

# Comparative Connections

A Quarterly E-Journal on East Asian Bilateral Relations



## U.S.-China Relations: Promoting Cooperation, Managing Friction

Bonnie Glaser  
CSIS/Pacific Forum CSIS\*

Much attention focused on economic issues this quarter with visits to China by U.S. Trade Representative Susan Schwab and U.S. Treasury Secretary Henry Paulson, which launched a new U.S.-China Strategic Economic Dialogue. Bilateral military ties also took a step forward with a visit to the U.S. by Vice Chairman of the Central Military Commission Guo Boxiong and the first ever U.S.-China joint naval exercise. Bush administration officials took China to task for continued proliferation of weapons of mass destruction (WMD) materials and technology due to lax enforcement of its export control laws. North Korea, Iran, and Sudan dominated the security agenda. The second round of the China-U.S. Global Issues Forum was held in Beijing. Bilateral space cooperation was initiated with a “get acquainted” visit to China by a delegation led by NASA Administrator Michael Griffin.

### **Economic issues occupy center stage**

This was an active quarter on the economic front. Persisting U.S. frustration over a gaping bilateral trade deficit, China’s bloated trade surplus, an undervalued Chinese yuan, continued intellectual property rights (IPR) violations, and China’s alleged lack of compliance with its World Trade Organization (WTO) commitments dominated the agenda. Over the summer, congressional efforts revived to penalize China for unfair trading practices. By late September, however, it appeared that a Bush administration approach to U.S.-China economic diplomacy premised on consultation and patience would win out over congressional threats to impose tariffs on Chinese imports. In a few select areas, however, the administration showed a willingness to adopt a tougher approach.

Citing concerns that U.S. high-tech exports to China such as semiconductors and precision machine tools are being diverted to military end uses, the U.S. Commerce Department published proposed new export control regulations on July 6. David McCormick, undersecretary for industry and security, called the revision of standards governing dual-use technology export “substantial” and explained that the new measures will achieve “two important and complementary objectives: supporting American companies in competing in the vast Chinese market for civilian technology while

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\* Research assistance provided by CSIS intern Kyle Jaros

preventing the export of technologies that contribute to China's military modernization." The new guidelines, which remain open to public comment for 120 days, resulted from a lengthy interagency policymaking process involving the Departments of State and Defense that sought to streamline the export control process for commercial benefit while ensuring that sensitive U.S. technologies do not enhance China's military capabilities.

The new policy establishes a registry of approved commercial end-users in China to facilitate U.S. exports to reliable customers. Export to unapproved Chinese end-users of any items on the newly expanded 47-category list of sensitive technologies will require government approval. Some members of the U.S. business community, including National Foreign Trade Council President William Reinsch, criticized the proposed rule as excessive, claiming it would harm U.S. commercial interests by restricting technologies whose sale to China by other countries will likely continue. China's Minister of Commerce Bo Xilai and other Chinese officials also voiced objections to the proposed change in export rules, maintaining they would impair U.S.-China high-tech trade and exacerbate the bilateral trade deficit.

After concerted attempts failed to resolve a trilateral trade dispute over alleged barriers to the import of autoparts to China involving China, the European Union, and the United States, the EU and the USTR officially filed a trade case against China before the WTO in mid-September. The complaint charged that China imposes high taxes on imported auto parts in violation of pledges it made when it joined the WTO. The filing triggered a 90-day consultation period in which the respective parties try to work out their differences. If no agreement is reached, USTR Schwab indicated that the U.S. would not hesitate to pursue dispute settlement that could result in penalty tariffs levied against Chinese products. The U.S. is also considering filing another trade case with the WTO against China over IPR piracy.

Several U.S. officials with economic portfolios visited China this quarter. Franklin Lavin, U.S. undersecretary of commerce for international trade, traveled to China July 25-31 seeking improved access to China's market for U.S. banks and other companies. Touting the upsurge in U.S. exports to China – which increased 20.5 percent in 2005 over the previous year – Lavin predicted that China would supplant Japan as the United States' third largest export market by the end of this year.

Susan Schwab, who took over from Rob Portman as U.S. trade representative in June, made her inaugural trip to Beijing in late August, following visits to Singapore and Malaysia, where she attended the ASEAN economic and trade ministers' meeting. In a meeting with Minister of Commerce Bo, Schwab focused on the July breakdown of the Doha round of the WTO negotiations and appealed for China to play a proactive role in reviving the world's multilateral trade system. Bo stated China's willingness to push for the resumption of the Doha negotiations and participate constructively in the talks, but at the same time called on developed members of the WTO to take the lead in making "substantive contributions so as to revive the talks at an early date and achieve the goal of the talks as scheduled." In addition, Bo elaborated on progress in IPR protection in China and highlighted Chinese concerns about achieving market economy status, easing

U.S. controls on exports to China, facilitating the acquisition of business visas for Chinese enterprises, and promoting cooperation and tourism.

Despite Beijing's professed efforts to rein in IPR violations in recent months, piracy of software, music, movies, and other protected items is still rampant in China, and remains a point of irritation in China-U.S. relations. During her visit, Schwab offered cautious praise for Chinese efforts, which include a commitment last March to require domestic computer manufacturers to install legal operating system software and a promise to close down more pirating operations. At the same time, Schwab pressed for better IPR enforcement, noting that improved protection by China's central and provincial authorities would benefit both countries' interests. Chinese media reported "brisk" U.S.-China cooperation on IPR enforcement, which led to the breakup of an international piracy ring earlier this year and will continue with training sessions for Chinese officers in IPR law enforcement this December.

### **Paulson takes the helm at Treasury**

The nomination of Henry Paulson, a former Goldman Sachs executive who has extensive experience and personal contacts in China, for the post of U.S. Treasury secretary immediately raised hopes that faster progress would be made in swaying Chinese leaders to permit greater currency flexibility. In his confirmation hearings, however, Paulson suggested that he would attach greater priority to financial sector reform than currency issues. He characterized his approach as encouraging the Chinese "to do what is not only in our best interests, but in their best interests too." In a speech delivered Sept. 13 on the eve of his first trip to China as Treasury secretary, Paulson urged both nations to rise above short-term disputes and take a "generational" view of their relationship. He warned that the greatest danger to the U.S. lies not in China's success, but in the possibility of the failure of Chinese reforms and an ensuing inability to sustain its growth. At the same time, he called on China to press ahead with liberalization on many fronts, including financial sector reform, fiscal and regulatory policies to reduce excess savings, currency liberalization, and enhanced protection for intellectual property rights.

The first stop on Paulson's China tour the following week was Hangzhou, where he consulted with a pro-reform Communist Party secretary and local entrepreneurs before heading to Beijing to join Chinese Vice Premier Wu Yi in announcing the commencement of a Cabinet-level Strategic Economic Dialogue. The Joint Statement unveiled by Paulson and Wu indicated that the Strategic Economic Dialogue would focus on "bilateral and global economic issues of common interests and concerns" and convene semi-annually, alternately meeting in Beijing and Washington. Hu Jintao said the dialogue would serve the purpose of "making suggestions and supplying advice for high-level policy making by the two nations," according to *Xinhua*. Hu and Premier Wen Jiabao separately received Paulson for almost an hour, signaling their support for the new mechanism and the new Treasury secretary's approach to resolving economic disputes between the two countries. It remained to be seen, however, whether Paulson's visit set the stage for near-term progress. Paulson called for patience, saying his trip to China was successful, but the results would not be seen until later.

China's trade surplus with the rest of the world continued to soar this quarter. In August, the surplus hit a new record high for the fourth consecutive month, climbing to \$18.8 billion, well above the old record of \$14.6 billion set in July. China's growing trade gap continued to fuel demands by the U.S. and other trading partners for Beijing to revalue its currency, the yuan. Although Chinese officials persisted in their claims that reform of the exchange rate mechanism is a "matter of national sovereignty" and should be "gradual," and "controllable," the Chinese government evidently decided to permit the yuan to appreciate faster than before. China's currency climbed 0.8 percent against the dollar in September, equivalent to an annual rate of 10 percent, compared to an annual pace of 2 percent to 2.5 percent during most of the months since Beijing revalued its currency upward by 2.1 percent on July 21, 2005.

The stepped-up pace of appreciation of the yuan and pressure from the Bush administration persuaded Sens. Lindsey Graham (R-SC) and Charles Schumer (D-NY) to abandon plans to have the Senate vote on legislation that would have imposed a 27.5 percent tariff on products imported from China until Beijing substantially revalued its currency. President Bush apparently appealed to the two senators to allow more time for newly appointed Treasury Secretary Paulson to convince the Chinese to allow the yuan to strengthen against the dollar. Even if the bill had passed, there is no House version and President Bush would have vetoed the legislation. Schumer vowed that he and Graham would "put together a tough, strong bill" early next year if China fails to act.

### **A high-level military visit and first-ever joint naval exercise**

Vice Chairman of the Central Military Commission Gen. Guo Boxiong traveled to the U.S. in mid-July for a weeklong visit. After arriving in Los Angeles, Guo and his entourage made a stopover in San Diego, where they visited the U.S. aircraft carrier *Ronald Reagan* and the U.S. Third Fleet. The delegation then flew to Washington D.C. for meetings with Secretary of Defense Donald Rumsfeld, Secretary of State Condoleezza Rice, Chairman of the Joint Chiefs Peter Pace, National Security Advisor Stephen Hadley, and Congressmen Mark Kirk and Rick Larsen, co-chairmen of the U.S.-China Working Group of the U.S. House of Representatives. Guo also delivered a speech on China's peaceful development and national defense building at the National Defense University.

In advance of the visit, China's Defense Ministry spokesman hailed the positive trajectory of China-U.S. military ties, noting that they are now "the best since 2001," when the Bush administration came to power and a Chinese fighter jet and an American reconnaissance plane collided, which was followed by 11 days of intense negotiations to free the U.S. crew that was held on Hainan Island after making an emergency landing.

According to accounts of the visit in China's domestic media, Guo and Secretary Rumsfeld had an "in depth exchange of views on the international and regional security situations, the relationships between the two countries and two armies, as well as other issues of mutual concern" and "agreed to enhance mutual understanding and further cooperation." Specific agreements include plans to conduct joint naval maritime search

and rescue exercises, initiate cooperation on military archives involving U.S. personnel missing in action or captured before and after the Korean War, expand exchanges between military academies of the two armed forces, and increase reciprocal visits of junior military officers. The two sides discussed setting up a hotline between the Chinese and U.S. defense ministries to enable prompt communication and promote trust, but no agreement was reached, suggesting that this remains a divisive issue in the higher echelons of the military and civilian leadership. China's official news agency, *Xinhua*, was notably upbeat in its description of Guo's meeting with Rumsfeld, using the terms "positive, pragmatic, and fruitful," while eschewing use of the word "frank," which typically signals differences.

By prior arrangement, President Bush dropped by the meeting between Gen. Guo and Stephen Hadley. In a 10-minute chat, Bush underscored the importance of the relationship between the U.S. and Chinese militaries for preserving peace and stability in East Asia and the world. He also cited the unanimous vote at the United Nations condemning North Korea's missile tests as an example of the positive working relationship that he has established with China's President Hu.

Two Chinese warships, the guided missile destroyer *Qingdao* and the refueling vessel *Hongze Hu*, visited Pearl Harbor and San Diego in September. Rear Adm. Wang Fushan, deputy commander of the North Sea Fleet, led the PLA Navy flotilla. The last visit by a Chinese warship to any of the 50 U.S. states was in 2000, when the *Qingdao* visited Pearl Harbor and Everett, Washington. In 2003, two Chinese navy vessels called on the U.S. territory Guam in the Western Pacific.

In the waters around Hawaii, the *Qingdao* and *Hongze Hu* practiced using internationally accepted communication signals with the U.S. Pacific Fleet's guided missile destroyer *Chung Hoon* in the first ever joint maritime drill staged jointly by U.S. and Chinese naval forces. Off the coast of California, U.S. and Chinese ships conducted a search-and-rescue exercise (*SAREX*). Previously, PLA navy ships and the U.S. Pacific Fleet have participated together in the Hong Kong *SAREX*, most recently in 2003, but had no direct interaction due to the exercise scenario. After departing the U.S., the PLA flotilla sailed to Canada and the Philippines. A formation of U.S. naval vessels is scheduled to visit China this October or November, when joint maritime search and rescue exercises of a slightly larger scale will be held in Chinese coastal waters. A Pacific Command spokesman said that the Command aims to have four Chinese ships visit U.S. ports annually.

### **Tough talk on proliferation**

Bush administration concerns about Chinese proliferation practices were highlighted this quarter at hearings held Sept. 14 by the U.S.-China Economic and Security Review Commission, a congressionally mandated body charged with monitoring the national security implications of trade and economic ties between the United States and China. Paula DeSutter, assistant secretary of state for verification, compliance and implementation, testified that despite the establishment of tighter export control laws,

“Chinese entities’ record of transferring WMD and missile technologies and materials – and the record of the Chinese government’s enforcement of its own laws and regulations to stem these transfers – remains unsatisfactory.” She noted that the U.S. is particularly concerned about “serial proliferators,” a small number of entities that are repeat violators.

According to Peter Rodman, assistant secretary of defense for international security affairs, who also testified, Chinese entities, including state-owned companies, have transferred weapons technologies to many countries, including “states of concern” such as Iran, North Korea, Sudan, Burma, Zimbabwe, Cuba, and Venezuela. DeSutter also voiced suspicions that China maintains an offensive biological weapons capability in violation of its obligations under the Biological Weapons Convention as well as a chemical weapons production mobilization capability.

Rodman took Beijing to task for what he termed its “dangerously shortsighted” relationships with Iran and North Korea. Citing Chinese assistance to Tehran in developing ballistic missile, nuclear, and chemical programs, he rebuked Beijing for its reluctance to back up its support for U.N. Security Council Resolution 1696 with concrete actions to compel Iran to suspend the enrichment of uranium. On North Korea, Rodman credited China with playing a leading role in the Six-Party Talks aimed at eliminating Pyongyang’s nuclear programs and welcomed China’s decision to vote in favor of Security Council Resolution 1695 condemning North Korea’s missile launches. Yet, “as the country with the most leverage over North Korea,” Rodman indicated that China “can and should do more.”

Charging that China’s policies toward Tehran and Pyongyang shield those regimes from the consequences of their dangerous behavior, he urged Beijing to re-think its interests and assume its appropriate share of international leadership. Specifically, he called on China to strengthen its export licensing procedures, border controls and detection capabilities, and to implement more rigorous enforcement and prosecution. “...[I]t is our hope that China will come to the calculation that its best strategic interest lies in enforcing international nonproliferation norms,” Rodman stated.

Acknowledging that Beijing has expressed anger and disappointment to the Bush administration over the imposition of sanctions on Chinese companies, DeSutter stressed that ongoing proliferation problems must be addressed. “This administration takes proliferation very seriously,” she maintained, “and will not stand idly by and watch rogue states and terrorists obtain missiles and weapons of mass destruction.”

### **China-U.S. Global Issues Forum, round two**

Cooperation was the watchword at the second session of the China-U.S. Global Issues Forum held in Beijing on Aug. 9-10, 16 months following the inaugural meeting of the Forum, which is aimed at strengthening cooperation between the two countries on transnational issues. The U.S. and Chinese interagency delegations were headed by U.S. Undersecretary of State for Democracy and Global Affairs Paula Dobriansky and Chinese Assistant Minister of Foreign Affairs Cui Tiankai. Agenda items included energy

security and clean energy, public health, humanitarian assistance, trafficking in persons; environmental conservation and sustainable development, and cooperation on financial aid for international economic development.

Discussion focused on possible areas for collaboration, bilaterally as well as multilaterally. In the energy sphere, for example, the two sides discussed ways to ameliorate the negative impact of the soaring price of oil on the global economy, including promoting international cooperation on development of clean energy sources, initiatives relating to more efficient use of existing fuels, research on new energy technology, and collaboration to improve access to cleaner energy in poorer regions of the world. Sessions on public health aimed at boosting bilateral cooperation to improve surveillance, prevention, and control of infectious diseases. Ways of enhancing cooperation to combat trafficking in persons emphasized reliance on regional and multilateral forums to protect trafficking victims, prosecute traffickers, and organize prevention campaigns.

### **Support for national sovereignty vs. responsible stakeholder**

Beijing came under increasing criticism for its policy toward Sudan this quarter, as reports surfaced of bombings of villages in Darfur and new outbreaks of violence against displaced persons carried out by Sudan's army. China endorsed the replacement of the current 7,000 member African Union observer mission in Darfur with a full-scale UN peacekeeping mission three times as large, but only if an international force were accepted by the Sudanese government. Citing threats to its sovereignty, however, Khartoum continued to resist compliance with UN Security Council resolutions and refused to give the United Nations control over the peacekeeping mission in Darfur, whose mandate expired on Sept. 30.

China's abstention in the Aug. 31 vote on UN Security Council Resolution 1706 (along with Russia and Qatar) that called for an expansion of the mandate of the United Nations Mission in Sudan (UNMIS) and the immediate deployment of UN troops in Darfur prompted the publication of an editorial in the *Washington Post* lambasting Beijing for failing to use its leverage over Sudan because of its investment in Sudanese oil fields and for lobbying Russia to withhold support for the peacekeeping resolution. Beijing's refusal to back the deployment of U.S. peacekeepers, the *Post* stated, "calls into question China's claim to be treated as a responsible international player."

On the sidelines of the 61<sup>st</sup> UN General Assembly meeting in New York in September, Darfur dominated the discussion between Secretary Rice and Chinese Foreign Minister Li Zhaoxing. Rice pressed for China to do more to persuade the Sudanese government to accept a U.N. peacekeeping force. Li later met with Sudanese President Omar al-Beshir and expressed hope that Sudan would display flexibility to maintain peace and stability, according to *Xinhua*. At the same time, however, Li voiced Beijing's support for Sudan's efforts to maintain its sovereignty and territorial integrity.

## **No support for sanctions on North Korea and Iran**

Frequent consultations at various levels took place during the quarter on North Korea and Iran. Pyongyang's missile firings in early July in defiance of warnings from China, the U.S., and other countries prompted quick action by Japan to submit a resolution in the United Nations that invoked Chapter 7 of the UN charter, which could have justified subsequent sanctions or even military action. Faced with the Hobbesian choice of accepting the harshly worded resolution or vetoing it, China opted to submit its own nonbinding resolution, together with Russia, that excluded Chapter 7. The text of UNSC Resolution 1695 that was unanimously adopted on July 15 used tougher language, however, than Beijing had previously used to criticize North Korea. It expresses "grave concern" at the multiple missile launches by North Korea and urged Pyongyang to re-establish a moratorium. In addition, UNSCR 1695 requires all member states to exercise vigilance and prevent missile and missile-related items, materials, goods and technology being transferred to the DPRK's missile or WMD programs.

Assistant Secretary of State for East Asia Christopher Hill traveled to Beijing, Seoul, Tokyo, and Moscow immediately following North Korea's missile tests. He visited China again in early September and discussed the need for UNSCR 1695 to be fully implemented, which, he indicated evoked a "positive response." At a press conference in Shanghai, Hill praised China for its contribution to the resumption of the Six-Party Talks and said the U.S. would not pressure Beijing to persuade the DPRK to come back to the talks. It remains unclear, however, whether China has taken any concrete steps to fulfill its obligations under UNSCR 1695. Following mid-September announcements by Japan and Australia that the governments would impose financial sanctions on North Korea, Beijing appealed for nations involved in the dispute over North Korea's weapons programs to show restraint and declared its opposition to sanctions. China also declined to participate in the informal gathering of representatives from eight nations on the sidelines of the UN General Assembly meeting in New York on Sept. 21 to discuss the North Korean nuclear issue, fearing that devoting energies to other initiatives could undermine the Six-Party Talks process.

After Tehran ignored an Aug. 31 UNSC deadline to halt uranium enrichment, Beijing continued to appeal for a negotiated solution. Chinese leaders urged Iran to abide by its international commitments, but simultaneously backed that country's right to use nuclear energy peacefully. Meeting with Iranian Vice President Ali Saidlu in Dushanbe on the sidelines of the fifth Prime Ministers' Meeting of the Shanghai Cooperation Organization, Chinese Premier Wen Jiabao pressed Iran to pay more attention to the concern of the international community on the nuclear issue and show flexibility on its uranium enrichment program. He also indicated Chinese understanding about Iran's insistence on developing its peaceful nuclear energy program.

## **A rocky beginning to space cooperation**

In late September, a six-member team from the National Aviation and Space Administration (NASA) led by NASA Administrator Michael Griffin traveled to Beijing to explore the possibility of U.S.-Chinese cooperation in space, an initiative that President George Bush had proposed to Hu Jintao at their April summit. China has engaged in cooperative space projects with several countries, including Russia, Pakistan, Iran, and the European Space Agency, and has been eager to launch collaborative efforts with the United States in manned flight, but the U.S. has been guarded due to the integration of Chinese military and civilian space programs and the dual-use technologies involved that could be used to bolster Chinese military capabilities. Prior to the NASA team's departure from the U.S., Griffin sought to set realistic expectations for what could be accomplished. "This will be a get-acquainted session. To characterize it as anything more than that would create expectations that could possibly be embarrassing to the U.S. – or embarrassing to China," Griffin stated.

The NASA team included astronaut Shannon Lucid, who has flown five space shuttle missions and spent six months on Mir. A child of missionary parents, Lucid was born in Shanghai and detained there as a child by the Japanese during World War II. The head of NASA's Space Station and Shuttle Operations, William Gerstenmaier, and the head of NASA's international relations, Mike O'Brien, were also on the team. In Beijing, they met with Sun Laiyan, the head of the China National Space Administration (CNSA), and toured the Chinese Academy of Space Technology. Plans to visit the Jiuquan launch site in the Gobi Desert were scrapped because China rejected U.S. requests to tour the buildings and facilities used to test and prepare spacecraft for launch and hold substantive discussions at the site with Chinese counterparts. In a press conference held in Shanghai, the team's last stop, Griffin indicated that the group had only been invited to tour the launch pad in Jiuquan, adding "I have seen a lot of launch pads in my time and didn't need to go that far to see another one. . . the interesting part of the visit would have been to see the engineering facilities and to discuss those processes . . . with our peers..." The visit was also marred by CNSA's denial of visa requests to any U.S. media to cover the NASA trip.

The missions and goals of both countries' respective space programs were discussed, including China's first lunar-orbiting spacecraft and plans for next April's robotic lunar exploration. No agreements were reached, but initial talks were held on promoting cooperation between Chinese and U.S. science programs. Cooperation in human spaceflight, while not ruled out, is a long way off and would require "the greatest possible degree of transparency and openness," according to Griffin. Next steps in bilateral cooperation could include exchanges of technical experts on specific issues.

## **Effective management, rising long-term mistrust**

Reluctance on both U.S. and Chinese sides to engage in cooperation on space exploration underscores a larger trend: The two countries have learned to manage their increasingly complex relationship reasonably effectively, but distrust over long-term strategic

intentions vis-à-vis each other continues to grow. Beijing is convinced that the United States will thwart its rise as a major power and prevent its reunification with Taiwan. Washington worries that China will use its growing clout to harm U.S. interests and undermine the international system.

One of the mechanisms that has contributed to better management of the relationship is the Senior Dialogue that was launched in August 2005. Deputy Secretary Robert Zoellick and Vice Foreign Minister Dai Bingguo presided over two rounds of dialogue, which both sides regarded as useful in promoting understanding and reducing friction. Zoellick's resignation earlier this year resulted in the suspension of those talks, creating anxiety in Beijing. Next quarter, the Senior Dialogue will resume with Undersecretary for Political Affairs Nicholas Burns in the lead on the U.S. side.

As the U.S. turns its attention to the mid-term elections next quarter, exchanges in U.S.-China relations will likely be a bit more sluggish than usual. Secretary Rice is expected to visit Asia to push for the resumption of the stalled Six-Party Talks. More joint navy exercises are planned for China's coastal waters.

## **Chronology of U.S.-China Relations July-September 2006\***

**July 5, 2005:** North Korea launches seven ballistic missiles, including one long-range *Taepodong 2*.

**July 6, 2006:** President George Bush and Chinese President Hu Jintao talk by phone in the wake of North Korea's missile tests.

**July 7-12, 2006:** Assistant Secretary of State Christopher Hill travels to Asia to discuss North Korea's missile tests. In Beijing, he meets Chinese Foreign Minister Li Zhaoxing, Vice FM Wu Dawei, and State Councilor Tang Jiaxuan. Hill also visits with officials in Seoul, Tokyo, and Moscow.

**July 7, 2006:** In remarks at the 11<sup>th</sup> annual Senators' Trade Conference, Sen. Patty Murray (D-WA) says engagement with China is in the best interest of the U.S.

**July 8, 2006:** Chinese FM Li holds a phone conversation with Secretary Rice to discuss the North Korea situation.

**July 9, 2006:** Speaking on *FOX News Sunday*, Undersecretary of State Nicholas Burns urges China to exert its influence to help resolve the North Korea crisis.

**July 10, 2006:** Chinese FM Li and Secretary Rice discuss in a phone call the proposed United Nations Security Council resolution regarding North Korea's missile launch. State Councilor Tang Jiaxuan also speaks with Rice by phone.

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\* Chronology compiled by David Adam Fisher, CSIS intern

**July 10, 2006:** White House Press Secretary Tony Snow says that it is China's responsibility to ensure that North Korea stops behaving in an "unacceptable manner."

**July 11, 2006:** In an interview with Japan's *Yomiuri Shimbun*, President Bush calls on China to convince North Korea to re-engage in diplomatic negotiations.

**July 16, 2006:** President Bush and Chinese President Hu Jintao meet on the sidelines of the G-8 summit in St. Petersburg. They agree to work together to bring North Korea back to the Six-Party Talks. In addition, they discuss China-U.S. relations, the Iranian nuclear issue, and the Middle East crisis.

**July 17-21, 2006:** Guo Boxiong, vice chairman of China's Central Military Commission (CMC), travels to the U.S. for the first time.

**July 25-31, 2006:** Franklin Lavin, undersecretary of commerce for international trade, visits Beijing to press for wider access to China's market for U.S. banks and other companies.

**July 26-29, 2006:** Chinese State Councilor and Minister of Public Security Zhou Yongkang travels to the U.S., where he meets Attorney General Alberto R. Gonzales, Secretary of Homeland Security Michael Chertoff, Secretary of Treasury Henry M. Paulson, and Reps. Mark Kirk (R-IL) and Rick Larsen (D-WA). The two countries agree to enhance law enforcement cooperation. Beijing agrees to strengthen its monitoring of Chinese banks to fight money laundering and counterfeiting by North Korea and share pertinent information with Washington.

**July 28, 2006:** Secretary Rice meets with FM Li on the sidelines of the ASEAN Regional Forum (ARF) in Kuala Lumpur. Both participate in "5+5" Talks on Northeast Asia security issues.

**July 31, 2006:** President Bush authorizes the sale of bulk graphite to China. Chinese firms plan to use the bulk graphite, a refined form of carbon, to make electrodes, dies, and moulds that will in turn be used to produce plastic, rubber, copper, tin, and iron components, but it could also be used in rockets to launch satellites into space.

**Aug. 3-4, 2006:** Thomas Christensen, deputy assistant secretary of state for East Asian and Pacific affairs, and Katharine Fredriksen, principal deputy assistant secretary of energy for policy and international affairs, deliver statements at a hearing on "China's Role in the World," sponsored by the U.S.-China Economic and Security Review Commission (USCC).

**Aug. 7-12, 2006:** A delegation of the Senate, led by Ted Stevens (R-AK), travels to China for the third annual meeting with the National People's Congress (NPC), China's legislative body. The delegation meets President Hu and China's top legislator Wu Bangguo.

**Aug. 9-10, 2006:** Chinese Assistant Foreign Minister Cui Tiankai and Undersecretary of State for Democracy and Global Affairs Paula Dobriansky meet at the second session of the China-U.S. Global Issues Forum in Beijing.

**Aug. 17, 2006:** Secretary Rice and FM Li talk by phone. They exchange views on how to implement the consensus reached by Presidents Hu and Bush at an outreach session of the July G-8 Summit in St. Petersburg.

**Aug. 21, 2006:** Presidents Bush and Hu talk by phone. They discuss cementing economic dialogue, promoting bilateral trade ties, and restarting the stalled Six-Party Talks.

**Aug. 27-29, 2006:** USTR Susan Schwab travels to China and meets Commerce Minister Bo Xilai. They discuss the role China can play in working toward a successful conclusion of the World Trade Organization's (WTO) Doha Round of talks.

**Sept. 5-11, 2006:** Assistant Secretary of State Hill travels to China. He meets Vice Foreign Minister Wu Dawei and Chinese Assistant Foreign Minister Cui Tiankai to discuss developments on the Korean Peninsula and ways to restart the Six-Party Talks.

**Sept. 6, 2006:** U.S. and Chinese ships conduct a joint communication and formation exercise off the Hawaii coast; later (Sept. 20) conduct search and rescue exercise off the Californian coast.

**Sept. 8, 2006:** Barbara Franklin, vice chairperson of the U.S.-China Business Council meets with Vice Premier Wu Yi in Xiamen. They exchange views on bilateral trade relations and issues of common concern.

**Sept. 8-22, 2006:** China sends its first air marshals to receive training in the U.S., as agreed to in a Memorandum of Understanding the two countries signed in April 2006.

**Sept. 9, 2006:** FM Li and Secretary Rice speak by phone.

**Sept. 13, 2006:** In the second round of the U.S.-China Energy Policy Dialogue, the U.S. Department of Energy (DOE) and China's National Development and Reform Commission (NDRC) agree to pursue future cooperation in improving energy efficiency and developing new and renewable energy resources.

**Sept. 13, 2006:** On the eve of his first visit to China as Treasury Secretary, Henry Paulson delivers a speech on China and the international economic system.

**Sept. 13, 2006:** Taiwan Affairs Office Director Chen Yunlin visits Washington, D.C. and warns of the dangers of constitutional revision efforts in Taiwan.

**Sept. 14, 2006:** While meeting Chinese officials in Beijing, DOE Assistant Secretary for Policy and International Affairs Karen A. Harbert and Assistant Secretary for Fossil Energy Jeffrey Jarrett reach agreement for the two countries to share information in areas critical to improving energy security and environmental protection. Harbert also participates in the second U.S.-China Energy Policy Dialogue in Hangzhou.

**Sept. 14, 2006:** Assistant Secretary of Defense Peter W. Rodman and Assistant Secretary of State Paula DeSutter testify before the U.S.-China Economic and Security Review Commission on “China’s Proliferation to North Korea and Iran, and Its Role in Addressing the Nuclear and Missile Situations in Both Nations.”

**Sept. 14, 2006:** The Senate passes legislation to award a congressional gold medal to the 14<sup>th</sup> Dalai Lama in recognition of his many enduring and outstanding contributions to peace, non-violence, human rights, and religious understanding.

**Sept. 15, 2006:** U.S. State Department releases annual *International Religious Freedom Report 2006*, which condemns the Chinese government’s respect for religious freedom as “poor.” China’s Foreign Ministry characterizes the report as “groundless criticism.”

**Sept. 15, 2006:** USTR Susan Schwab announces that the U.S., the EU and Canada are requesting the WTO establish a dispute settlement panel regarding China’s treatment of imported auto parts.

**Sept. 18, 2006:** Secretary Rice meets FM Li on the sidelines of the UN General Assembly, elects not to participate in second round of 5+5 Talks (on Sept. 20).

**Sept. 19, 2006:** State Councilor Chen Zhili visits Washington, D.C. and meets Ted Stevens, president tempore of the Senate, and John Marburger, director of the White House Office of Science and Technology Policy.

**Sept. 19-22, 2006:** Treasury Secretary Paulson travels to China, where he meets President Hu, Premier Wen, and Vice Premier Wu Yi. The two sides reach an agreement to establish a China-U.S. economic strategic dialogue.

**Sept. 20, 2006:** Congressional-Executive Commission on China releases its annual report, which asserts that the Chinese Communist Party continues to implement policies that augment its authority at the expense of citizens’ human rights. The Chinese Foreign Ministry “resolutely refutes” the charges.

**Sept. 20, 2006:** U.S. and Chinese navies hold a *Search and Rescue Exercise (SAREX)* off the coast of Southern California. The second half of the exercise will be held off the coast of China.

**Sept. 23, 2006:** NASA chief Michael Griffin arrives in China for a six-day visit. He tours the Chinese Academy of Space Technology in Beijing and meets his Chinese counterpart Sun Laiyan, head of the China National Space Administration, then visits a facility in Shanghai.

**Sept. 25-Oct. 1, 2006:** Deputy Undersecretary of Defense Christopher Henry travels to China for vice minister-level defense talks. The two sides discuss the 2006 *Quadrennial Defense Review* (QDR) and the improvements in Sino-U.S. military ties. Henry also meets experts from the Party School of the Communist Party of China Central Committee and the PLA Military Academy of Sciences.