the East China Sea, and all parties to refrain from increasing tensions over disputed territory.

**July 14, 2014:** President Barack Obama calls President Xi to discuss Iran and North Korea.

**July 14, 2014:** WTO rules that the US has acted inconsistently with WTO rules in regard to its countervailing measures against certain products from China.

**July 15, 2014:** First US-China Counterterrorism Dialogue at the vice-minister level is held in Washington, DC. Ambassador Tina Kaidanow, coordinator for counterterrorism leads the US delegation and Cheng Guoping, vice foreign minister, leads the Chinese delegation.

**July 15, 2014:** US Chief of Naval Operations Jonathan Greenert meets China's Defense Minister Chang Wanquan and Wu Shengli, China's navy commander in Beijing.

**July 15, 2014:** US initiates anti-dumping duty (AD) and countervailing duty (CVD) investigations against imports of certain passenger vehicles and light truck tires from China.

**July 17, 2014:** China's Commerce Minister Gao Hucheng urges the US not to abuse the global trade system by imposing duties on Chinese goods to protect its own economy, following a rebuke to Washington by the WTO.

**July 20, 2014:** It is revealed that China sent a surveillance vessel to waters off Hawaii to spy on the US-led *RIMPAC* exercises.

**July 23, 2014:** China successfully carries out an anti-satellite missile test. *Xinhua News Agency* reports it as a successful missile interception test within Chinese territory.

**July 28, 2014:** China's Commerce Ministry condemns the US for setting new import duties on Chinese solar products after the US placed anti-dumping duties of 165.05 percent on solar panels and cells from China.

**July 29, 2014:** Chinese regulators open an anti-monopoly investigation into Microsoft Corp., seizing computers and documents from offices in four cities.

**Aug. 2, 2014:** President Obama says in an interview with the *Economist* magazine that the West needs to be “pretty firm” with China as Beijing pushes to expand its role in the world.

**Aug. 5, 2014:** The *Blue Ridge*, the 7<sup>th</sup> Fleet command ship, begins a friendly visit to Qingdao.

**Aug. 7, 2014:** WTO upholds a ruling that China violated international trade rules with restrictions on the export of rare earths.

**Aug. 7, 2014:** *China News Service* announces that China plans to build lighthouses on five islands in the South China Sea.

**Aug. 8, 2014:** President Obama expresses the view that China has been a “free rider” for 30 years in the Middle East.

**Aug. 9, 2014:** Secretary Kerry and Foreign Minister Wang Yi meet on the sidelines of the 47th ASEAN Foreign Ministers Meeting in Nay Pyi Taw.

**Aug. 10, 2014:** Task Group 171, a Chinese flotilla, arrives at San Diego naval base for a five-day visit after participating in *RIMPAC* maritime military exercise.

**Aug. 13, 2014:** Secretary Kerry discusses US-China relations and disputes in the South China Sea in a speech entitled “US Vision for Asia-Pacific Engagement,” in Hawaii.

**Aug. 16, 2014:** Premier Li Keqiang meets Bill Shuster, chairman of the House Transportation and Infrastructure Committee, and a delegation of US Congressmen in Beijing.

**Aug. 19, 2014:** US Department of Defense claims that a Chinese *J-11* fighter jet conducted a dangerous intercept of a US *P-8 Poseidon* anti-submarine and reconnaissance plane in airspace to the east of China’s Hainan province.

**Aug. 19, 2014:** Chinese hackers break into databases for US hospital group, Community Health Systems, Inc., and steal the names and social security numbers of 4.5 million patients. The FBI starts investigations into the matter.

**Aug. 27-28, 2014:** US and China hold a round of talks at the Pentagon on establishing rules of behavior in the air and at sea.

**Aug. 28, 2014:** Chinese Defense Ministry spokesperson Yang Yujun tells the US to stop air and naval surveillance near its borders. China claims this ‘close-in’ surveillance harms the broader strategic relationship.