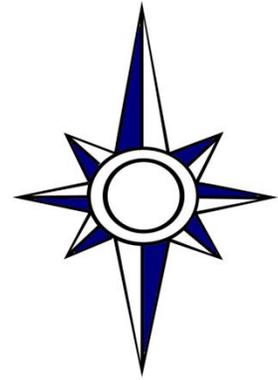


Comparative Connections

A Triannual E-Journal on East Asian Bilateral Relations



US-China Relations:

Pomp and Substance: Hu's State Visit to the US

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High-level contacts between the US and Chinese militaries resumed in January with a visit by Defense Secretary Robert Gates to China. Immediately following his trip, President Hu Jintao traveled to the US for a state visit. The occasion combined informal discussion with all the protocol trappings of a state visit by a leader from an important country. Both countries exerted great efforts to ensure the visit's success, which put the bilateral relationship on more solid footing after a year that was characterized by increased tensions and discord. At the invitation of Secretary of State Hillary Clinton, State Councilor Liu Yandong made a week-long visit to the US in mid-April, during which she co-chaired with Clinton the second round of the Consultation on People-to-People Exchange. China held its annual "two meetings" – the National People's Congress and the Chinese People's Political Consultative Congress – and endorsed the 12th Five-Year Plan for National Economic and Social Development.

Gates travels to China to promote military-to-military ties

In early January, seven months after the Chinese turned down a request by US Secretary of Defense Robert Gates to visit China and just over a week before Chinese President Hu Jintao departed for his state visit to the US, Chinese Defense Minister Gen. Liang Guanglie received Gates in Beijing. The trip signaled full restoration of the US-China military relationship, which began to warm in the final months of 2010 after a 9-month suspension that followed the Obama administration's \$6.4 billion arms sale to Taiwan in January of that year.

On the flight to Beijing aboard a US military aircraft, Gates told reporters that he wanted the military relationship to advance in a sustained and reliable way, so "that despite the ups and downs that come with any relationship that these channels remain open and the efforts together continue to go forward." He also emphasized the need for a dialogue that focuses on "strategies, policies, and outlooks," which he maintained would not only contribute to greater understanding, but would also help to avoid "miscalculations and misunderstandings and miscommunications."

During his three-day stay in Beijing, Gates had discussions and held a joint press conference with his Chinese counterpart, met Hu Jintao and his likely successor Xi Jinping, visited the People's Liberation Army's (PLA) Second Artillery Corps headquarters, and took a brief tour of the Great Wall. The most significant achievement of the visit was an agreement to establish a working group that will develop guiding principles and a new framework for improving ties between the US and Chinese defense establishments. The two sides set an ambitious goal of signing an agreement on the framework at the 2011 Defense Consultative Talks (DCT). They also agreed to convene the Defense Policy Consultative Talks (DPCT) as soon as possible to

finalize an agenda of bilateral military exchanges for 2011. They also set the goal of holding a working group meeting under the Military Maritime Consultative Agreement (MMCA) in the first half of 2011 to discuss operational safety and to expand maritime cooperation.

Other forms of cooperation were discussed, but no agreement was reached to put them on the bilateral agenda. These included joint military activities such as maritime search and rescue, humanitarian assistance and disaster relief, and counterterrorism. In addition, Secretary Gates proposed launching a joint civilian-military strategic security dialogue – as part of the broader Strategic and Economic Dialogue – that covers nuclear, missile defense, space, and cyber issues. Gen. Liang said the Chinese had noted the proposal and would “consider and study” it. Finally, the two defense chiefs confirmed that Gen. Chen Bingde, member of China’s Central Military Commission and Chief of the PLA General Staff, will visit the US in the first half of this year.

At the joint press conference, Gen. Liang stated China’s strong opposition to US arms sales to Taiwan, which he said damage China’s core interests. He indicated that if arms sales to Taiwan continued, they would “further disrupt our bilateral and military-to-military relationship.” Chinese media reiterated that in addition to arms sales to Taiwan, US legislation restricting the two countries’ military exchanges and the conduct of reconnaissance activities by US ships and aircraft in China’s exclusive economic zone are the main obstacles to the establishment of mutual trust and the development of cooperation between the two militaries.

At a roundtable with reporters at the end of his visit, Secretary Gates described his conversations with Chinese military and civilian officials as “very cordial and friendly” and his visit as “very positive,” saying that “it sets the stage for making further constructive progress in the military-to-military relationship.” At the same time, however, he cautioned that dramatic breakthroughs were unlikely. Rather, he said, “we have to play the long game” and should expect an “evolutionary growth of relationships and activities together that over time have a positive effect on the overall relationship.” In response to a reporter’s question, Gates maintained that the US policy of selling arms to Taiwan could be reexamined if the security environment for Taiwan changed and if the relationship between Beijing and Taipei continued to improve. He added, however, that such a change would be “evolutionary” and “a long-term process” and was not likely to happen anytime soon.

The most eye-catching event of Gates’ visit was the unexpected test flight of the PLA’s new stealth jet fighter, the *J-20*. Prior to Gates’ arrival in Beijing, photos of the prototype of the jet undergoing a taxiing test, apparently taken from outside a fence at the Chengdu Aircraft Design Institute’s airfield in southwest China, appeared on the internet. When the US defense secretary queried Hu Jintao about the test in their meeting, Hu seemed to be caught off guard and asked Defense Minister Liang, who was present at the meeting, if the flight test had in fact taken place. Later in the meeting, however, Hu acknowledged the test and maintained that it had been preplanned, and assured Gates that it had absolutely nothing to do with his visit. Gates told reporters that he took Hu at his word. Guan Youfei, deputy director of the Chinese Defense Ministry’s Foreign Affairs Office, declared that the *J-20* test was “routine” and not deliberately timed to coincide with Gates’ visit. US analysts were divided over whether the incident was an attempt to conduct an unusually bold show of force with the goal of strengthening deterrence or was a result of poor coordination between the Chinese military and its civilian leaders.

In April, Deputy Assistant Secretary of Defense for East Asia Michael Schiffer traveled to China to hold the seventh round of the DPCT with his Chinese counterpart Qian Lihua, director of the Foreign Affairs Office of the Ministry of National Defense. They reviewed recent developments in the military relationship, exchanged views on regional and international security issues, and discussed arrangements for the May visit to the US by PLA Chief of the General Staff Chen Bingde. The Chinese were reluctant to finalize an agenda for bilateral defense exchanges for the remainder of the year, possibly due to concerns about new arms transfers to Taiwan.

Washington rolls out the red carpet for Hu Jintao

Hu Jintao's state visit to the US Jan. 18-21 put a floor under the China-US bilateral relationship after a year that was riddled with tension and discord. The summit provided an opportunity for the US and Chinese presidents to discuss a broad range of issues and attempt to chart a course forward that enables cooperation where US and Chinese interests converge as well as the means to manage differences where common ground is lacking. In addition, Presidents Obama and Hu successfully used the visit to remind their respective domestic audiences of the significance of the bilateral relationship and to dampen criticism of their policies at home.

Hu's visit – his last before stepping down as China's president and general secretary of the Chinese Communist Party – marked the eighth face-to-face meeting between the two presidents in two years. As National Security Advisor Thomas Donilon noted at a press briefing in advance of the summit, "that pace and intensity of engagement with the Chinese reflects the breadth, depth, and importance of the relationship." The two heads of state jointly attended more than 12 hours of activities including talks, meetings, meals, and other events. Besides Obama, Hu also met with Vice President Joseph Biden, Secretary of State Clinton, and Congressional leaders. After spending two days in Washington DC, Hu traveled to Chicago where he attended a dinner hosted by Mayor Richard Daley, visited a Confucius Institute that provides Chinese language courses to 12,000 public school students, and went to a Chinese business expo in the suburbs.

Beijing's priority for the summit was securing all the ceremonial trappings of a state visit that had been denied to Hu by the George W. Bush administration when he last visited the US in April 2006. The Obama administration graciously provided the requisite symbols of respect for China's leader: a welcoming ceremony on the South Lawn of the White House that included a 21-gun salute and an honor guard, and an opulent state dinner. Equally important to China, the visit was meticulously planned and executed, avoiding such gaffes as occurred five years earlier when a Falun Gong protester acquired press credentials and unfurled a banner during the south lawn ceremony and an announcer mistakenly introduced the People's Republic of China (PRC) national anthem as the anthem of the Republic of China (ROC).

The US attached importance to substantive discussions between the two leaders and interaction with US businessmen, lawmakers, and the media. President Obama hosted a small dinner for President Hu at the White House that was intended to facilitate a give-and-take conversation about sensitive issues such as human rights and North Korea's nuclear weapons (see section on North Korea below). In attendance were Donilon, Secretary Clinton, State Councilor Dai Bingguo, Foreign Minister Yang Jiechi, and China's Ambassador to the US Zhang Yesui. The

following day there was a tête à tête in the Oval Office and an expanded bilateral meeting in the Cabinet room. The two presidents also met with US and Chinese business leaders to discuss ways to expand trade and investment opportunities. Hu Jintao had meetings with the leadership of the House and the Senate, attended a luncheon at the State Department hosted by Vice President Biden and Secretary Clinton, and delivered a speech at another luncheon hosted by US nongovernmental organizations. At the US behest, a joint news conference was held which, unlike the press event held in Beijing during President Obama's November 2009 visit, included questions from reporters.

The Obama administration seized the opportunity presented by the summit to highlight China's record of suppressing free speech and political freedom. By doing so, US officials attempted to silence conservative critics who have charged the president with being overly cautious in speaking out against other countries' human rights abuses, especially China's. In an address delivered prior to Hu Jintao's arrival in Washington, Secretary Clinton spoke at length on US concerns about China's crackdown on individuals who seek to exercise basic freedoms of speech and religion. "America will continue to speak out and press China when it censors bloggers and imprisons activists, when religious believers, particularly those in unregistered groups, are denied full freedom of worship, when lawyers and legal advocates are sent to prison simply for representing clients who challenge the government's positions," Clinton said.

Also in advance of Hu's arrival, President Obama met five advocates for human rights in China at the White House. During Hu's visit, Obama spoke publicly on the issue; privately, he raised the cases of specific political prisoners, including Liu Xiaobo, a Chinese dissident who was awarded the Nobel Peace Prize last year.

Pressed for a comment at the joint press conference, Hu Jintao stated that "China recognizes and also respects the universality of human rights" and acknowledged that "a lot still needs to be done in China in terms of human rights." Although his statement was interpreted by some as an unusually frank admission of the need for progress on human rights in China, in fact, Hu's remark was simply a reiteration of the position enunciated in the China's September 2010 white paper on human rights, which noted that "China is a developing country with a population of 1.3 billion. Due to its inadequate and unbalanced development, there is still much room for improvement in its human rights conditions." No major progress was expected nor achieved on human rights during the summit, but an agreement was reached to hold another round of the bilateral human rights dialogue in 2011 after a roughly half-year hiatus.

In a bid to alter a negative narrative about US-Chinese trade that has centered on the harm to US exports caused by an artificially low Chinese currency, the US announced that Beijing had approved contracts worth a total of \$45 billion with US companies to export goods to China. The Obama administration announced that the contracts would support an estimated 235,000 jobs for US workers. Yet many, if not most, of these deals were already in the works and would have taken place even if Hu had not made the trip. For example, according to *Reuters*, Boeing acknowledged that the \$19 billion order for 200 planes "had been on their books for a while."

At the White House meeting with business leaders, Hu Jintao told US executives he welcomed their business and said his country was speeding up economic restructuring and trying to boost

domestic consumption – a chief concern for the US as it seeks to reduce the trade gap with China. Speaking to the press, President Obama noted that he had emphasized to President Hu “that there has to be a level playing field for American companies competing in China, that trade has to be fair.” He welcomed Hu’s pledge that US companies would not be discriminated against when they compete for Chinese government procurement contracts and Hu’s “willingness to take new steps to combat the theft of intellectual property.”

In return, the Obama administration made vague promises that it would allow the export of more high-tech products to be shipped to China. “We want to sell you all kinds of stuff,” Obama told the Chinese delegation. The White House also repeated a prior commitment to consider granting China market economy status, but refrained from issuing any details or deadlines.

Little was said publicly on the currency issue. Treasury Secretary Timothy Geitner told the press in advance of Hu’s visit that the combined effect of China’s exchange rate and the difference between the inflation rates in the US and China has resulted in a pace of appreciation of the *yuan* in real terms to more than 10 percent a year, which he described as a “very substantial material change.” Asked about the currency issue at the joint press conference, President Obama insisted that the “RMB is undervalued” and noted that President Hu “indicated he’s committed to moving towards a market-based system. And there has been movement, but it’s not as fast as we want.” Hu refrained from commenting altogether.

One of the major deliverables of the summit was a Joint Statement that was negotiated between the US Department of State and the Chinese Ministry of Foreign Affairs. The Chinese attached greatest importance to the language used to describe the US-Chinese relationship and persuaded the US to include the sentence that describes the two countries as committed to “work together to build a cooperative partnership based on mutual respect and mutual benefit in order to promote the common interests of both countries to address the 21st century’s opportunities and challenges.” Beijing also attempted to use language that had been included in the November 2009 US-China Joint Statement that referenced “respect for each other’s core interests as extremely important to ensure steady progress in US-Chinese relations,” but the US demurred because the concept of “core interests” had generated considerable controversy both domestically and between Washington and Beijing.

Other highlights of Hu’s visit included the launching of a China-US Governors Forum and agreement to take concrete steps to strengthen dialogue and exchanges between US and Chinese youths, particularly through the 100,000 Strong Initiative which ambitiously seeks to send 100,000 American youths to study in China between 2009 and 2014. The two sides also explored a China-US cultural year event, promoting tourism and other activities. Finally, China agreed to extend the stay of the two Chinese pandas, *Tiantian* and *Meixiang*, for another five years at the National Zoo in Washington, DC.

In the weeks following Hu’s visit, the US took several follow-up steps in an effort to sustain the positive momentum and implement the points of consensus that were agreed upon by the two heads of state. On Jan. 28, Deputy Secretary of State James Steinberg met Dai Bingguo, and the following day Tom Donilon and Dai talked by phone. Chinese reporting on both conversations

stressed the key language from the Joint Statement – the importance of building the US-China cooperative partnership based on mutual respect and mutual benefit.

The Chinese media lauded Hu Jintao's US visit and its achievements. A *Xinhua* commentator maintained that the trip "wrote a new chapter on the China-US cooperative partnership." In an article published in the *PLA Liberation Daily* online, Ni Feng, from the CASS Institute of American Studies, maintained that President Hu's visit and the Joint Statement proved that "the two countries are absolutely able to usher healthy and stable China-US relations into the coming decade, and to produce a positive influence on a global scale." CICIR analyst Chen Xiangyang wrote in *Liaowang* that "Through this visit, China and the United States have joined hands to 'push out the old and bring in the new,' and there are prospects of opening up a new model of benign interaction between the powers in the globalization and multipolarization era, and thus breaking away from the 'karma' of zero-sum game, vicious rivalry, cycle of violence, and one hegemony replacing another in the history of international relations between dominant and newly emerging countries."

Liu Yandong visits the United States

At the invitation of Secretary of State Clinton, State Councilor Liu Yandong made a week-long visit April 10-16 to the US, during which she co-chaired with Clinton the second round of the Consultation on People-to-People Exchange (CPE). The meeting was held in Washington DC, almost one year after the inaugural meeting in Beijing. Negotiations between the US and Chinese delegations produced more than 40 new areas of exchange in six fields: education, science, technology, culture, women's issues, youth, and sports. Clinton also announced that the US-China Fulbright Program will be expanded and expressed gratitude for China's grant of an additional 10,000 scholarships for US citizens who wish to study in China, doubling the number granted last year. Clinton reiterated the Obama administration's goal to send 100,000 students to China over the next four years, known as the 100,000 Strong Initiative.

During the CPE closing session, Secretary Clinton and State Councilor Liu announced the launch of the US-China Women's Leadership Exchange and Dialogue (Women-LEAD), which will be jointly led by the Secretary's Office of Global Women's Issues and the All-China Women's Federation (ACWF). Through Women-LEAD, the US and China will seek to increase dialogue between high-level Chinese and American women leaders and to expand exchanges between organizations, think tanks, and universities on gender equality. Key goals of the initiative are to promote the sharing of knowledge and expertise on developing women's leadership across all sectors – including entrepreneurship, science, and technology – and provide support for capacity building programs for emerging women leaders.

After departing Washington, Councilor Liu, the highest-ranking female in the Chinese government, traveled to Boston to strengthen educational and research ties between MIT and China's universities, and delivered a speech at Harvard University. Then, she flew to San Francisco, where she met with the mayor of the city, Edwin Lee, and delivered an address to the opening ceremony of the fourth annual National Chinese Language conference. Her final stop was Portland where she attended an inaugural ceremony at Portland State University for twelve new Confucius classrooms in Oregon.

U.S.-China human rights dialogue convenes

Against the background of a harsh crackdown in China on intellectuals, dissidents, and civil society advocates, the US and China held a round of bilateral discussions on human rights issues in Beijing at the end of April. Just days before the event, the State Department unilaterally announced the meeting and declared that the recent spate of detentions would be on the agenda. Speaking at a press conference at the end of the two-day talks, Assistant Secretary of State for Democracy, Human Rights and Labor Michael Posner said there had been a “serious backsliding” by China on human rights in recent months. He stated the issue would be discussed again in May at the US-China Strategic and Economic Dialogue in Washington. Posner added that President Obama is committed to talking about human rights and said he had warned the Chinese that the broader US-China relationship could suffer if China’s crackdown continued.

After the talks ended, the Chinese released Teng Biao, a prominent human rights lawyer whose release had been explicitly urged by the US during the discussions. No action was taken to free Ai Weiwei, an internationally recognized artist whose incarceration has been deplored by human rights activists worldwide.

Divisions in approach to North Korea’s nuclear program

North Korea remained a central focus of US-Chinese discussions in the first four months of 2011. During his visit to Beijing, Secretary Gates stated that considering its “continuing development of nuclear weapons” and “development of intercontinental ballistic missiles, North Korea is becoming a direct threat to the United States.” Gates later noted that he conveyed to his Chinese interlocutors US recognition and appreciation of the constructive role that China had played in recent months in reducing tensions on the Korean Peninsula. In particular, US officials credited China with playing a helpful role in persuading Pyongyang to not take further escalatory action in response to South Korea’s live-fire drills that were conducted last December in the aftermath of North Korea’s attack on Yeonpyeong Island.

At the informal dinner held at the White House residence on the evening of Hu Jintao’s arrival in Washington, North Korea was also an important topic. Weeks of intense negotiations between US and Chinese officials on a Joint Statement in the run-up to the visit had failed to come up with mutually acceptable wording on North Korea’s nuclear activities, putting in jeopardy the issuance of the document. Beijing reportedly resisted including language critical of North Korea, including its apparent violations of UN Security Council (UNSC) resolutions. At the dinner, Presidents Obama and Hu voiced concerns about North Korea’s uranium enrichment program and they agreed to include reference to these concerns in the Joint Statement as well as shared opposition to all activities inconsistent with the September 2005 Six-Party Talks Joint Statement and relevant international obligations and commitments.

After Hu’s visit to the US, Washington and Seoul decided to seek a UNSC presidential statement to condemn the North’s uranium program before reconvening the Six-Party Talks. This goal remained elusive, however, in large part due to China’s opposition. Rather than address the issue of North Korea’s uranium enrichment program in the UNSC, Beijing insisted that the issue be

discussed at the Six-Party Talks. Robert Einhorn, the State Department's special adviser for nonproliferation and arms control, told a forum in Seoul in early March that the US was "hoping China will reach the conclusion that we have reached, which is that the enrichment program in Yongbyon is not compatible with the Security Council resolutions or the September 2005 joint statement." Einhorn warned that legitimizing the enrichment program would undermine the credibility of the Six-Party Talks and their prospects for success.

On Jan. 28, a panel of independent experts submitted a report on recent North Korean nuclear developments to the UN Security Council's Sanctions Committee, which monitors compliance with UN sanctions against that country. Based on the conclusion that North Korea's enrichment facility and light water reactor were both serious violations of UNSC resolutions 1718 and 1874, the panel made several recommendations. According to Western media reports, following the report's transfer to the Sanctions Committee, China informed members it would block the report. China also reportedly wanted as many details as possible – including those from the expert panel's report – kept out of the Committee's quarterly report. For instance, according to the *Yomiuri Shimbun*, Beijing compelled the Committee to delete language from its draft report that it had held a meeting on the enrichment program. The panel's report was not made publicly available; instead it was discussed in closed-door meetings of the UNSC on Feb. 23 during the Committee's quarterly review of the status of sanctions implementation. The final quarterly report was submitted to the UNSC in late February.

The “two meetings” and the Government Work Report

The fourth Plenary Session of the 11th National People's Congress (NPC) – China's top legislative body that debates and approves national policy and legislation – was held March 5-14 in Beijing. Almost concomitantly, the fourth Session of the 11th National Committee of the Chinese People's Political Consultative Conference (CPPCC) convened March 3-13 in Shanghai. The CPPCC is China's top advisory body that provides delegates from a range of political parties an opportunity to discuss, supervise, and participate in legislation. This year, the NPC's top agenda item was the adoption of the 12th Five-Year Plan for China's Economic and Social Development Strategy. The results of the “two meetings” indicate that China intends to maintain its gradual approach to economic structural reform and development, the leadership sees the potential for instability and discontent linked to various economic and social factors, and there is no appetite for political reform.

At the opening of the NPC on March 5, Premier Wen Jiabao delivered the Government Work Report detailing the country's accomplishments in the past year, and its targets and intentions for the coming years. Two important economic benchmarks were set: 1) China's GDP growth will average 7 percent for the next five years; and 2) the target growth rate for 2011 will be “around 8 percent.” These modest growth rates, compared to the prior five-year plan (and to China's 10.3 percent growth rate in 2010) suggest China's leadership is shifting its focus away from growth of the aggregate economy in favor of a growth pattern that emphasizes balance and sustainability. The report stated that China would “closely integrate government control with market forces” and noted that during the financial crisis, because the government tightened its economic control, China “quickly corrected market distortions, remedied market failures and prevented serious

economic fluctuations.” As such, China would continue pursuing a “proactive fiscal policy” and a “prudent monetary policy.”

Among the steps for such policies are improved finance and expense management, and a new initiative to “comprehensively audit local government debt,” likely an acknowledgement of disproportionate spending by local governments following stimulus packages. Expanding domestic demand – especially consumer demand – is high on the priority list for the next year, and was cited as necessary “for promoting balanced economic development.” On the value of China’s currency, the report stated simply that China would “further improve” the *RMB* exchange rate mechanism, expand its use in international trade and investment and “press ahead with making the *RMB* convertible under capital accounts.”

Heightened concerns about inflation and its possible impact on social stability were a new element not seen in previous years’ NPC reports. Wen reported that inflation last year was “held in check at 3.3 percent,” and stated that the government would “keep the CPI increase around 4 percent” over the course of this year. This goal may be difficult to achieve, however, as consumer prices rose 4.9 percent in both January and February, and then surged 5.4 percent in March. For 2011, maintaining price stability was listed as a top priority of macroeconomic control due to the fact that the issue “concerns the people’s wellbeing, bears on overall interests and affects social stability.” In what appeared to be an effort to cope with rising inflation, the Chinese began to permit the *RMB* to rise a bit more rapidly, 0.9 percent in April, for a total gain of 5 percent since last June. On April 29, the dollar fell to about 6.491 *RMB*, marking the strongest value of the Chinese currency since Beijing began allowing it to rise in 2005.

Although NPC reports in prior years had acknowledged the need for preserving social stability, the increased emphasis this year was unmistakable. Wen’s report contained several long sections that stressed the need for strengthening and improving public security and implementing “social management,” to bolster social stability. Addressing corruption and other sources of social discontent – notably the widening income gap, labor disputes, and housing prices – were also important elements of the report.

Wen acknowledged that the government has “not yet fundamentally solved a number of issues that the masses feel strongly about.” He insisted that the government “make improving the people’s lives a pivot linking reform, development and stability,” and called for improvements to be made in several areas, including good governance, anti-corruption efforts, dispute resolution mechanisms, evaluation of administrative decisions, and safeguarding the legitimate rights and interests of the people.

Military spending increases

Toward the end of his speech, Wen stated that “strengthening national defense and building a powerful” military were necessary for “safeguarding national sovereignty, security and development.” Rallying support, Wen called military modernization and improvement necessary for the PLA to accomplish its “historic mission in this new century and this new stage.”

A day prior to Wen's delivery of the report, Chairman of the Foreign Affairs Committee and NPC spokesman Li Zhaoxing announced a 12.7 percent increase in military spending for 2011. This marked a return to double-digit growth following 2010's 7.5 percent increase, and brought the total spending to 601 billion *yuan* (about \$91.5 billion). According to Li, defense spending now accounts for only 1.4 percent of China's GDP – a relatively small amount when compared to that of other countries, including the US (which was 4.7 percent for 2010 and 2011) – and roughly 6 percent of China's total budget. He described the spending hike as “reasonable” to maintain “balance between national defense and economic development.”

As to where the additional funds will be allocated within China's military, Li stated that the “bulk” would go toward moderate improvements in armaments, training, infrastructure, human resources development, and standard of living for China's troops. He also acknowledged that recent price increases due to inflation played a role “to some extent.”

During the press conference, Li insisted that China's defense expenditure “is solely for safeguarding [China's] national sovereignty and territorial integrity” and does not present “a threat to any country.” He also asserted that there is “no such thing as a so-called hidden military expenditure.” Despite these assurances, there is a widely held belief that reported expenditures are more indicative of a growing trend of defense spending in China, and the real numbers are likely higher. In its annual report on China's military and security developments, the US Department of Defense estimated that “China's total military-related spending for 2009 to be over \$150 billion,” but did not offer further explanation on how the estimate was determined. The figure is startling when one considers the official military budget for 2009 was only about \$70 billion (or 480.6 billion *yuan*).

Yang Jiechi's March 7 press conference

During the NPC, Foreign Minister Yang Jiechi held a press conference on March 7 to answer questions on China's foreign policy and external relations. Yang stated that 2010 had seen “steady progress” in global economic governance structural reform, the rise of emerging economies, a “greater balance of international power,” and a by-and-large stable international security situation. Even when “destabilizing factors and uncertainties” arose, China “properly managed thorny issues” and accomplished substantial achievements in diplomacy, cooperation and state-to-state relationships.

Going forward, Yang maintained that China would “make all-round efforts in pursuing [its] diplomacy,” particularly in “summit” or multilateral diplomacy. Over the course of the next five to 10 years, he said, the key objective behind China's diplomacy efforts was to promote an international environment conducive for development of Chinese society “in all respects” and to contribute to building “a harmonious world of enduring peace and common prosperity.” Yang added that to do this China would continue pursuing an “integrated approach” to diplomacy by comprehensively conducting country-, region- and area-specific diplomacy; coordinating both bilateral and multilateral diplomatic efforts; and “promote the all-round development of political, economic and cultural diplomacy.”

Answering a question posed by *Reuters* on US-China relations, Yang was upbeat in his appraisal. He emphasized the success of the Hu Jintao visit and listed a number of upcoming meetings between US and Chinese leadership. These included the third round of the China-US Strategic and Economic Dialogues; the second meeting of the China-US high-level mechanism for people-to-people exchange; and visits by each respective vice presidents to the other country. However, he also noted the negative impact of continued US arms sales to Taiwan has on the bilateral relationship. Yang reiterated that China “firmly oppose[s] US arms sales to Taiwan” and urged the US “abide by the principles and spirit of the three Sino-US joint communiqués and the China-US joint statements,” cease further sales to Taiwan, and “take concrete actions to support the peaceful development of cross-Strait relations.”

Looking ahead

The second trimester of 2011 will be an exceptionally busy period in China-US relations. Dai Bingguo and Wang Qishan will travel to Washington DC to co-chair the third round of the Strategic and Economic Dialogue in early May. Under the S&ED, the two sides will launch a new joint civilian-military Strategic Security Dialogue. This new mechanism is intended to serve the broader objective of the S&ED of building greater mutual strategic trust between the US and China. Later that month, US-Chinese military ties will be further advanced with a visit to the US by Chief of the PLA General Staff and Central Military Commission member Chen Bingde. In July, Vice President Biden will travel to China.

Chronology of US-China Relations* **January – April 2011**

Jan. 3-7, 2011: Special Representative for North Korea Policy Stephen Bosworth travels to the South Korea, China, and Japan; he holds talks in Beijing on Jan. 5.

Jan. 3-7, 2011: Chinese Foreign Minister Yang Jiechi visits the US to make final preparations for President Hu Jintao’s visit.

Jan. 4, 2011: National Security Advisor Tom Donilon meets Foreign Minister Yang in the White House to discuss US-China relations and preparations for President Hu’s upcoming visit. President Obama joins the meeting.

Jan. 7, 2011: US Treasury Undersecretary Lael Brainard meets Chinese Vice Premier Wang Qishan and other officials in Beijing.

Jan. 9-11, 2011: Assistant Secretary for East Asian and Pacific Affairs Kurt Campbell visits Beijing for consultations in preparation for President Hu’s visit to the US.

Jan. 9-12, 2011: US Defense Secretary Robert Gates visits China to advance military-to-military ties between the two countries.

* Chronology and research assistance by CSIS intern Ivan Lidarev

Jan. 13, 2011: Commerce Secretary Gary Locke speaks to the US-China Business Council, where he discusses how leveling the playing field for US businesses in the Chinese market will help spur global innovation and create jobs in the US.

Jan. 14, 2011: Secretary of State Hillary Clinton delivers an address at the State Department that presents the US broad vision of US-China relations in the 21st century.

Jan. 18-21, 2011: President Hu Jintao makes a state visit to the US.

Jan. 24, 2011: China places anti-dumping measures on the imports of caprolactam, a widely used synthetic polymer, from the EU and US.

Jan. 26, 2011: In his State of the Union Address, President Obama mentions Chinese competition as a challenge to the US, in areas such as education, technology, and infrastructure.

Jan. 27, 2011: The US-China Economic and Security Review Commission holds a hearing on “China’s Active Defense Strategy and its Regional Impacts.”

Jan. 28, 2011: A US delegation led by Deputy Secretary of State James Steinberg visits China to discuss the Korean Peninsula.

Jan. 31, 2011: US Ambassador to China, Jon Huntsman announces that he will resign.

Feb. 5, 2011: Treasury Department releases a report that says China’s currency is substantially undervalued and its progress on currency reform is insufficient, although the report does not name China a “currency manipulator.”

Feb. 7, 2011: US International Trade Commission (USITC) determines that Chinese imports of drill pipe and drill collar threaten US industry, and that the Commerce Department will impose anti-dumping duties on their import from China.

Feb. 8, 2011: During a visit to Brazil, Treasury Secretary Geithner urges Brazil to put pressure on China to allow the *yuan* to appreciate.

Feb. 9, 2011: *US National Military Strategy 2011* is published. It calls for a deeper military-to-military relationship with China, but notes that the Joint Chiefs of Staff will continue to monitor China’s military development and its assertiveness in East Asia.

Feb. 11, 2011: A group of US congressmen, including Representative Sander Levin (D - MI) and Senator Sherrod Brown (D-OH), introduce legislation, in both houses of Congress, to press China to allow its currency appreciate.

Feb. 13-16, 2011: A large US business delegation, led by the executive chairman of Morgan Stanley John Mack, visits China and meets the heads of Chinese companies and Vice Premier Wang Qishan.

Feb. 17, 2011: China warns against US meddling in other countries' affairs in response to Secretary of State Clinton's announcement of an initiative to help dissidents around the world to circumvent government internet controls.

Feb. 18, 2011: In spite of US protests, a Chinese court rejects the appeal of American geologist Xue Feng, who was sentenced to eight years in prison on charges of spying in 2009 after obtaining commercial information about Chinese oil wells for a US company.

Feb. 21, 2011: During a visit to Hong Kong by the *USS Blue Ridge*, Vice Adm. Scott Van Buskirk, the commander of the US Seventh Fleet, says that US does not consider China a "direct threat" and welcomes the expansion of China's blue water navy.

Feb. 24, 2011: US Ambassador to China Huntsman appears at a small protest rally in Beijing supporting a "Jasmine Revolution" in China, provoking protests from Chinese bloggers.

Feb 25, 2011: In an interview with the *Wall Street Journal*, Commerce Secretary Locke says that the US is "making progress" in eliminating trade barriers to Chinese companies but says China should do more to let its currency appreciate.

Feb. 26, 2011: The US and China sign an agreement to establish the China-US Governors Forum, which will enable cooperation between governors and provincial leaders.

March 2, 2011: In testimony before the Senate Foreign Relations Committee, Secretary Clinton says that the US is falling behind China in the Pacific region and that China has increased its influence over many small Pacific nations.

March 4, 2011: China announces an increase of 12.7 percent in its military spending in 2011 bringing it to 601 billion *yuan* (\$91.5 billion).

March 5, 2011: The Fourth Session of the 11th National People's Congress opens in Beijing.

March 7, 2011: Foreign Minister Yang Jiechi urges the US to stop arms sales to Taiwan and take concrete steps to promote the peaceful development of cross-strait relations.

March 9, 2011: President Obama nominates Commerce Secretary Locke as the next US ambassador to China.

March 11, 2011: In testimony to the Senate Armed Services Committee, Director of National Intelligence James Clapper says China has invested substantially in cyber warfare and intelligence gathering.

March 21, 2011: Google claims that China's government is imposing a "blockade" on Google which interferes with its Gmail service.

March 31, 2011: China releases its biannual defense white paper.

April 5, 2011: The US, France, the UK, and Germany express concern over the arrest of Chinese dissident artist Ai Weiwei.

April 8, 2011: State Department releases its annual report on human rights, which harshly criticizes human rights in China and Secretary Clinton expresses concern that Chinese intellectuals and human rights activists are “arbitrarily detained.”

April 10, 2011: China’s State Council issues a report entitled “Human Rights Record of the United States in 2010.”

April 10, 2011: Chinese State Councilor Liu Yandong visits the US and chairs the second round of high-level meetings between the US and China on cultural and people-to-people exchanges.

April 11, 2011: At the 7th US-China Defense Policy Consultative Talks in Beijing, Deputy Assistant Secretary of Defense Michael Schiffer and Director of the Foreign Affairs Office of the Ministry of Defense Qian Lihua exchange views on bilateral and regional military issues.

April 15, 2011: State Department spokesman Mark Toner criticizes China for its use of force in the standoff between Chinese police and Tibetan monks in Sichuan Province and blames China for violating the international standards of human rights and religious freedom.

April 19, 2011: US-China Initiative on City-Level Economic Cooperation starts in Seattle. It aims to promote economic cooperation between US and Chinese cities and help realize the pledges for greater economic cooperation made during President Hu’s visit to the US.

April 20-26, 2011: A delegation of 10 senators, led by Senate Majority Leader Harry Reid, visits China to discuss a wide range of issues such as clean energy, economic relations and human rights; the delegation meets Vice-President Xi Jinping, Vice Premier Wang Qishan, Foreign Minister Yang Jiechi, and the head of China’s legislature, Wu Bangguo.

April 27-28, 2011: Assistant Secretary of State for Democracy, Human Rights and Labor Michael Posner heads an interagency delegation to Beijing for a round of the recurring US-China Human Rights Dialogue with his counterpart Chen Xu, director general of International Organizations and Conferences.

April 30, 2011: President Hu extends condolences to President Obama over the deaths caused by a devastating tornado that struck southern parts of the US on April 26-27.