



U.S.-China Relations:

China Welcomes Bush and Ponders a U.S. Invitation to be a Responsible Stakeholder

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President George W. Bush's November visit to Beijing produced no concrete deliverables, but provided an important opportunity for U.S. and Chinese leaders to engage in a strategic conversation about the bilateral relationship and the changing world in which it is embedded. After almost six years as secretary of defense, Donald Rumsfeld traveled to China, where he sparred with Chinese military researchers from the Central Party School and the Academy of Military Sciences and became the first foreigner to visit the Second Artillery Corps. In Washington, D.C., the second round of the Senior Dialogue was held, broadening and deepening strategic discussions between senior Chinese and U.S. officials and holding out hope that a new framework for the relationship could help manage U.S. and Chinese differences.

Bush in Beijing: a church service, cycling, and dialogue

President Bush's speech in Kyoto, delivered a few days prior to his arrival in Beijing, undoubtedly irked Chinese leaders. The president's message that freedom and democracy are essential to sustained prosperity and that market-oriented economic policies will eventually lead to political freedoms in China wasn't new and by itself would not have irritated Beijing. It was the highlighting of Taiwan as a model of democracy in the region that China should learn from that Beijing found objectionable, especially since in the context of the speech Taiwan was implicitly portrayed as a sovereign state. Chinese Foreign Ministry spokesman Liu Jianchao reproached the president, saying: "Taiwan is not a state, it's an inalienable part of China's territory."

In the lead up to the Bush-Hu Beijing summit, senior officials from both the U.S. and China played down expectations about possible agreements and emphasized an increasingly complex, yet robust bilateral relationship with both important common interests and undeniable differences. In a pre-summit briefing aboard *Air Force One*, Michael Green, special assistant to the president for national security affairs and senior director for Asian affairs at the NSC, described the upcoming summit as part of an "ongoing dialogue" between the two leaders in which they are "working through" issues. Green also noted that the premise for Bush's discussions with Chinese leaders is that

U.S.-Chinese relations can be strengthened based on a “comprehensive,” “cooperative,” “constructive,” and “candid” dialogue.

President Bush began his Beijing visit, the third stop on a four-nation Asia tour, by attending an early-morning service at a state-sanctioned Protestant church near Tiananmen Square that was reported in a few local newspapers, but was not covered on state-run television. Secretary of State Condoleezza Rice stated in a press conference later in the day that Bush had an “extensive discussion” of religious freedom and human rights with Chinese President Hu Jintao and also raised these issues with Premier Wen Jiabao. This was contradicted, however, by China’s Foreign Ministry spokesman, who insisted that “Honestly, human rights issues made up a tiny, tiny, tiny part of the meeting between the leaders of the two countries.” The U.S. media excoriated the administration for failing to obtain the release of any of the unjustly imprisoned journalists, business people, or political prisoners from the list that was presented to Hu’s aides when the two presidents met in New York in September. Rice candidly admitted that “We’ve certainly not seen the progress that we would expect, and I think we’ll have to keep working on it.”

Economic issues topped the agenda of Bush’s talks with Chinese leaders, including China’s burgeoning bilateral trade surplus with the U.S. – expected to top \$200 billion this year – intellectual property rights (IPR) protection, and the valuation of the renminbi, which Beijing allowed to appreciate by a miniscule 2.1 percent last July. Hu promised to “gradually achieve balanced trade between China and the United States” and to “unswervingly” press ahead with currency reform, without presenting a plan or committing to a timetable for achieving those objectives.

Although U.S. officials did not expect Hu to announce a further revaluation of the yuan during Bush’s visit – which would have had the appearance of acting under U.S. pressure – privately many suggest that action on the currency front is imperative prior to Hu’s visit to Washington in the first half of 2006 if the U.S. president is to keep pressures from Congress at bay and ensure that trade issues remain on the margins of the 2006 election campaigns. Sens. Charles Schumer (D-NY) and Lindsey Graham (R-SC) threatened this quarter to reintroduce legislation next spring that would place a 27.5 percent tariff on all Chinese imports in the absence of a substantial appreciation of the yuan.

Hu announced China’s willingness to “step up” IPR protection, but the pledge fell short of U.S. expectations. Two months earlier when the presidents met in New York, Hu made a public commitment to strengthening IPR enforcement, which he said was in China’s interest. Thus, in this meeting, as noted by Michael Green in his pre-summit briefing, the U.S. was “looking for some concrete action to follow up on that commitment,” but none was forthcoming. Nor did Beijing offer better access for U.S. products in IP-intensive industries such as motion pictures and software.

In an accord timed to coincide with Bush’s visit, China agreed to buy 70 *Boeing 737* aircraft at \$4 billion with options to purchase an additional 80, although the details – including the price per aircraft – apparently had yet to be worked out. The following month, Prime Minister Wen inked an agreement to buy 150 *Airbus A320* passenger

planes at a whopping \$10 billion and signed a memorandum with Airbus on importing a general assembly line.

A three-day session of the Six-Party Talks was held the week before Bush's arrival in Beijing, but produced no positive results, despite Hu Jintao's long-awaited visit to Pyongyang in late October. President Bush once again expressed his gratitude to Beijing for its constructive role in the multilateral talks on the North Korean nuclear issue, while urging China to use its leverage to achieve the shared goal of complete dismantlement of North Korea's nuclear programs. China didn't offer to put pressure on Pyongyang to end its stalling tactics and proceed with implementation of the Joint Statement that was reached at the fourth round. Instead, Hu simply reiterated that China would work with the other parties to promote the six-party process in an effort to achieve a peaceful solution to the Korean Peninsula nuclear issue at an early date. Rising U.S. frustration over China's unwillingness to press North Korea was apparent on the eve of Bush's arrival in Beijing when Christopher Hill, top U.S. negotiator to the Six-Party Talks, stated that China's failure to do enough to prevent the DPRK from acquiring nuclear weapons meant it should now "take a little more responsibility for cleaning up that mess."

In an implicit criticism of China's approach to Japan, which puts history disputes at the center of the bilateral relationship and requires Japan's Prime Minister Koizumi Junichiro to foreswear visits to the Yasukuni Shrine (where the spirits of Japan's war dead are enshrined), President Bush encouraged Hu to develop future-oriented good relations with its neighboring countries. In his retort, Hu insisted that blame for the downturn in China-Japan relations lies solely with Tokyo and accused Koizumi of reneging on an understanding reached between the two sides earlier in the year to end his public worship at the shrine.

The two leaders also agreed to work together to advance the Doha Round of the world trade talks, to combat terrorism, to fight proliferation of weapons of mass destruction, and to prevent the spread of bird flu. In addition, they discussed energy, Taiwan, and exchanged ideas on how to strengthen cooperation in Asia-Pacific affairs.

According to *Xinhua News Agency*, Hu put forward five proposals for promoting U.S.-China constructive and cooperative relations: 1) maintain the momentum of high-level exchanges and increase dialogues between the two countries' law-making bodies; 2) make joint efforts to create favorable conditions for further trade and economic cooperation; 3) adhere to the principles of equality, mutual benefit and common development, and expand the spheres of cooperation for a win-win result; 4) work to gradually realize a balance of trade; and 5) manage properly the friction and problems emerging from trade and economic cooperation through dialogue and consultation.

Following the Bush-Hu *tête-à-tête*, there was a brief photo op with the two presidents, but no questions were taken. President Bush later held his own press conference that was not covered by the domestic Chinese media. In fact, except for a brief exchange with Chinese Olympic bicyclers before setting off on a 45-minute mountain bike ride, nothing that Bush said was communicated directly to the Chinese people on state television despite

U.S. officials' expressed desire prior to the visit to allow the president's message to be heard by all Chinese citizens, just as Hu Jintao's message is conveyed unvarnished to the American people when he visits the United States.

Beijing's expectations for the summit were even lower than Washington's and were largely met. The symbolism of the U.S. president on Chinese soil meeting with China's president enables the Chinese Communist Party to demonstrate that it is successfully managing relations with the world's sole superpower. In addition, President Bush restated U.S. policy toward Taiwan, allowing the Chinese leadership to remind China's citizens of U.S. adherence to the three China-U.S. Communiqués (Beijing leaves out the U.S. commitment to the Taiwan Relations Act), its support for a "one China" policy, and opposition to unilateral changes to the status quo. But Bush did not explicitly agree to Hu Jintao's invitation to work jointly with Beijing to restrain Taiwan independence, as China had hoped.

The Chinese likely welcomed Rice's statement that the U.S. doesn't have any desire to see a weak China and President Bush's description of U.S.-China relations as "good, vibrant," and "strong." After the president's departure for Mongolia, Vice Foreign Minister Yang Jiechi told *China Daily* "President Bush's visit has greatly increased mutual understanding, deepened mutual trust and strengthened cooperation between China and the United States."

A long-awaited military visit

After years of strained ties between the U.S. and Chinese militaries following the April 2001 collision of a Chinese fighter and a U.S. Navy surveillance plane, Donald Rumsfeld made his first trip to China as President Bush's defense secretary in mid-October. In the preceding two years, even as small steps were taken to rebuild the military relationship, Rumsfeld had declined to visit Beijing, although he had accepted in principle China's repeated invitations.

In group discussions at the CCP Central Party School and the PLA's Academy of Military Sciences, Rumsfeld urged the Chinese to be more transparent about their military and to open up their political system to ensure future prosperity and ease fears abroad about China's intentions. Speaking at the Central Party School where the Communist Party grooms future leaders, Rumsfeld maintained that China had sent "mixed signals" about its goals that left other countries uneasy about its motives. "A growth in China's power projection understandably leads other nations to question China's intentions, and to adjust their behavior in some fashion," he said. "The rapid, non-transparent nature of this buildup contributes to their uncertainty."

At the Academy of Military Sciences, Rumsfeld had a candid exchange of views with military researchers. One participant said privately that the Chinese side had expected the U.S. defense secretary to be hawkish and arrogant, but instead found him to be friendly, patient, and both willing to listen to their concerns and directly answer questions. Rumsfeld's main message – that it is up to China to make decisions regarding its military

buildup, but greater transparency will dispel suspicions and enhance regional stability – was considered reasonable by many of the PLA officers who attended.

China's defense budget was discussed in a private meeting between Rumsfeld and China's Defense Minister Cao Gangquan as well as in a joint press conference. Cao disputed U.S. claims that China greatly underestimates its military spending, insisting that \$30.2 billion for the current year reflects "the true budget." Cao told reporters that Beijing could not afford to build up its military at the pace it is accused of because it needed to lift 30 million people out of poverty.

The two defense chiefs agreed to boost military educational exchanges and fleet visits, and Rumsfeld said he came away from his talks with Cao convinced that the Chinese want to "find activities and ways we can work with each other that will contribute to demystifying what we see of them and what they see of us."

In a private meeting with Rumsfeld, Chinese President Hu underscored the importance of bilateral military ties in bolstering the broader relationship between the U.S. and China. Hu also asserted that the "intense and candid talks" would "help the military forces of our two countries to better enhance their mutual understanding and friendship." A Chinese Defense Ministry spokesman quoted Hu as saying bilateral military ties have "huge potential," citing the differences between the armed forces as demonstrating the "need to step up interaction."

Although the PLA rejected the Pentagon's request to allow the defense secretary to visit China's central military command center in the Western Hills, Rumsfeld became the first foreign official to visit the headquarters of China's Second Artillery Corps, which oversees the nation's arsenal of conventional and nuclear missiles, located in Qinghe outside Beijing. During the tour, Gen. Jing Zhiyuan, commander of China's missile forces, addressed concerns raised when Maj. Gen. Zhu Chenghu told reporters in July that China might launch a nuclear attack against the U.S. in the event of U.S. intervention in a Taiwan crisis. Gen. Jing characterized such talk as "completely groundless" and insisted that China had not changed and would not change its long-standing pledge to not use nuclear weapons first against any country.

After Rumsfeld's visit, the PLA daily newspaper *Liberation Army Daily* reported that "military interaction between China and the U.S. has now been restored to a normal level." It called on both sides to work hard together to further advance comprehensive, objective, and mutual understanding between the Chinese and U.S. armed forces.

In December, Deputy Under Secretary of Defense Richard Lawless traveled to Beijing to discuss the U.S.-China military exchange program in 2006 and bilateral issues such as the military maritime consultative talks. He met with China's Deputy Chief of the PLA General Staff Xiong Guangkai, who spoke positively of U.S.-Chinese military contacts in personnel and technology exchanges, security policy consultations, and ship visits. Xiong noted China's readiness to work with the U.S. side to further expand exchanges

and cooperation. A few weeks later, Xiong retired at the age of 66 after serving as deputy chief of the general staff of the PLA since January 1996.

U.S.-China Senior Dialogue, round two

The second round of the U.S.-China Senior Dialogue, dubbed the “Strategic Dialogue” by Beijing, took place in Washington, Dec. 7-8. After a lengthy discussion of the meaning of the term “responsible stakeholder,” the Chinese and U.S. participants broke into two groups. In one group, Deputy Secretary of State Robert Zoellick and his counterpart Executive Vice Foreign Minister Dai Bingguo engaged in an in-depth discussion of foreign policy issues, while Under Secretary of State for Economic, Business and Agricultural Affairs Josette Shiner and Zhu Zhixin, vice chairman of China’s National Development and Reform Commission (NDRC) had a separate conversation about economic matters.

The concept of “responsible stakeholder” was publicly unveiled in a speech by Zoellick on Sept. 21, in which he noted that the U.S. had essentially achieved its objective of integrating China into the international system and is now encouraging China to become a “responsible stakeholder” that will work with the U.S. and other nations to sustain, adapt, and advance the peaceful international system that has enabled its success.

The speech prompted an intense debate among Chinese officials and institute researchers about U.S. policy toward China, the nature of the international system, and China’s role in the world. Despite the difficulties translating the term “stakeholder” into Chinese, the foreign policy elite in Beijing understood that the U.S. was seeking to provide a new strategic framework in which the two countries could expand cooperation where their interests coincide or overlap, and avert strategic competition where their interests diverge or even clash. Some Chinese researchers reacted warily to the concept and warned against abandoning China’s independent foreign policy to advance an international system that is dominated by and serves the interests of the U.S. Other analysts welcomed the U.S. offer to partake in a concert of major powers and maintained that through the process of dialogue and cooperation, the U.S. would be compelled to modify some of its hegemonist policies and Beijing would have increased opportunities to shape the evolving international system.

The second round of the “Senior Dialogue” focused on Iraq, Afghanistan, Iran, and North Korea. In addition, both sides discussed the domestic context of their respective foreign policies, with the U.S. side highlighting that China’s undervalued currency and persistent IPR violations are domestically unsustainable in the U.S., and Beijing emphasizing the reasons why a benign international environment is imperative for China’s economic development. Other topics weaved into the conversation included combating terrorism, preventing the proliferation of weapons of mass destruction, enhancing energy security, reducing the risks of pandemic disease, and protecting human rights.

To reinforce the U.S. message, Zoellick took Dai to the former home of U.S. President Franklin Roosevelt in Hyde Park. “FDR was associated with developing a concert of powers after World War II,” Zoellick told *The Australian* in an interview, citing the United Nations and Bretton Woods as examples. “What I am suggesting to the Chinese is that rather than keeping China contained or at arm’s length or in balance, we are trying to urge China to play a role in this system of systems that has evolved,” he added. Zoellick also admitted that in presenting a new framework for the U.S. approach to China, he seeks to counter some of the thinking that “just sees China as a threat.”

Although these talks on strategic issues remain conceptual, in a statement issued by Zoellick at the close of the second round he noted that the both sides hope that their dialogue “will lead to greater cooperation at the operational level.” *Xinhua News Agency* described the discussions as “candid, in-depth, and constructive” and maintained that the dialogue further enhanced mutual understanding and increased consensus. The two sides agreed to continue the Senior Dialogue in the first half of next year.

Summing up and looking forward

The three major events of the fourth quarter of 2005 – the visits by President Bush and Secretary Rumsfeld to China and the second round of the Senior Dialogue – helped to end the year on a positive note for the bilateral relationship. A trade war over textiles was averted, confrontation over the valuation of China’s currency was postponed, differences over the sensitive issue of Taiwan remained under control, and an unprecedented bilateral dialogue on strategic issues was inaugurated. Relatively stable bilateral ties continue to serve the interests of both Beijing and Washington for reasons that are self-evident: China’s continued economic development rests on the maintenance of a favorable international environment, the most important element being good relations with the United States; and the U.S. is focused on strengthening democracy in Iraq and Afghanistan, and benefits from China’s cooperation on an ever-expanding list of issues, including sustaining progress in the Six-Party Talks, combating WMD proliferation, and responding to the growing nontraditional threats to international security such as avian influenza.

The danger of a drift toward China-U.S. strategic confrontation that seemed inescapable earlier in 2005 has not disappeared, however. The effective management of differing interests and increased friction in both the security and economic realms will require sustained attention in 2006 if the current positive trend is to be sustained. Opportunities for strengthening bilateral ties will be present during Hu Jintao’s rescheduled visit to the U.S., the Defense Consultative Talks between the U.S. and Chinese military establishments, and the third round of the Senior Dialogue, all planned for the first half of 2006.

Chronology of U.S.-China Relations October-December 2005¹

Oct. 3, 2005: U.S. Treasury announces that a Treasury economic attaché, David Loevinger, will be posted in Beijing to deal with foreign exchange issues as well as energy and antiterrorism efforts.

Oct. 5, 2005: The U.S. Committee for the Implementation of Textile Agreements accepts petitions from the U.S. textile industry to launch investigations into whether quotas should be imposed on 21 categories of clothing and textile imports from China.

Oct. 6, 2005: Treasury Secretary John Snow tells the Senate Finance Committee that upcoming U.S.-China Joint Economic Commission meetings in Beijing will be an opportunity to press the Chinese to overhaul their currency system more quickly.

Oct. 6, 2005: Sens. Evan Bayh, Debbie Stabenow, and Charles Schumer submit a resolution expressing the sense of the Senate that the International Monetary Fund should investigate whether China is manipulating the rate of exchange between the yuan and the dollar. The bill is referred to the Committee on Foreign Relations. Schumer says in an interview that he will push forward legislation; which would impose 27.5 percent tariffs on imports from China in November if Beijing has not revalued the yuan by that time.

Oct. 11, 2005: Visiting Japan, Snow urges China to adopt a more flexible, market-driven currency while applauding the recent upswing in Japan's economy.

Oct. 11-17, 2005: Snow visits China where he meets with finance sector leaders and attends the G-20 meeting as well as U.S.-China Joint Economic Commission meetings.

Oct. 12, 2005: Chinese conduct their second successful manned space launch, *Shenzhou*.

Oct. 12, 2005: U.S. and China begin another round of textile talks in Beijing.

Oct. 13, 2005: Richard Trumka, secretary treasurer of the AFL-CIO, urges the U.S. government to challenge more strongly China's unfair manipulation of its exchange rate.

Oct. 13, 2005: U.S. and China fail to agree on a formula to regulate Chinese textile exports in the just concluded recent round of textile talks.

Oct. 16-17, 2005: Treasury Secretary Snow, Federal Reserve Chairman Alan Greenspan, and Securities and Exchange Commission Chairman Christopher Cox participate in U.S.-China Joint Economic Commission talks. A joint statement highlights agreement to cooperate in reforming and regulating financial markets and the need for currency stability.

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Oct. 17, 2005: State Department spokesperson congratulates the Chinese people on the successful conclusion of *Shenzhou 6*, the second Chinese manned space mission.

Oct. 18-20, 2005: Secretary Rumsfeld visits China for the first time as President Bush's secretary of defense. Rumsfeld meets with President Hu Jintao and his counterpart, Gen. Cao Gangchuan.

Oct. 19, 2005: U.S. Trade and Development Agency announces that the U.S. and China have signed a \$1.27 million technical assistance agreement aimed at promoting beneficial trade, cooperation in aviation standards and air safety practices, and government-industry collaboration, as part of the U.S.-China Aviation Cooperation Program launched in 2004.

Oct. 20, 2005: U.S. and China sign a bilateral aviation safety agreement to enhance air safety while reducing regulatory burdens and costs for airlines and aviation authorities of both countries, according to a Federal Aviation Administration press release.

Oct. 24, 2005: Secretary of Commerce Carlos Gutierrez calls on China to implement economic reforms, expressing concerns about practices such as providing subsidies for production costs and issuing loans to state-owned enterprises with no hope of repayment. He warns of "a risk of restrictions on commerce" in the absence of reform.

Oct. 24-28, 2005: Linton Brooks, head of the Department of Energy's Nuclear Security Administration, announces Oct. 25 that the U.S. and China will step up cooperation on nuclear security at the week-long U.S.-China 2005 Integrated Nuclear Material Management Technology Demonstration.

Oct. 26, 2005: U.S. Trade Representative (USTR) Rob Portman announces in Geneva that the U.S. has initiated a special process under World Trade Organization (WTO) rules to obtain information on China's intellectual property enforcement efforts. Japan and Switzerland separately submit similar requests.

Oct. 30, 2005: Next round of textile talks between the U.S. and China opens in Washington.

Nov. 1, 2005: The U.S. and China Business Councils for Sustainable Development sign agreement to collaborate on economic, social, and environmental projects, beginning with expanding the use of clean-burning bio-fuels, creating a more sustainable strategy for the cement industry, and implementing by-product synergy.

Nov. 1, 2005: U.S. State Department and Chinese Foreign Ministry hold consultations on arms control and nonproliferation. Director General of the MFA's Department of Arms Control and Disarmament Zhang Yan heads Chinese delegation; the U.S. side is led by Assistant Secretary for International Security and Nonproliferation Steven G. Rademaker.

Nov. 2, 2005: David Spooner, chief textile negotiator for the USTR, announces that the fifth round of textile talks made progress, but concluded without an accord. Both sides agree to extend a quota on imported socks from China until the end of 2005.

Nov. 4-9, 2005: Secretary of Commerce for Intellectual Property Jon Dudas travels to China to meet Chinese officials to track progress on commitments made by the Chinese government at a July 2005 meeting of the Joint Committee on Commerce and Trade.

Nov. 8, 2005: The U.S. and China reach agreement on Chinese textile exports, covering more than 30 individual products and instituting quotas that will begin at low levels in January 2006 but will increase by about 3 percent each year until 2008, when safeguard measures are due to expire under WTO rules.

Nov. 8, 2005: Officials from the U.S. and China meet in Washington for the inaugural session of the Joint Committee on Environmental Cooperation, established to further scientific and technical cooperation on environmental issues between the U.S. Environmental Protection Agency and China's State Environmental Protection Administration.

Nov. 8, 2005: In an interview with the Hong Kong-based, Chinese-owned *Phoenix TV*, President Bush says that he hopes to discuss free trade, intellectual property rights and, the currency issue, as well as areas of cooperation during his upcoming visit to China.

Nov. 8, 2005: State Department cites China as one of eight "countries of particular concern" for denying religious freedom in its 2005 International Religious Freedom Report to the Congress.

Nov. 9, 2005: U.S.-China Economic and Security Review Commission releases annual report on China, concluding that "trends in the U.S.-China relationship have negative implications for the long-term economic and security interests of the United States."

Nov. 14, 2005: USTR Portman says at a conference in Beijing that the U.S. and China have a broad economic relationship that, for the most part, is mutually beneficial, but there are a number of issues that still need resolution. He expresses concern especially with the growing trade deficit with China, expected to top \$200 billion in 2005.

Nov. 15, 2005: Policy planning departments of the Department of State and the Chinese Ministry of Foreign Affairs hold a round of talks on regional and global issues.

Nov. 16, 2005: President Bush delivers a speech in Kyoto, Japan in which he urges China to grant more political freedom to its people and cites Taiwan as an example of successful transition from repression to democracy.

Nov. 16, 2005: Sens. Chuck Schumer and Lindsey Graham announce that the Senate will delay consideration of a sweeping economic sanctions bill on China this year, but warn of reviving it next spring if they are not satisfied with China's currency reform.

Nov. 19, 2005: U.S. Attorney General Alberto R. Gonzales holds talks with counterpart Minister of Public Security Luo Gan in Beijing on expanding cooperation between U.S. and Chinese law enforcement agencies. Gonzales calls for more substantive results in deporting criminal suspects, antiterrorism, fighting drugs, and protecting IPR.

Nov. 19, 2005: U.S. and China announce joint actions at bilateral, global, and regional levels to prevent and respond to avian and pandemic influenza, including vaccine development and testing, surveillance and rapid response, and preparedness planning.

Nov. 19, 2005: President Bush arrives in China, attends services at a state-sanctioned Protestant church in Beijing, and meets President Hu and Premier Wen Jiabao.

Nov. 22, 2005: Department of Energy's National Nuclear Security Administration announces that the U.S. and China agree to cooperate on installing special equipment at Chinese ports to detect smuggling of nuclear and radioactive materials.

Nov. 27-30, 2005: Assistant Secretary of State for African Affairs Jendayi Frazer travels to Beijing to conduct talks with the Chinese Foreign Ministry on Africa as part of Deputy Secretary of State Robert Zoellick's Senior Dialogue with China.

Nov. 28, 2005: Secretary Snow, upon the release of a required report to Congress on currency practices of major U.S. trading partners, says that China has demonstrated greater exchange rate flexibility by adopting a new exchange-rate mechanism, but it must do more to develop open capital markets "as quickly as possible."

Nov. 30, 2005: Sen. Joseph Lieberman says in a speech at the Council on Foreign Relations that U.S. failure to cooperate with China to find alternate energy sources could lead to military conflicts over dwindling world oil reserves.

Dec. 4, 2005: A Council on Foreign Relations report finds China challenging U.S. interests and values in Africa, shielding "rogue states," harming the environment, and thwarting anti-corruption drives, but stops short of calling China an adversary.

Dec. 5, 2005: Assistant Secretary Frazer disputes the Council of Foreign Relations report and says that Chinese interests are not in direct competition with those of the U.S., although the two countries differ on certain issues such as Sudan.

Dec. 7, 2005: Acting Assistant USTR for Intellectual Property Victoria Espinel tells House Judiciary Committee that the administration is considering stronger actions against China and Russia if they fail to fulfill commitments to protect IPR.

Dec. 7-8, 2005: Second round of U.S.-China Senior Dialogue takes place in Washington followed by a visit to President Franklin Roosevelt's home in Hyde Park, NY.

Dec. 9-10, 2005: Senior U.S. and Chinese defense officials conduct talks in Beijing on strengthening military cooperation. Deputy Under Secretary of Defense Richard Lawless and Zhang Bangdong, director of the Foreign Affairs Office of the Chinese Ministry of Defense, discuss military exchange programs and maritime military security.

Dec. 12, 2005: USTR releases its 2005 Report to Congress on China's WTO Compliance, noting that China is continuing to make progress in meeting its membership commitments, although serious problems remain in select areas such as IPR enforcement.

Dec. 14, 2005: Senate Republican Policy Committee policy paper on China's legal commitments under WTO rules says that China has failed to fulfill its obligations, causing material harm to U.S. economic interests, and calls for measures such as countervailing duty to address these violations.

Dec. 15, 2005: Delegation from China's National Defense University headed by Rear Adm. Yang Yi, visits the Pentagon.

Dec. 16, 2005: House and Senate pass a concurrent resolution calling on the international community to condemn the Laogai, the system of forced labor prison camps in China.

Dec. 28, 2005: U.S. imposes sanctions on six Chinese government-run companies under the Iran Nonproliferation Act for transfers that contribute to Iran's ballistic missile chemical-weapons programs. Of the six, three had been previously sanctioned.