



U.S.-China Relations:

A Good Beginning Is Half Way to Success

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The U.S.-China relationship got off to a good start under the Obama administration, putting to rest Chinese worries that a prolonged period would be required to educate the new U.S. president about China's importance. "Positive" and "cooperative" were the two watchwords used repeatedly by Secretary of State Hillary Clinton in her discussions with Chinese leaders, which focused on the need to deepen and broaden the U.S.-China relationship, and to elevate cooperation to address urgent global problems, especially the financial crisis and global warming. In late February, U.S.-China military-to-military ties, which had been suspended by Beijing after the U.S. sold a large weapons package to Taiwan last October, partially resumed with the visit of U.S. Deputy Assistant Secretary of Defense David Sedney to Beijing. A naval confrontation between U.S. and Chinese ships took place near Hainan Island, which was quickly defused, although the underlying causes remain. Chinese Foreign Minister Yang Jiechi visited Washington D.C. in March to prepare for the first meeting between the two countries' presidents, which took place on the margins of the G20 meeting in London on April 1.

Secretary Clinton's visit sets a positive tone

The Obama administration entered office with a firm conviction that U.S.-Chinese cooperation is essential to address pressing global challenges such as the financial crisis and climate change. Even before President Barack Obama's inauguration, he phoned President Hu Jintao to signal his intentions to build a positive and constructive U.S.-China relationship. Eager to ensure a smooth transition and a good beginning to Sino-U.S. relations under the new administration, Beijing was elated by the decision that Secretary Clinton would make her first foreign trip to Asia and that China would bat clean-up in the four nation itinerary.

Prior to Clinton's departure for Asia, she delivered a speech at The Asia Society in New York entitled "U.S. and Asia: Two Transatlantic and Transpacific Powers." In the portion of the speech that addressed relations with China, Clinton asserted that "Even with our differences, the United States will remain committed to pursuing a positive relationship with China, one that we believe is essential to America's future peace, progress, and prosperity." She related an ancient Chinese tale in which soldiers from warring feudal states find themselves on a boat together crossing a wide river in a storm. Instead of fighting, the soldiers work together and survive. The Chinese aphorism from this story, "When you are in a common boat, you need to cross the river peacefully together," was cited by Clinton in the speech and was a constant refrain in her subsequent discussions with Chinese leaders in Beijing.

In meetings with China's party leader and President Hu Jintao, Premier Wen Jiabao, State Councilor Dai Bingguo, and Foreign Minister Yang Jiechi, Clinton underscored the need for the U.S. and China to have a "positive, cooperative and comprehensive" relationship. Agreement was reached to create a new high-level dialogue mechanism that integrates the diplomatic talks known as the "senior dialogue" and the strategic economic dialogue launched by Bush administration Treasury Secretary Hank Paulson. The two sides also agreed that China and the U.S. should intensify exchanges and cooperation in economy and trade, law enforcement, science, education, culture, health, and climate change, sustain military-to-military exchanges, and continue to hold human rights dialogues. In the foreign policy realm, topics discussed included working together to promote North Korea's denuclearization through the Six-Party Talks, further better cross-Straits relations, enhance stability in Afghanistan and Pakistan, prevent Iran from developing nuclear weapons, advance counter-terrorism globally, promote arms control and disarmament, and stem the proliferation of weapons of mass destruction.

On several occasions, Clinton thanked China for its continued purchases of U.S. Treasury notes. "By continuing to support American Treasury instruments, the Chinese are recognizing our interconnection. We are truly going to rise or fall together," Secretary Clinton said in a local television interview.

Clinton's approach to human rights prompted vocal criticism from human rights groups. Prior to her departure, in response to a reporter's question about whether she intended to raise human rights concerns in Beijing, Clinton lamented that "We know what they are going to say because I've had those kinds of conversations for more than a decade with Chinese leaders." Noting that the U.S. should continue to raise its concerns, she insisted that "our pressing on those issues can't interfere with the global economic crisis, the global climate change crisis and the security crisis." At the joint press conference with Foreign Minister Yang, Clinton stated, however, that "The promotion of human rights is an essential aspect of our global foreign policy, and something we discussed candidly with the Chinese leadership." And shortly after Clinton's return, the State Department catalogued setbacks in Chinese human rights policies, including increased cultural and religious repression of ethnic minorities in Xinjiang and Tibet, in its annual report on human rights around the world.

In addition to holding meetings with senior Chinese officials, Clinton visited a clean thermal power plant built with General Electric and Chinese technology, had audiences with civil society leaders, met with a group of prominent women, and attended a local church service.

The Chinese media gave Secretary Clinton high marks for her trip to Asia and specifically for the message that she conveyed of the great importance that the Obama administration attaches to Sino-U.S. relations. Commentators applauded Clinton's "listening tour" and compared it favorably to the Bush administration's tendency to lecture others. Against the background of the global financial crisis and the growth of Chinese power, experts concluded that a new phenomenon of "balance" has appeared in Sino-U.S. relations. Analysts credited increased economic and security interdependence with enabling the bilateral relationship to start off on the track of cooperation, as opposed to the pattern with prior U.S. administrations of early friction followed by adaptation and eventual accommodation.

The decision to combine the senior dialogue and the strategic economic dialogue elicited favorable comments from Chinese researchers. Fudan University Professor Wu Xinbo, for example, told the Shanghai newspaper *Jiefang Ribao* that he expected the new dialogue mechanism would improve the coordination of U.S. policies toward China. Other Chinese experts interviewed by the media praised Clinton for bringing along her special envoy on climate change rather than officials with responsibility for human rights and paid special attention to the secretary's emphasis on using "smart power." Amid the upbeat assessment of Clinton's visit, however, were persisting concerns that the international financial crisis could lead the U.S. to adopt protectionist measures.

U.S. attempts to restart mil-to-mil ties

The Obama administration's goal of getting U.S.-Chinese relations off to a good start was complicated by Beijing's suspension of military contacts with the U.S. last October in protest over a sizeable U.S. arms sales package to Taiwan valued at \$6.5 billion. In late February, Deputy Assistant Secretary of Defense David Sedney traveled to Beijing to restart the bilateral military relationship, but China refused to agree to full-scale recommencement, insisting that the U.S. first take additional steps to address Chinese concerns.

Following two days of consultations with Gen. Qian Lihua, director of the Ministry of National Defense's Foreign Affairs Office, Sedney told a news conference that high-level exchanges between the two nations' militaries would soon resume. Moreover, he described his discussions in the annual meeting known as the Defense Policy Coordination Talks as the best he had conducted in more than 20 years of negotiations with the Chinese military, calling them "intense, very productive, and very useful." Sedney also told the press that the talks were grounded in a conviction that China's emergence as a military power was not a threat to U.S. interests, but instead could be a stabilizing force in an uncertain world, a formulation that is more positive than prior statements about Chinese military developments contained in the Pentagon's annual report on Chinese military power.

However, Sedney's Chinese counterpart underscored that the Taiwan issue remained China's "core interest and concern" and urged the U.S. "to prudently deal with the Taiwan question, stop upgrading substantive military relations with Taiwan, stop selling arms and take concrete actions in support of the peaceful development of cross-Straits ties." In addition, Qian stated that the dialogue itself did not necessarily signify the resumption of the suspended military exchanges between the U.S. and China, according to *Xinhua*. Qian described the two countries' military relations as "still in a difficult period," and added: "Frankly speaking, it will take a long time to restore our military exchanges as not a single obstacle in military ties has been removed so far." Apart from U.S. arms sales to Taiwan, China reiterated its objections to the restrictions on bilateral military exchanges in the 2000 Fiscal Year Defense Authorization Act, the annual report issued by the Pentagon on Chinese military power, the conduct of surveillance activities by U.S. ships in China's Exclusive Economic Zone (EEZ), and other U.S. actions. An article in *International Herald Leader*, published by *Xinhua*, stated categorically that China would not agree to hold the Defense Consultative Talks until the U.S. takes "concrete measures."

During the two days of discussions, the two sides covered a broad range of topics, including security developments in South and Central Asia, and the Horn of Africa. Representatives from the U.S. Central Command briefed the Chinese on President Obama's decision to send 17,000 additional troops to Afghanistan. The delegations also exchanged ideas on principles and a framework for developing their bilateral military ties in the coming year. However, the Chinese side made clear that the future development of the military relationship would depend on U.S. actions and policies.

On March 4, Sedney testified before the U.S.-China Economic and Security Review Commission, where he reviewed the Department of Defense's views on the foreign military and security activities of the PLA and U.S.-China military-to-military exchanges. Emphasizing the need not only to avoid adversarial relations, but also to forge positive and cooperative ties, Sedney maintained that the new U.S. administration looks to a "new beginning to strengthen and broaden our relations with China to our mutual benefit and that of the world at-large."

One month after Sedney's return from China, the Defense Department issued its annual report to Congress, *Military Power of the People's Republic of China 2009*. The report outlined recent developments in China's military programs and stressed that China's lack of transparency about how it intends to use its growing capability creates mistrust and potential for miscalculation. The report highlighted China's investment in "disruptive" military technologies designed for anti-access/area-denial, as well as for nuclear, space, and cyber warfare, that "are changing regional military balances" and "have implications beyond the Asia-Pacific region." It also noted that the PLA's development of longer-range capabilities has enabled it to contribute cooperatively to the international community's responsibilities in areas such as peacekeeping, humanitarian assistance and disaster relief, and counter-piracy, but could also allow China to project power to ensure access to resources or enforce claims to disputed territories. China voiced strong objections to the report. A spokesman for the Chinese Ministry of National Defense maintained that publication of the report "can only add new negative factors to the restoration and development" of U.S.-Chinese military ties.

Naval confrontation is reminder of strategic mistrust

Less than one month after Secretary Clinton clinked glasses with her Chinese hosts and declared the need for a positive, cooperative, U.S.-China relationship, a naval confrontation took place between U.S. and Chinese vessels that served as a reminder of the strategic mistrust between the two countries. The incident occurred on the eve of Foreign Minister Yang Jiechi's visit to Washington. According to a Pentagon statement, on March 9, five Chinese ships "shadowed and aggressively maneuvered in dangerously close proximity to the *USNS Impeccable*," an ocean surveillance ship that was conducting routine operations in international waters. The Chinese vessels came within 25 feet of the *Impeccable*, dropped pieces of wood in the water in front of the *Impeccable*'s path, and came to a stop directly ahead of the *Impeccable*, forcing the U.S. ship to conduct an emergency "all stop" to avoid collision. A Chinese trawler used a grapple hook in an attempt to snag the towed acoustic array of the *Impeccable*.

The incident took place approximately 75 miles south of Hainan Island, where in April 2001, a U.S. *EP-3* reconnaissance plane had been forced to make an emergency landing after a Chinese

F-8 fighter collided with it. The Chinese pilot died and the Chinese held the 24-member crew of the *EP-3* for 11 days. The plane was returned months later after being cut up into pieces.

The Pentagon also revealed that the March 8 incident was preceded by several days of increasingly aggressive conduct by Chinese vessels. Two of those incidents involved harassment of the *Impeccable*; in one case a Chinese frigate crossed its bow several times without warning at close range. A third incident took place in the Yellow Sea where a Chinese Bureau of Fisheries Patrol vessel shined a high-intensity spotlight on the *USNS Victorious* and a Chinese *Y-12* maritime surveillance aircraft conducted 12 fly-bys of *Victorious* at dangerously low altitudes.

The U.S. lodged an official complaint with Beijing and a Pentagon spokesman charged that the unprofessional maneuvers by Chinese ships violated the requirement under international law to operate with due regard for the rights and safety of other lawful users of the ocean. Beijing blamed the U.S. for the confrontation, insisting that the *Impeccable* was violating international law by conducting surveillance activities in waters where China claims jurisdiction. A Chinese Foreign Ministry spokesman said that “The U.S. claims are gravely in contravention of the facts and confuse black and white, and they are totally unacceptable to China.”

It is undeniable that the U.S. ships were collecting intelligence. Ocean surveillance ships such as the *Impeccable* and the *Victorious* directly support the U.S. Navy by using passive and active sonar arrays to detect and track undersea threats. They are tasked with gathering marine data that are essential for effective submarine operations, anti-submarine warfare, and mine warfare. From the U.S. perspective, such operations are necessary to monitor China’s military deployments and capabilities, which is part of a larger mission – to deter or defeat any possible future Chinese military aggression against Taiwan. Indeed, the *Impeccable* was operating approximately 75 miles from a newly constructed naval base in Hainan. And these incidents occurred at the same time that the PLA Navy was conducting an exercise that included a Chinese submarine and a destroyer in the South China Sea.

The U.S. views the peaceful conduct of surveillance and other military activities in a country’s EEZ, which extends 200 nautical miles from the coast, without that country’s consent, as legal based on its interpretation of the U.N. Convention of the Law of the Sea (UNCLOS). Unfettered access to the world’s oceans and international airspace, with the exception of countries’ territorial waters that extend to a 12 nautical miles from the coastline, is part of the holy grail of the U.S. Navy. China argues that the UNCLOS prohibits activities such as military operations, military surveying, intelligence collection, and hydrographic surveying in the EEZ of a coastal state without its permission. Beijing also has an abiding interest in preventing the U.S. from uncovering information on its sensitive military programs, including submarines.

For both U.S. and Chinese leaders, the fracas was ill-timed. Yang Jiechi’s visit was intended to make preparations for the first meeting between Hu Jintao and Barak Obama on the margins of the G20 summit meeting in London on April 1. Neither side wanted the naval dust-up to get in the way of increased cooperation on a robust global and regional agenda. Secretary Clinton told the press after her talks with Yang that she had raised U.S. concerns about the naval confrontation and that both had agreed that the U.S. and China should “work to ensure that such incidents do not happen again in the future.” The topic was broached again at the White House

both by National Security Adviser James Jones and President Obama. A White House press release noted that Obama stressed the importance of raising the level and frequency of the U.S.-China military-to-military dialogue in order to avoid future incidents.

In China, Zhang Deshun, a rear admiral in the PLA Navy, tried to defuse the potential crisis by reiterating an invitation to the U.S. to watch a Chinese naval parade off the eastern port of Qingdao next month. "The incident ... is not going to deter everything," he told the *China Daily*. Secretary of Defense Robert Gates expressed his hope that diplomatic interaction in the aftermath of the episode would ensure that future confrontations could be avoided.

U.S. officials used a multitude of channels to persuade China to discuss the incident, but were rebuffed. Commander of U.S. Pacific Command Adm. Timothy Keating aired his frustration in remarks to the Senate Armed Services Committee on March 19. He told the lawmakers that the *Impeccable* incident was "certainly a troubling indicator that China, particularly in the South China Sea, is behaving in an aggressive, troublesome manner, and they're not willing to abide by acceptable standards of behavior or rules of the road." He contrasted China's "illegal" and "irresponsible" behavior in the episode with the PLA Navy's constructive contribution to antipiracy operations in the Gulf of Aden where they are communicating with U.S. warships, noting that China's military intentions remain unclear.

Mutual efforts to prevent the incident from escalating to a political crisis were successful this time, but it can be expected that encounters between the U.S. Navy and the PLA Navy will increase as the PLAN goes further out to sea and continues to aggressively challenge U.S. freedom of navigation operations. U.S. unwillingness to back down from its position was signaled clearly by the ordering of a heavily-armed destroyer that was operating in the region, the *USS Chung-Hoon*, to escort the *USNS Impeccable* in the wake of the incident. China also dispatched a converted naval rescue vessel, the *Yuzheng 311*, to the South China Sea, to safeguard China's maritime rights and to assert Chinese sovereignty in the region in the face of intensifying territorial disputes with the Philippines, Malaysia, and Vietnam. Chinese officials said they were exercising moderation by sending an administrative ship rather than warships, the *China Daily* reported.

Yang Jiechi's DC visit

With the adroit handling of the naval confrontation by both sides, Foreign Minister Yang's visit to Washington D.C. proceeded smoothly. Yang discussed a range of issues with Secretary Clinton, including ways to achieve a denuclearized North Korea and Iran, promote stability in Afghanistan and Pakistan, address the humanitarian crisis in Darfur, and cooperate on climate change and clean energy. They also discussed Tibet and human rights, which Clinton described in detail and at length in remarks to the press, evidently on the defensive after being criticized for playing down U.S. concerns about Chinese human rights violations during her Beijing visit.

Yang's statements to the U.S. side during his visit, as reported by the Chinese media, suggest that Beijing is keen to keep the bilateral relationship on an even keel and promote greater cooperation. China's official news agency *Xinhua* quoted Yang as telling President Obama that China attaches "great importance" to advancing bilateral ties and Secretary Clinton that relations

“face a major opportunity for development.” *Xinhua* also cited Yang as emphasizing to Treasury Secretary Timothy Geithner China’s support for an “early initiation” of the Sino-U.S. strategic and economic dialogue mechanism.

Cooperation was also the main theme of Yang’s speech at the Center for Strategic and International Studies. In his prepared remarks, Yang asserted that the strategic foundation of China-U.S. relations lies in “our major and unique responsibility of maintaining world peace and stability;” in “our ever-expanding common interest in promoting sustainable economic development in the world;” and “in the longstanding friendship and mutual learning between our peoples.” In the face of the profound changes in the international landscape and mounting global challenges, he maintained that the U.S. and China have a “new historic opportunity” to develop their relations. Yang did not shy away from raising sensitive issues of concern to Beijing. He warned that China would never waiver in its commitment to the one-China principle and would never compromise in its opposition to Taiwan independence, two Chinas, or one China, one Taiwan. In addition, he declared that Tibetan affairs are “exclusively China’s internal affairs” and told his American audience that they should appreciate such facts as the “traditional culture of Tibet has been well preserved, and the people there enjoy all rights prescribed by law.”

Obama and Hu meet on margins of G20

The first meeting between Presidents Obama and Hu took place on the sidelines of the G20 meeting in London. In addition to providing an opportunity for the two heads of state to establish a personal rapport, two notable achievements were made. First, the two sides agreed to work together to build a positive, cooperative, and comprehensive U.S.-China relationship for the 21st century. This marks the return to a common consensus between the U.S. and China about the “label” for the bilateral relationship. Under President Clinton, the two countries had agreed to build toward a constructive strategic partnership. However, the Bush administration described the bilateral relationship as constructive, cooperative, and candid, while the Chinese side eschewed the term candid, which usually signals differences.

Second, the two leaders announced their decision to establish the “U.S.-China Strategic and Economic Dialogue.” The new dialogue mechanism will comprise two tracks, with the “strategic track” chaired by Secretary of State Clinton and Chinese State Councilor Dai Bingguo and the “Economic Track” chaired by Secretary of the Treasury Geithner and Chinese Vice Premier Wang Qishan. The new dialogue seeks to more effectively integrate economic and political issues and elevates the diplomatic dialogue a notch. In addition, it eliminates the past awkward practice of the U.S. and Chinese sides using different terms (“senior dialogue” and “strategic dialogue,” respectively) to characterize the high-level discussions between the U.S. Department of State and the Chinese Ministry of Foreign Affairs. The Bush administration had insisted on reserving use of the term “strategic” for dialogues with its allies, but the Obama administration obviously doesn’t have those qualms.

In a conversation that was limited to one hour including consecutive translation, the two presidents touched on a large number of issues including Korea, Iran, Pakistan and Afghanistan, Sudan, human rights, Tibet, Taiwan, and climate change. Not surprisingly, challenges to the global economy and the financial system topped the agenda and the statement on the bilateral

meeting issued by the White House devoted a separate section to that discussion. They both welcomed the fiscal stimulus measures taken by the other, agreed to provide international financial institutions with more resources to help emerging market and developing nations withstand the shortfall in capital, made commitments to resist protectionism and promote sound and stable U.S.-China trade relations, and agreed on the need for sweeping changes in the governance structure of international financial institutions.

Presidents Hu and Obama underscored their commitment to the relationship between the U.S. and Chinese militaries and indicated they would work to continue to improve and develop those ties. The leaders announced that U.S. Chief of Naval Operations Adm. Gary Roughead will visit China in April to attend events marking the 60th anniversary of the founding of the Navy of the Chinese People's Liberation Army. The U.S. side said it looks forward to visits by senior Chinese military leaders later this year. Finally, President Obama accepted an invitation from Hu Jintao to visit China in the second half of this year.

Building strategic trust is greatest challenge

U.S.-China relations have gotten off to a good start in the first quarter of 2009. Leaders of both countries have declared their intention to deepen and broaden the bilateral relationship while also working together to solve regional and global challenges. Expectations are high that U.S.-China cooperation will yield results on a broad range of issues. Time will tell if those expectations are met. The biggest obstacle to increased collaboration is strategic mutual mistrust. In a nutshell, the United States worries about China's ambitions as it amasses greater economic, political, and military power while China fears that the U.S. will take steps to inhibit China's re-emergence as a great power. Increased dialogue has led to greater understanding, but has failed to cement strategic trust. Establishing mutual strategic confidence is the greatest challenge facing the largest developed country and the largest developing country in the 21st century.

Next quarter the U.S. and China will begin to flesh out their agenda for cooperation. Highlights include planning for the first round of the strategic and economic dialogue, which is scheduled to take place this summer, if schedules permit. Preparations will also begin for the first summit and President Obama's first ever visit to China in the second half of this year.

Chronology of U.S.-China Relations

January-March 2009*

Jan. 4, 2009: Chinese President Hu Jintao speaks by telephone with President George W. Bush about bilateral relations and major international issues of common concern.

Jan. 7, 2009: To mark the 30th anniversary of US-China diplomatic relations, ping-pong diplomacy is commemorated by a "Friendship Ping Pong Rematch" in Beijing.

* Chronology by CSIS intern Gao Dexiang

Jan. 7, 2009: Foreign Minister Yang Jiechi meets Deputy Secretary of State John D. Negroponte, who comes to mark the 30th anniversary of the establishment of Sino-U.S. diplomatic relations.

Jan. 8, 2009: Ma Xiaotian, deputy chief of general staff of the Chinese People's Liberation Army, meets with Secretary Negroponte and urges the U.S. to take actions to repair military ties seriously damaged by U.S. arms sales to Taiwan.

Jan. 12, 2009: President Hu meets former President Jimmy Carter as the two nations mark the 30th anniversary of diplomatic ties. The U.S. delegation to the Beijing celebrations includes key figures in forging relations such as former Secretary of State Henry Kissinger, National Security Advisors Brent Scowcroft and Zbigniew Brzezinski, and former U.S. ambassadors.

Jan. 13, 2009: A Chinese-born businessman William Tsu Cha-Wai is arrested in California on charges of illegally exporting sensitive technology for military radar systems to China.

Jan. 13, 2009: The U.S. Commerce Department announces a U.S.-China trade agreement that will allow U.S. officials to conduct inspections of facilities of pre-approved Chinese companies, paving the way for those companies to receive U.S. exports of dual-use technology.

Jan. 13, 2009: China joins the Inter-American Development Bank Group (IDB), the most important regional development institution in Latin America and the Caribbean.

Jan. 16, 2009: The American Chamber of Commerce in China (AmCham-China) announces three goals to strengthen Sino-U.S. economic ties to be met by 2039. John Watkins, chairman of AmCham-China, says the goals each set at \$1 trillion a year are: U.S. exports to China, sales of U.S. companies in China, and investment of Chinese companies in the U.S.

Jan. 18, 2009: China and the U.S. sign a memorandum of understanding restricting the U.S. import of archeological items originating in China.

Jan. 20, 2009: The World Trade Organization (WTO) establishes an expert panel to investigate the legitimacy of U.S. antidumping and countervailing duties on Chinese exports.

Jan. 20, 2009: At a press conference in Beijing marking the release of China's White Paper on National Defense, Defense Ministry spokesman Hu Changming urges the new U.S. administration to remove barriers to bilateral military relations.

Jan. 21, 2009: An official "full text" Chinese language translation of President Barack Obama's Jan. 20 inauguration speech is published in major state-controlled Chinese news media omits two paragraphs including references to "communism" and "dissidents."

Jan. 24, 2009: In written comments submitted to the Senate Finance Committee for his confirmation hearings, Treasury Secretary-designate Timothy Geithner says that President Obama believes that China is "manipulating" its currency.

Jan. 25, 2009: Foreign Minister Yang Jiechi and Secretary of State Hillary Clinton hold a telephone conversation on bilateral relations and major international issues of common concern.

Jan. 27, 2009: Zhang Yesui, China's permanent representative to the United Nations, meets Susan Rice, the new U.S. ambassador to the UN, and exchanges views on Sino-U.S. relations and other world and regional issues of common concern.

Jan. 28, 2009: Sens. Bob Casey (D-PA) and Sam Brownback (R-KS) introduce a resolution to Congress that calls on China to honor its international human rights commitments, commends the Chinese citizens who have signed the recently issued Charter 08 petition, and urges the new administration to maintain a strong human rights dialogue with China.

Jan. 29, 2009: At the annual World Economic Forum in Davos, Switzerland, Chinese Premier Wen Jiabao blames the U.S.-led financial system for the world's deepening economic slump.

Jan. 30, 2009: President Hu has a telephone conversation with President Obama. The two leaders agree to meet in conjunction with the Group of 20 (G20) summit in London.

Feb. 3, 2009: Foreign Ministry spokeswoman Jiang Yu expresses opposition to the U.S. decision to impose sanctions on two Chinese companies that allegedly violate U.S. anti-proliferation laws. According to the U.S. Federal Register, the two Chinese companies, Dalian Sunny Industries and Bellamax, allegedly engaged in activities that breach the Arms Export Control Act and the Export Administration Act of 1979.

Feb. 6, 2009: The Chinese General Administration of Customs announces that China-U.S. bilateral trade expanded 10.5 percent last year to \$ 333.74 billion, the smallest increase since China joined the World Trade Organization seven years ago.

Feb. 13, 2009: Secretary Clinton delivers her first major policy speech as secretary of state on U.S. relations with Asia to the Asia Society in New York.

Feb. 17, 2009: The U.S.-China Economic and Security Review Commission holds its first public hearing for the 2009 reporting cycle on "China's Role in the Origins of and Response to the Global Recession."

Feb. 21-22, 2009: Secretary Clinton visits China, her last stop on a four-nation tour.

Feb. 25, 2009: China lodges protest to the U.S. in response to the introduction of a resolution by 17 members of Congress marking the 30th anniversary of the Taiwan Relations Act.

Feb. 26, 2009: State Department releases its annual human rights report, which harshly criticizes China for human rights abuses last year.

Feb. 26, 2009: Foreign Ministry spokesman Ma Zhaoxu refutes the U.S. human rights report and urges the U.S. to stop interfering in the domestic affairs of other countries through such reports.

Feb. 27-28, 2009: Deputy Assistant Secretary of Defense David Sedney holds annual Defense Policy Coordination Talks in Beijing with Maj. Gen. Qian Lihua, director of the Foreign Affairs Office of the Ministry of Defense.

March 3, 2009: U.S. special representative for the Democratic People's Republic of Korea Stephen Bosworth arrives in Beijing.

March 4, 2009: The U.S.-China Economic and Security Review Commission holds a hearing on "China's Military and Security Activities Abroad."

March 9, 2009: Pentagon releases a statement that Chinese ships harassed a U.S. surveillance vessel in international waters, using measures described as illegal, unprofessional and dangerous. In turn, China accuses the U.S. of conducting illegal surveying in its Exclusive Economic Zone.

March 9-13, 2009: Foreign Minister Yang Jiechi visits the U.S. as a guest of Secretary Clinton.

March 10, 2009: The State Department issues a statement marking the 50th anniversary of the 1959 Tibetan uprising that respects China's territorial integrity, but expresses concerns about the human rights situation in Tibetan areas.

March 11, 2009: Congress passes H. Res. 226 by a vote of 422-1 calling on China to cease its repression of the Tibetan people and to lift the harsh policies imposed on Tibetans who have been wrongfully detained and abused for expressing political views.

March 13, 2009: At the close of the National People's Congress, Premier Wen Jiabo demands that the Obama administration "guarantee the safety" of its \$1 trillion in U.S. bonds.

March 20, 2009: Zhou Xiaochuan, head of the People's Bank of China, proposes the creation a new international reserve currency in an essay published on the central bank's website.

March 20, 2009: Speaker of the House of Representatives Nancy Pelosi and a visiting delegation of China's National People's Congress (NPC), headed by Li Zhaoxing, chairman of the NPC Foreign Affairs Committee, agree to expand bilateral parliamentary exchanges.

March 24, 2009: The House of Representatives votes unanimously to adopt a resolution recognizing the 30th anniversary of the Taiwan Relations Act.

March 24, 2009: The U.S.-China Economic and Security Review Commission holds a hearing on "China's Industrial Policy and its Pillar Industries."

March 25, 2009: The Pentagon releases its annual report on Chinese military power.

April 1, 2009: Presidents Obama and Hu meet on the margins of the G20 summit in London.