

Comparative Connections

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US-China Relations:

Obama-Hu Summit: Success or Disappointment?

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President Obama's first-ever trip to China was the main attraction of the fourth quarter. In addition to meeting Chinese leaders, Obama held a town hall-style assembly with Chinese students in Shanghai. The two sides signed a joint statement, the first in 12 years, which highlighted the depth and breadth of the relationship and promised greater cooperation. Nevertheless, the US media mostly faulted the president for not making sufficiently concrete progress on a number of problems. The Copenhagen climate talks garnered much attention in December. As the two largest emitters of CO₂, negotiations between China and the US not only occupied the meeting's spotlight, but also ultimately decided its outcome. Trade friction continued to intensify with both countries launching new investigations and imposing duties on several products. The bilateral military relationship took a step forward with the visit to the US by Xu Caihou, vice chairman of China's powerful Central Military Commission.

Obama travels to China

This quarter's biggest event was President Barack Obama's November trip to China. Intensive preparations preceded the visit – which marked the first formal summit between Obama and Hu Jintao – including several advance trips to Beijing by the National Security Council's Senior Director for Asian Affairs Jeffrey Bader to hammer out a joint statement. The US media set low expectations for the visit, with the *Wall Street Journal* describing the trip's prospects as “less than epochal.” This estimation was encouraged by statements from White House officials indicating that the president would focus on relationship building, rather than seek concessions on banner issues such as CO₂ emissions and economic rebalancing.

In China, there also was a deficit of enthusiasm for the visit. Although Obama enjoys celebrity status in China – presidential memorabilia sold briskly in Beijing and Shanghai in the weeks prior to the US president's arrival – the *Global Times*, an English-language newspaper published by China's Communist Party newspaper *People's Daily*, conducted a poll that found 86 percent of Chinese were not interested in Obama's visit. Chinese media coverage was mixed, alternating between glowing praise for the China-US relationship and broadsides on US policies on trade and Tibet. The popular website Netease, for example, bemoaned Obama's determination to eventually meet the Dalai Lama, an issue often cited by Chinese as a key obstacle to building strategic trust and further improving Sino-US relations.

Under this cloud of low expectations, Obama arrived in Shanghai Nov. 15, after stopping first in Japan and then Singapore to attend the annual APEC leaders meeting. The trip's first full day

was spent in Shanghai, where Obama met Mayor Han Zheng before holding a town hall meeting with a group of Chinese students. Obama's speech to the youth touched on issues ranging from freedom of speech to the economy and was followed by a Q&A session that included a broad range of queries posed by attending students, as well as several questions selected by the Chinese government from submissions by Chinese netizens. One exception was a pointed two-part inquiry that was selected by US Ambassador to China John Huntsman from among hundreds that had been submitted by Chinese to the US embassy website prior to the event: 1) "In a country with 350 million Internet users and 60 million bloggers, do you know of the firewall?" 2) "Should we be able to use Twitter freely?"

The Shanghai meeting was subjected to intense scrutiny by the US media. Several commentators noted that the majority of participants were members of the Communist Youth League who had been handpicked by the government. The Chinese media gave the meeting comparatively little attention. Although the event was broadcast on local TV in Shanghai and made available online, its content was censored and reporting on the president's comments on free speech was quickly removed from *Xinhua*, the government's official news service, and popular websites such as sina.com. Nevertheless, Chinese netizens were impressed by Obama's sanguine attitude toward public criticism and widely quoted his remark on the subject: "I actually think that [public criticism] makes our democracy stronger and it makes me a better leader." US government officials estimated that the town hall meeting was eventually viewed or read by as many as 80 million Chinese viewers.

Upon completing the scheduled events in Shanghai, Obama headed to Beijing, where he had a lengthy discussion with Hu Jintao followed by dinner. The next day, the two leaders resumed discussions, which totaled six hours. At an event for the press that was held to report on their achievements, Hu described the talks as "candid, constructive, and very fruitful." He reported agreement "to continue to adopt a strategic and long-term perspective," "increase the dialogue exchanges and cooperation" and "take concrete actions to steadily grow a partnership between the two countries to meet our common challenges." Hu noted that he had stressed to Obama that both countries "need to oppose and reject protectionism in all its manifestations," a reference to tit-for-tat disputes in the World Trade Organization (WTO) triggered by Obama's September decision to impose tariffs on imports of Chinese tires.

In his comments to the press, President Obama welcomed China's "efforts in playing a greater role on the world stage," while adding that such a role is "joined by growing responsibilities." He highlighted "progress" on the issue of climate change and common ground on stopping the spread of nuclear weapons, including eliminating North Korea's nuclear weapons program and ensuring that Iran's nuclear program remains peaceful, and on increasing stability in Afghanistan and Pakistan. Obama also lauded "the Chinese commitment, made in past statements, to move toward a more market-oriented exchange rate over time." In addition, he expressed US respect for the sovereignty and territorial integrity of China and called for "the early resumption of dialogue between the Chinese government and representatives of the Dalai Lama," while recognizing that Tibet is part of the People's Republic of China. On the issue of Taiwan, Obama applauded steps taken by Taipei and Beijing to ease tensions, and noted that US policy, "based on the three US-China communiqués and the Taiwan Relations Act, supports the further development of these ties."

The list of concrete deliverables from the leaders' discussions was short. During the press conference, Hu announced the signing of a memorandum of understanding on "enhanced cooperation on climate change, energy and [the] environment," and an initiative to establish a China-US clean energy research center. Obama cited a Chinese commitment to hold another round of the US-China dialogue on human rights in February 2010. Hu also noted the two countries would deepen cooperation on a range of issues from agriculture to law enforcement and added two notable new areas of collaboration: space exploration and high-speed rail. In a different press briefing later in the day, Ambassador Huntsman supplemented the remarks made at the joint press conference by noting that in private talks between the two leaders Obama had been considerably more forceful and had also achieved "a little bit of traction ... [on] issues that really do matter in terms of regional stability as it relates to Afghanistan and Pakistan."

The joint statement that was released following the leaders' meetings was the first issued by the two countries since 1997. The areas of US-Chinese cooperation covered in the statement across a broad spectrum of bilateral, regional, and global issues underscored the depth and breadth of the relationship and its importance to both countries' interests. Senior US officials privately pointed to two particular lines from the statement as major accomplishments. The first was a statement on the US's regional role in Asia: "China welcomes the United States as an Asia-Pacific nation that contributes to peace, stability and prosperity in the region." The last time a Chinese leader had commented on the subject was when former President Jiang Zemin told President Bush in October 2001 that China viewed US presence in the region as stabilizing and did not seek to expel US military forces from the region. Whether the new language is a step forward remains uncertain, however, since the Chinese version of the statement used a slightly different and more qualified formulation, noting that "China welcomes the *efforts* of the United States as an Asia-Pacific nation to contribute to peace, stability and prosperity in the region. [emphasis added.]

The second notable point in the joint statement from the US perspective was the sentence on Sino-US military relations, which emphasized that the two countries would "take concrete steps to advance sustained and reliable military-to-military relations in the future." Senior US officials voiced their hopes that this indicates a willingness by China to continue mil-mil exchanges regardless of any concerns that might arise from a soon to be announced US arms sale to Taiwan. According to Chinese sources, Beijing's priority in negotiating the joint statement was gaining US agreement to include references to respecting each other's "sovereignty and territorial integrity" and "core interests" as "extremely important to ensure steady progress in US-China relations." This was achieved and enabled China to consider the joint statement a great success.

The next day, President Obama visited the Great Wall, before making one final stop at the offices of the newspaper *Southern Weekend* for an exclusive interview. The paper had been chosen by the US due to its reputation for tackling difficult issues that are often avoided by China's cautious and mostly conservative press. In the brief interview, Obama tried to connect with the Chinese public through comments touching on his passion for basketball and described the emergence of a "more strategic relationship" between the two countries. The White House hoped that the interview would provide an opportunity for Obama to speak directly to the Chinese people – a goal he sought to achieve in Shanghai, but didn't accomplish to full satisfaction. Nothing controversial was included in the published article. Nevertheless, the

article ran afoul of China's information control apparatus. The interview was approved by the Foreign Ministry, but apparently angered the Central Propaganda Department, which reportedly intervened to restrict the questions, cut the transcript approved for publication hours before it went to press, issued an order that the interview not be reproduced on other websites, and then attempted to remove, by hand, the article from the paper's pages. The result was a haphazard effort, with the interview included in editions available at some newsstands and delivered to most subscribers, but absent from the paper's official website (yet accessible on another *Southern Weekend* site). Also banned from distribution was a personal note from President Obama to the newspaper, which congratulated the *Southern Weekly* and its readers for contributing to the "flow of vital policy information" and noted that "An educated citizenry is the key to an effective government, and a free press contributes to that well-informed citizenry." In the wake of the incident, the top editor of *Southern Weekend* was demoted.

In the Western media, the trip's post-mortem was, for the most part, unfavorable. In the days immediately following Obama's return from the region, many commentators cited the lack of concrete results as proof of failure. An article in the *Washington Post*, for example, noted that Obama was returning from Asia without "any big breakthroughs or any evidence that he has forged stronger personal ties with regional leaders." Pundits across the political spectrum bemoaned Obama's "timid" stance on a wide range of issues from economic policy to Tibet. Writing in the *National Review*, Seth Leibsohn of the Claremont Institute contended that Obama's performance had made him look weak and would embolden the Chinese. A *Washington Post* editorial questioned the wisdom of welcoming a dictatorship to global influence. Unflattering comparisons of the China trip to those of Presidents Bill Clinton and George W. Bush were also abundant. The *Economist*, for example, noted that Obama's speech in Shanghai seemed bloodless compared to Clinton's 1998 speech delivered at Beijing University, which had been broadcast live on *CCTV*, China's leading government television network.

A minority of commentators went against the conventional wisdom. In an interview with *Xinhua*, David Shambaugh argued that Obama's visit had qualitatively enhanced "the overall tone and substance of [Sino-U.S. relations]." This assessment complemented an administration official's own view of the trip – as reported by the *Atlantic Monthly*'s James Fallows in his blog – as a chance "[to show the Chinese] that we know what we're doing, and understand that we are dealing from a position of strength." Fallows himself argued that the press' analysis of the trip had "manufactured failure," when in fact the results were at least as good as if not better than what the White House and informed commentators had predicted. In support of his argument, Fallows pointed to the slow, but steady, stream of Chinese concessions that appeared in the weeks following the president's return to Washington.

Among these concessions was Beijing's decision in late November to support an International Atomic Energy Agency (IAEA) resolution demanding Iran halt its attempts at uranium enrichment. The decision was said to have been prompted, in part, by a trip to Beijing by two senior NSC officials, who persuaded China that Iran's nuclear program would destabilize the Middle East and, consequently, China's oil supply. Subsequent reports on the matter, however, suggested that the decision was made in response to a personal request by Obama to Hu Jintao in which Obama characterized the Iranian nuclear issue as a core US interest. This interpretation is

supported by the fact that China has, thus far, resisted further movement on the issue, even refusing, for example, to accept a Saudi-US offer to reduce China's dependence on Iranian oil.

Next on the list of concessions was the Nov. 25 announcement by the People's Bank of China that fine-tuning of the *yuan's* exchange rate would be possible, a development that suggested progress toward achieving one of the administration's major goals. Hopes for such a move in the near term were dashed a month later, however, when Premier Wen Jiabao told *Xinhua* in an interview that China would "absolutely not yield" to calls for revaluing its currency. Finally, a few days after Obama's departure, Beijing announced that it would lower its carbon emissions relative to the size of its economy by as much as 45 percent by 2020, more than many commentators had expected, although less than governments and environmentalists had hoped. As with the commitments on Iran and the hints about *yuan* revaluation, however, this position soon proved to have limited value. At the Copenhagen climate talks, Chinese negotiators proved unmovable on the question of making CO₂ cuts subject to verification, an outcome that undermined President Obama's ability to sell a deal to Congress.

While these examples may indicate small progress was made on a few important issues, none of these was likely a direct result of Obama's talks in China, nor are they unqualified successes. Nevertheless, the trip seems to have played an important role in the broader White House strategy that made even these modest successes possible. The trip's emphasis on relationship building and quiet diplomacy is consistent with the administration's approach to the relationship as one focused on long-term gains, not "eureka moments" or baskets of deliverables.

The Chinese media's views on the visit were mixed. Much of the coverage focused on seemingly minor symbolic moments, rather than substantive issues. The image of Obama carrying his own umbrella during his arrival at a rainy Pudong International Airport became a national sensation. Netizens and commentators alike felt that the image demonstrated a humility that stood in stark contrast to Chinese leaders, who depended on underlings to handle their rain gear. Several Chinese experts opined that the visit underscored that US-China relations are more balanced than ever before, as well as interdependent. Writing in Shanghai's *Dongfang Zaobao*, Fudan University Professor Wu Xinbo maintained that even though a big gap still exists between China and the US in terms of national power, "reciprocity between the two countries has been enhanced." Speaking with the journal *Liaowang*, Ni Feng of the Chinese Academy of Social Sciences noted that "the China-US relationship of interdependence has become deeper and deeper." Writing in *China Daily*, People's University Professor Jin Canrong viewed the trip as a success for China-US relations: "[it] strengthened bilateral trust and [the president's] working relationship with Chinese leaders."

In the final analysis, the summit's success will be judged by whether it succeeded in building a foundation for resolving problems and producing genuine cooperation between the two nations. On the US side, the White House's nuanced position on the relationship has not satisfied US politicians who are hungry for red meat on the economy and human rights. The perception that Obama played softball with Chinese leaders is only likely to embolden legislators who have become increasingly quick to express their resentment over China's policies, especially on trade. Following the talks, Senate Majority Leader Harry Reid sent a letter to Hu Jintao, demanding that he personally address problems with intellectual property rights controls and the *yuan*. This

contentious atmosphere is likely to worsen significantly if China uses its upcoming presidency of the UN Security Council to block sanctions on Iran. With arms sales to Taiwan and a meeting with the Dalai Lama both likely to inflame nationalistic sentiments in China early next year, it remains to be seen whether the modest ambitions of the president's trip will be sufficient to guide the relationship through its upcoming challenges.

The US-China face off at Copenhagen

In the last month of the quarter, the Copenhagen climate talks, which were held Dec. 7-18, occupied center stage in China-US relations. As the two largest emitters of CO₂, negotiations between China and the US not only occupied the meeting's spotlight, but also ultimately decided its outcome.

The question of how to reduce CO₂ emissions has been a topic of discussion between the US and China since the second Bush administration, but has only emerged as a central issue in their relations in the wake of President Obama's election. Disagreements on the issue have focused on questions of how much responsibility China and other developing nations should take for reducing emissions. As the largest historical emitters of CO₂, Beijing argues, developed nations, especially the US, should bear the bulk of the responsibility for funding and implementing climate change solutions. Whereas, developing nations, like China, should be allowed to build their economies and improve living standards for their citizens, even if that means their emissions increase. The Chinese have insisted that countries follow the principle of "common but differentiated responsibilities," which was included in the Kyoto protocol to the United Nations Framework Convention on Climate Change.

Despite these and other areas of disagreement, talks between the US and China helped to produce a number of successes in the lead-up to Copenhagen. During the first meeting of the Strategic and Economic Dialogue in July, the two countries issued an MOU on climate change, energy, and the environment, and at the September UN Summit on Climate Change, Hu Jintao announced China's first commitment to reducing emissions, although the details were left vague. Beijing's announcement after Obama's visit that China would reduce its carbon intensity by 45 percent by 2020 suggested that China had recognized the need to accept targets, even though the target declared would only slow, not stop the increase in overall carbon emissions. The offer failed to meet the expectations of the US and other developed countries, but senior US officials held out hope that it was only a starting bid and could be bargained up during the climate talks.

Representing the US and China in the early stages of the conference were US Special Envoy for Climate Change Todd Stern and Xie Zhenhua, vice minister of China's National Development and Reform Commission. Through the conference's final days, talks between the two remained deadlocked over whether emissions cuts should be subject to independent verification and how much funding should be provided to developing nations to deal with climate change. "There ought to be some measure of international consultation or review or dialogue," said Stern in reference to China's refusal to accept oversight. Emotions ran high and then boiled over on Dec. 16, when Stern announced that the US saw no reason that China should be provided with public funds to control emissions. Later in the day, Chinese Vice Foreign Minister He Yafei retorted

that Stern “lacks common sense” and then questioned “the sincerity of developed countries in their commitment [to provide public funding].”

US sincerity was demonstrated the following day, when Secretary of State Hillary Clinton arrived in Copenhagen with a response to He’s criticism: an offer to contribute to a \$100 billion dollar international assistance fund for developing states. Contributions would be contingent on the agreement of “all major nations” to binding emissions standards and a verification regime. Writing in *Foreign Policy* magazine, John Lee described the offer as a “clever trap for Chinese Premier Wen Jiabao” that “put the onus ... on Beijing to agree to standards of ‘transparent verification’” or accept responsibility for blocking the entire deal. Clinton’s offer was reiterated later in the day by Sen. John Kerry, who was in attendance at the talks. At a press conference following the announcement, Secretary Clinton suggested China was renegeing on the commitments it had made in the Sino-US joint statement, saying “Time and time again ... [they] have committed themselves to pursuing an agreement that met the various standards, including transparency.” A delegation of US congressmen headed by Speaker of the House Nancy Pelosi also emphasized the importance of China’s participation in a verification scheme to the overall success of the Copenhagen efforts.

On Dec. 18, the meeting’s final day, President Obama arrived in Copenhagen to address the conference and participate in a meeting with world leaders, including Premier Wen Jiabao. To the surprise of the other heads of state, including Obama, Wen did not attend a morning gathering, instead sending a lower-level official in his place. The reasons for that decision remain unclear, but the move was viewed by some as an attempt to slight President Obama. *Mother Jones* suggested that the Chinese premier was offended by the statement in Obama’s speech that the Copenhagen accord must be more than “empty words on a page.” A senior US official familiar with the on-scene events, insisted, however, that the failure of Wen to appear at key meetings was not intended as an insult to Obama.

As the final day progressed, tempers heated up. At one point in the early afternoon, the Indian and Chinese delegations walked out of the talks and headed for the airport. However, they returned later in the day for a meeting with Brazil and South Africa. According to reports, that meeting was interrupted by President Obama, who arrived for a scheduled bilateral session with Premier Wen and found that the leaders of the BASIC nations (Brazil, South Africa, India and China) were assembled, possibly planning a way to pin the failure of the conference on the developed countries.

With Obama in the room, the BASIC countries continued to insist that emissions cuts must remain a “voluntary action” based on each country’s own national conditions. For Beijing, this insistence was partly related to China’s firm views on state sovereignty, a position made clear by Xie Zhenhua’s blunt assessment of what China believed was at stake during the talks: “For the Chinese, this [is a matter of] our sovereignty and our national interest.” An agreement was finally brokered when Obama reportedly suggested replacing the call for “examination and assessment,” language that Beijing saw as promoting an overly intrusive verification regime, with the more anodyne “international consultation and analysis” that did not intrude on sovereignty. The BASIC countries also agreed that the developing countries would report every two years on their progress in mitigating emissions. Insider accounts stress that the congenial and

collegial efforts by Obama and Wen were indispensable in persuading the leaders of the other three countries to agree to a compromise. An outcome in which the US would have blamed China and China would have blamed the US was narrowly averted.

Beijing later expressed satisfaction with the resulting accord, citing it as an important first step on the journey toward addressing climate change. Chinese Foreign Minister Yang Jiechi described the outcome as “significant and positive.” Wen Jiabao remarked, “[China] has played an important and constructive role in pushing the Copenhagen climate talks to earn the current results, and demonstrated its utmost sincerity and made its best effort.”

Others took issue with this rosy assessment, faulting China for the disappointing outcome. Great Britain’s Climate Secretary Ed Miliband, for example, lambasted Beijing for “hijacking the talks.” Thomas Friedman of the *New York Times* viewed the result as proof of a de facto G2 and labeled the conference a China-US power struggle. Echoing that assessment, numerous delegates from the G77 complained that their voices were not represented in the final document. Even the US was not completely satisfied. Speaking on the *PBS News Hour*, President Obama said that “people are justified in being disappointed about the outcome in Copenhagen.”

Some articles in the Chinese media sought to stave off blame and lay the culpability for a less than successful result at the feet of the US. *Xinhua* published several articles rejecting the claims of Miliband and others, highlighting negative remarks by the presidents of Brazil and Egypt about Washington’s role in the talks. Some Chinese commentators portrayed the conference’s strained negotiations as representative of a growing rift between China and the developed world. Liu Junhong, an analyst at the China Institutes of Contemporary International Relations, concluded that the talks had “intensified the North-South contradiction.” Echoing this theme, US commentators noted that Beijing sees pressure to reduce its CO₂ emissions as an attempt by developed nations to contain China’s economic growth, a fear that has been reinforced by growing trade pressure and perceived protectionist policies of the Obama administration.

The fact that US measures to curb CO₂ emissions and provide aid to developing nations remain stalled in the Senate may reinforce Beijing’s resistance to further reduce its emissions since it is not assured of the US’s willingness to do so. In an unfortunate Catch-22, US legislators may well insist on proof of China’s commitment as a precondition for making their own. Speaking on the issue, Rep. Edward Markey said, “... other governments and industries, including those in America, will be hesitant to engage with ... countries [that have not demonstrated their commitment] ... on global warming.”

Trade spats escalate

Despite public commitments at the highest levels to avoid trade protectionism, trade friction between the US and China intensified this quarter, a trend that has been on the rise since the onset of the current economic crisis. After flare-ups over tires and chicken parts in September, the drumbeat of protective trade actions continued in October with an announcement by the US that it would begin an investigation into imported Chinese steel pipes for use in the oil industry. At the end of the month, China’s Ministry of Commerce responded with an inquiry into US auto industry subsidies. Shortly thereafter, Beijing imposed duties on US exports of nylon fibers used

in brushes and similar products. This was followed, in turn, by US requests for investigations into the WTO consistency of Chinese export duties on a wide range of raw materials used in the metals and chemicals industries.

In late December, in the biggest US trade action to date against China, the United States imposed final duties of nearly 16 percent on imports of Chinese steel pipes, imports of which, in 2008, totaled \$2.6 billion. Also in December, China announced that it would levy anti-dumping and countervailing duties on certain types of US steel. China's Ministry of Commerce indicated that the move was China's first countervailing duty investigation on imports and the first time the country had imposed anti-dumping and countervailing duties simultaneously. US industry analysts expressed surprise at the decision, noting that U.S. steel exports to China comprised less than one-tenth of 1 percent of the total Chinese market. *Bloomberg Financial*, for example, described the move as a "PR stunt."

In the last week of December, the Office of the US Trade Representative released its annual report on China's compliance with its WTO commitments, which chastised China for "continuing to pursue industrial policies ... that seek to limit market access for non-Chinese origin goods and foreign-service suppliers." These include, for example, policies that are designed to limit the ability of the US to export automobiles to China. On China's currency, although the US government remained mum, calls by pundits and experts for a revaluation of the *yuan* grew louder. Paul Krugman, for example, accused China in the *New York Times* of following a mercantilist policy, keeping its trade surplus artificially high, which benefits its export-oriented state-industrial complex.

Certainly, the US is not the only country that is experiencing increasing trade tensions with China. Over the last several months, other WTO members, especially the European Union (EU) and countries in Southeast Asia, have expressed growing dissatisfaction with China's economic and trade practices, with particular emphasis on China's exchange rate policies. Recently, the EU has engaged China in tit-for-tat trade skirmishes similar to those apparently being waged between Washington and Beijing, with China answering EU tariffs on Chinese shoes with duties on steel fasteners. According to the UK-based Centre for Economic Policy Research, China is now targeted for more protective trade measures than any other country, 47 out of 297 since November 2008. It has also been the biggest target of anti-dumping and countervailing duty investigations, which reached a record high this year.

To be sure, the US and China have become familiar with bilateral trade friction since China joined the WTO in late 2001. Many commentators suggest that the increasing intensity of those disputes simply reflects the maturation of one of the world's largest and most sophisticated trade relationships. In an interview with *Xinhua*, Chen Dongxiao, vice president of the Shanghai Institutes for International Studies, maintained that trade skirmishes highlight the two countries increasing mutual dependence: "It might be a zero-sum game for ... specific industrial sectors, however, it is a positive-sum game for ... overall [Sino-US] economic relations."

Despite the negatives, economic activity between the two countries shows no sign of abating, even as Washington and Beijing engage in an apparent game of "chicken" on trade issues. Moreover, not all of the China-US trade news has been bad. Chen's point about growing interdependence is illustrated by this quarter's announcements of increased cooperation between

Chinese and US companies. In December, for example, GM announced it would launch an initiative with Chinese state-owned auto manufacturer Shanghai Automotive Industry Corporation to develop cars for the Indian market. In the clean energy sector, GE has started a joint venture with the Shenhua Group to introduce its coal gasification technology to Chinese coal plants. In recent months Chinese enterprises have also won a number of large contracts for building wind and solar farms in the United States.

Xu Caihou's visit advances military ties

Vice Chairman of the People's Liberation Army's Central Military Commission Xu Caihou made a weeklong visit to the US from Oct. 24 to Nov. 3. The trip had originally been planned for December 2008, but was postponed by Beijing in response to a US decision to sell \$6.4 billion in arms to Taiwan two months prior. Xu was hosted by Defense Secretary Robert Gates for a dinner at the Pentagon and for talks that focused on ways to further develop and improve the military-to-military relationship. They reached agreement on the following steps: 1) promote high-level visits, including a visit by Gates to China next year; 2) enhance cooperation in the area of humanitarian assistance and disaster relief; 3) deepen exchanges of experts in military medicine; 4) expand service-level exchanges between the two armies; 5) increase exchanges of mid-grade and junior officers; 6) promote cultural and sports exchanges between the armed forces; and 7) invigorate the existing diplomatic and consultative mechanisms in order to improve military maritime operation and tactical safety.

In their closed-door talks, Gates stressed the need to break the "on-again, off-again" cycle of the US-China military-to-military relationship and instead maintain "continuous" dialogue – a reference to US displeasure with China's decision to suspend bilateral military contacts and exchanges for six months beginning last October. The two defense leaders also discussed Iran, North Korea, Afghanistan, and Pakistan.

According to Chinese media accounts, Xu stated that the bilateral military relationship has shown "positive momentum for development" and offered China's willingness to work with the US to further enhance strategic mutual trust. However, he portrayed the smooth development of future military ties as contingent on the handling of four obstacles. First, the US-Taiwan military relationship, including US arms sales to Taipei, which Xu maintained should be gradually reduced and eventually ended. Second, the intrusion of US military aircraft and ships into China's maritime exclusive economic zone, which Xu insisted should be terminated. Third, US legislation that restricts the development of US-China military ties, notably the 2000 Defense Authorization Act, should be revised, Xu said. Fourth, the US lack of strategic trust in China, which is evidenced, according to Xu, in US official reports.

In a meeting with President Obama, Xu stated that China attaches "great importance" to the bilateral military relationship and "is ready to work closely with the United States and respect and take care of each other's interests and concerns while continuously increasing strategic mutual trust and strengthening pragmatic exchanges and cooperation." Obama reiterated his administration's commitment to building a positive, cooperative, and comprehensive relationship with China, which he noted requires the development of strong military ties.

A highlight of Xu's visit was a public speech delivered at the Center for Strategic and International Studies entitled "The Chinese Military that Accomplishes Diverse Military Tasks." In his speech, Xu expounded on the Chinese military's efforts to prepare for military missions other than war. The speech was followed by the showing of a documentary film depicting the PLA's relief operations after the 2008 Wenchuan earthquake. In the Q&A session, Xu maintained that China's research and development of "limited" weapons and equipment "is entirely to meet the minimum requirement for maintaining national security." Discussing the incidents between the US and Chinese navies in China's exclusive economic zones earlier in the year, Xu pinned blame on the "intensive reconnaissance missions conducted by US naval ships in China's EEZ," but said he was encouraged that "both sides have recognized that we should not allow such incidents to damage our state-to-state and mil-to-mil relations."

During his visit, Xu toured the US Naval Academy in Maryland, US Strategic Command in Nebraska, Nellis Air Force Base in Nevada, the US Army's Fort Benning in Georgia, the North Island Naval Air Station in San Diego, and the US Pacific Command in Hawaii.

Wrapping up 2009 and looking ahead to 2010

2009 witnessed the elevation of China-US relations to the global stage in response to the twin challenges of the financial crisis and climate change. Presidents Obama and Hu agreed to pursue a positive, cooperative, and comprehensive relationship and set out to address the problem of a strategic trust deficit between their two countries. As the year comes to a close, the scorecard for the Obama administration's China policy is mixed, with high marks for frequent consultations and relationship building, medium scores for enlisting China's contribution to eliminating nuclear weapons in North Korea and preventing Iran from going nuclear, and low grades for failing to convince Beijing to go beyond making selfish decisions and contribute as a positive stakeholder on economic issues and climate change. It is premature to pass final judgment, however; Obama has only been in office for one year and a good foundation has been laid for future cooperation. Time will tell if greater achievements can be made.

Planned highlights for 2010 include a state visit to the US by Hu Jintao, possibly in mid-April when Obama will host a nuclear security summit, although a planned US arms sale to Taiwan and Obama's meeting Dalai Lama early in the year may result in postponement of Hu's trip until June when the G20 gathers in Toronto. In the summer, the second round of the Strategic and Economic Dialogue will be held in Beijing. Military ties are slated to further expand with a visit to China by Secretary of Defense Gates and an exchange of visits between the Chairman of the Joint Chiefs of Staff Adm. Michael Mullen and his Chinese counterpart. Once again, arms sales to Taiwan could delay those visits and other planned military exchanges. Trade and economic issues, climate change, nonproliferation, Iran, North Korea, Afghanistan, and Pakistan will remain at the top of the China-US agenda. With wise leadership and careful management, there is potential for a closer and more productive US-China relationship.

Chronology of U.S.-China Relations

October - December 2009*

Oct. 1, 2009: China celebrates the 60th anniversary of the Communist Party's victory in China's civil war with a massive parade in Beijing.

Oct. 2, 2009: US State Department names Maria Otero the new US coordinator for Tibet.

Oct. 9, 2009: Sichuan Tengzhong Heavy Industrial Machinery Co. announces a deal with US automaker GM for the purchase of GM's Hummer brand of vehicles.

Oct. 10, 2009: Congressional-Executive Committee on China releases its annual report. The key findings focus on the limits on freedom of speech imposed by the Chinese government.

Oct. 12, 2009: Six Uighur men are sentenced to death and one to life in prison for their role in rioting in Xinjiang's capital of Urumqi in early July.

Oct. 12, 2009: Retired US diplomats, including Henry Kissinger and George Shultz, travel to Beijing to meet their Chinese counterparts for the inaugural China-US Track Two High-Level Dialogue. Topics include the global financial crisis and US-China bilateral relations.

Oct. 12, 2009: Kurt, assistant secretary of state for East Asian and Pacific Affairs, arrives in China for talks in preparation for President Obama's November visit.

Oct. 14, 2009: Li Yuanchao, head of the CCP Central Committee's Organization Department, meets National Security Adviser James Jones and Deputy Secretary of State James Steinberg.

Oct. 15, 2009: Chinese courts sentence six more men to death for their role in the Xinjiang riots.

Oct. 15, 2009: The 13th biannual Joint Commission Meeting on Science & Technology Cooperation convenes at the National Academy of Sciences in Washington. The meeting marks the 30th anniversary of the US-China Science and Technology Cooperation Agreement.

Oct. 20, 2009: The Chinese Ministry of Commerce announces it will impose anti-dumping duties on exports of nylon-6 from the US, Russia, and the European Union.

Oct. 21, 2009: In a phone conversation, Presidents Barack Obama and Hu Jintao exchange views on bilateral issues and the upcoming Copenhagen climate talks.

* Chronology by CSIS intern Ben Dooley, who also provided invaluable research assistance

Oct. 22, 2009: The Fourth China-US Relations Conference opens in Beijing. Former President George H.W. Bush makes a speech by satellite video. Ambassador Jon Huntsman and Chinese Foreign Minister Yang Jiechi also deliver speeches.

Oct. 22, 2009: Chinese Vice Premier Wang Qishan phones US Secretary of Commerce Gary Locke and US Trade Representative Ron Kirk to discuss the upcoming 20th China-US Joint Commission on Commerce and Trade (JCCT) meeting to be held in China on Oct. 29.

Oct. 23, 2009: Speaking to retired US and Chinese generals, Secretary of State Hillary Clinton discusses the importance of increasing US-China military ties. The Chinese delegation is headed by Xiong Guangkai, former vice chief of the general staff of the People's Liberation Army.

Oct. 23, 2009: Foreign Minister Yang Jiechi and Secretary Clinton talk by phone about climate change, the Korean and Iranian nuclear issues, and President Obama's visit to China.

Oct. 24, 2009: Vice Chairman of China's Central Military Commission Xu Caihou arrives in the US for a one-week tour.

Oct. 26, 2009: The Bureau on Democracy, Human Rights, and Labor releases its 2009 report on International Religious Freedom in China. The report is criticized by the Chinese government for its negative assessment of Chinese policies.

Oct. 28, 2009: US Trade Representative Kirk, Commerce Secretary Lock, and Agriculture Secretary Tom Vilsack arrive in China to attend the US-China JCCT. Topics of discussion include agricultural cooperation and food security.

Oct. 28, 2009: General Xu Caihou meets President Obama in Washington. The discussion focuses on improving US-China military relations.

Oct. 29, 2009: China agrees to lift its ban on imports of US pork beginning on Dec. 1, 2009. The ban was established in April 2008 in response to growing concerns about H1N1.

Oct. 29, 2009: Chinese Ministry of Commerce announces it will begin an anti-dumping probe into US-made autos. The probe is being requested by the Chinese auto industry.

Oct. 31, 2009: US Justice Department announces that it has sent six Uighur detainees from Guantanamo Bay to Palau, ignoring Chinese demands that they be returned to stand trial in China on terrorism charges.

Nov. 1, 2009: China imposes an anti-dumping duty on adipic acid, a chemical used in the manufacture of nylon. The move targets products made in the US, EU, and South Korea.

Nov. 4, 2009: US Commerce Department announces it will impose punitive tariffs on Chinese imports of steel wire decking.

Nov. 4, 2009: USTR requests the WTO to open an investigation into Chinese export restraints on raw materials including restrictions on bauxite, manganese, zinc, among others.

Nov. 5, 2009: US Commerce Department sets preliminary anti-dumping duties on imports of Chinese oil country tubular goods (OCTG), steel pipes used in the oil and gas industry.

Nov. 5, 2009: The US and the European Union request a WTO investigation into Chinese taxes on exports of raw materials used in the metals and chemical industries including magnesium, fluorspar, silicon metal, silicon carbide, yellow phosphorous, and zinc.

Nov. 5, 2009: US Coast Guard Cutter *Rush* conducts a joint search and rescue exercise with its Chinese counterpart off Shanghai.

Nov. 6, 2009: US International Trade Commission imposes penalties on imports of coated paper and salts from China and announces a negative determination in the preliminary investigation into the need for countervailing and anti-dumping duties on Chinese standard steel fasteners.

Nov. 10, 2009: A US Air Force delegation headed by Lt. Gen. Herbert Carlisle visits China for the 60th anniversary of the Chinese Air Force.

Nov. 12, 2009: The first Sino-US Provincial/State Legislative Leaders Conference concludes in Beijing and is attended by approximately 200 representatives from both countries' business and legislative communities. Topics included the need for cooperation on climate change issues and the financial crisis.

Nov. 15-18, 2009: President Obama makes his first official visit to China.

Nov. 16, 2009: Secretary Clinton visits the site of the US Pavilion at the 2010 Shanghai Expo and gives a speech calling on US donors to increase their support.

Nov. 19, 2009: The US-China Economic and Security Review Commission releases its annual report on economic and security trends. The report includes accounts of increased cyber-espionage attacks on the US from locations in China.

Nov. 20, 2009: The US Embassy in Beijing calls for the release of Chinese born US citizen Xue Feng, who is being held in a Chinese prison on charges of espionage.

Nov. 23, 2009: Chinese Foreign Ministry rejects the US-China Economic and Security Review Commission's annual report as "full of prejudice," rejecting its accusations of cyber-espionage and currency manipulation.

Nov. 23, 2009: US Consumer Product Safety Commission concludes there is a strong link between imported Chinese drywall and damage to US homes across the country.

Nov. 24, 2009: Foreign Minister Yang Jiechi and Secretary of State Clinton talk by phone about the Iranian nuclear issue and other matters.

Nov. 25, 2009: China's Ministry of Commerce labels US imposition of anti-subsidy tariffs on steel oil well pipes "discriminatory."

Nov. 29, 2009: Chinese Ministry of Commerce begins review of import duties against chloroform from the EU, ROK, and the US. Levies have been in place for five years and will remain in place until the ministry finishes its review.

Dec. 3, 2009: China sentences five men to death for their participation in riots in Xinjiang. All five were Uighurs accused of committing acts of violence against bystanders and police.

Dec. 3, 2009: President Obama addresses the National Committee on US-China Relations and notes that US China relations are more important than ever.

Dec. 9, 2009: At the Copenhagen climate talks, the US delegation announces that China will receive no funding from the US government for combating climate change.

Dec. 10, 2009: Chinese Ministry of Commerce announces the China will impose duties on imports of oriented steel from the US and Russia.

Dec. 18, 2009: President Obama and Premier Wen Jiabao hold a bilateral meeting at the Copenhagen climate talk to discuss how their countries can cooperate to combat climate change.

Dec. 21, 2009: China's Ministry of Commerce asks the WTO to lift US tariffs on imported Chinese tires. The US imposed the tariffs in September.

Dec. 30, 2009: US International Trade Commission imposed punitive penalties to imports of some \$2.6 billion of OCTG from China.