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THE HU-OBAMA SUMMIT AND U.S.-CHINA RELATIONS

**A COLLECTION OF ESSAYS
PRESENTED BY
FPRI'S ASIA PROGRAM**

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Table of Contents

Introduction <i>by Jacques deLisle</i>	1
Obama, Hu and the Elephants in the Room: What the Summit will not Address about Bilateral Economic and Political-Security Relations <i>by Jacques deLisle</i>	3
Strategic Reassurance: A Chinese Perspective <i>by Da Wei</i>	10
Solidifying a Foundation for China-U.S. Cooperation <i>by Wu Chunsi</i>	15
Understanding Chinese Strategic Thinking on North Korea: An Imperative for the Summit <i>by Gilbert Rozman</i>	18
What I <i>Wish</i> President Obama Could Say to President Hu about Taiwan <i>by Shelley Rigger</i>	23
Obama’s Visit to China and Facilitating a Lasting Peace across the Taiwan Strait <i>by Chen-shen J. Yen</i>	27
China, U.S. Should Start Strategic Dialogue on South and Central Asia <i>by Shao Yuqun</i>	32
The Summit and U.S.-China Cooperation on Climate Change: A Roadmap through Beijing and Copenhagen <i>by Terry Cooke</i>	37
FPRI Officers and Board of Trustees.....	42

Introduction

By Jacques deLisle

The most eagerly anticipated and closely watched part of U.S. President Barack Obama's four-nation trip to Asia is his visit to China, including his meeting with PRC President and Chinese Communist Party General Secretary Hu Jintao and the other official talks that accompany the summit. The potential agenda is vast and varied for the leadership of the sole superpower and the fastest rising power, the world's largest and the soon-to-be second largest economies, the planet's two biggest sources of carbon emissions, and the parties to arguably the most important bilateral relationship today. The implications of U.S.-China cooperation or conflict are profound across the full range of global issues and throughout Asia and, increasingly, beyond the region.

On this occasion, the Foreign Policy Research Institute issues a collection of essays by FPRI scholars in the U.S. and by colleagues at research centers in Beijing, Shanghai and Taipei who have been key participants in the activities of FPRI's Asia Program, including the Trilateral Think Tanks project (with the Shanghai Institutes for International Studies, the Japan Institute of International Affairs and the New World Institute), international conferences (including one hosted jointly with the Institute for International Relations in Taipei) and symposia.

These essays assess the prospects for the summit and the broader U.S.-PRC bilateral relationship. The authors focus their analyses on several themes, policy issues and regional questions. Jacques deLisle (FPRI and University of Pennsylvania) considers underlying issues in bilateral economic and political-strategic relations and their connection to the likely foci of the summit. Da Wei (China Institutes of Contemporary International Relations) examines the question of "strategic reassurance," raised by U.S. Deputy Secretary of State Steinberg and much-discussed on the eve of the summit, and its potential contributions to U.S.-China relations. Wu Chunsi (SIIS) argues that several features distinctive to this summit make it a particularly promising occasion for building a more cooperative bilateral relationship.

Turning to regional issues, Gilbert Rozman (FPRI and Princeton University) analyzes North Korea's place in China's grand strategy and argues that U.S. approaches to the North Korea question at the summit and beyond must be informed by an understanding of Chinese strategy. Shelley Rigger (FPRI and Davidson College) and Chen-shen Yen (IIR, National Chengchi University) focus on Taiwan and cross-Strait issues. Rigger offers an inventory of

features of cross-Strait relations and Taiwan politics that a well-chosen PRC policy must take into account but that Obama cannot, given the politics of U.S.-China relations, raise at the summit. Yen assesses the recent improvement in mainland-Taiwan relations under Ma, Washington's and Beijing's comfort with cross-Strait relations and their trajectory, and the likelihood of continued stability—all of which, Yen concludes, provide good reason for the summit not to focus on Taiwan. Shao Yuqun (SIIS) argues that, while the summit will not much address South and Central Asia, it is imperative for the U.S. and the PRC to launch a substantive strategic dialogue concerning their policies toward the region, and that Obama's announcement, soon after the summit, of his Afghanistan strategy is the time to do so.

Finally, Terry Cooke (FPRI) examines U.S.-China engagement on climate change issues. He finds significant promise in recent moves toward cooperation, high-level political attention and innovation in the institutional structures for bilateral engagement, but he sees dim prospects for a breakthrough at the summit and before the UN's December climate change meeting in Copenhagen and considerable need for further institutional reform on the U.S. side.

Obama, Hu and the Elephants in the Room: What the Summit will not Address about Bilateral Economic and Political-Security Relations

By Jacques deLisle

When U.S. President Barack Obama travels to China as part of his four-nation swing through Asia and meets with PRC President and Chinese Communist Party General Secretary Hu Jintao, their summit surely will bring statements about the overall positive state—and great importance—of U.S.-China relations. The summit may showcase current cooperation, new initiatives (although probably only modest ones) and joint pledges to pursue further progress on specific issues such as trade, the global financial crisis, North Korea, Iran, counterterrorism, climate change, or clean energy. The celebratory declarations about the bilateral relationship will have significant foundation in reality. Collaborative efforts to address these issues of vital international concern are to be welcomed, although their announcement inevitably will come amidst continuing disagreement and conflicting agendas on many of those issues, as well as currency exchange rates, human rights, intellectual property and other topics that will also have been addressed during the summit. Any such developments will come, however, in the shadow of two larger, framing challenges that the leaders will not—and, in current circumstances, should not—make the focal points of their summit: a bilateral economic relationship with a newly or increasingly unsustainable structure, and a political or strategic relationship beset by uncertainty about whether China's rise will greatly unsettle, or be smoothly accommodated by, the existing, largely U.S.-led international system.

HAPPY DAYS AREN'T HERE AGAIN, AND PROBABLY WON'T BE SOON

Discussions and accords on aspects of the U.S.-China economic relations during Obama's visit will do little to address interrelated and fundamental problems in relations between the world's two most important and, very soon, two largest economies. Although the worldwide economic downturn, the resulting plunge in demand for PRC exports and limited—and recently stalled—long-term appreciation of the renminbi against the dollar has moderated the effect, the U.S.-PRC trade deficit is cavernous, well over \$200 billion per year. What used to be a bilateral imbalance in the context of overall balanced global trade for China has become in recent years part of a large global trade surplus for China, on the order of 9 percent to 10 percent of GDP. The Chinese currency's recent U.S. dollar-linked decline against other major currencies impedes the narrowing of that gap. The Chinese export juggernaut that these data reflect long helped fuel China's rapid growth and sectoral

transformation, in part by attracting foreign investment to booming export-oriented sectors. No less important for China's leaders, it helped create many tens of millions of nonagricultural jobs for China's expanding and urbanizing population. For U.S. consumers, cheap Chinese exports have meant significant improvement in living standards. China's recycling of much of its now-two-trillion dollar foreign exchange reserves helped the U.S. and Americans to live well—and well beyond their means—by keeping interest rates low for U.S. borrowers, whether consumers, home buyers, businesses or government.

The unsustainability of this familiar, happy model has become all too evident. An economy of China's size and rapid growth faces natural long-term limits on its ability to rely heavily on exports. The great American asset bubble, partly inflated by inexpensive Chinese loans, famously popped. The resulting reduction in capacity to borrow, a deep recession and deeper unemployment, and rising savings rate are likely, for quite some time, to flatten U.S. demand for China's exports. Tens of millions of Chinese, largely rural to urban migrants working in southeast China's export-dependent manufacturing sector, lost their jobs. The U.S.-centered global financial crisis, the collapse of major firms and associated scandals, plummeting values on Wall Street and soaring debt in Washington have made Beijing increasingly skittish about China's U.S. dollar and dollar-denominated holdings. Such worries compounded preexisting concerns that the United States did not offer a level playing field for Chinese investment—something PRC critics saw in the political controversies that swirled around attempted acquisitions of Unocal by CNOOC, Ltd. and 3Com by Huawei and the entry of Beijing's sovereign wealth fund—the China Investment Corporation—into U.S. markets.

Fortunately, some of the more promising potential policy responses are complementary in practice and accepted in principle in Beijing and Washington and therefore likely will be invoked at the summit. Their general outlines, the fundamental tasks and even some specific policy prescriptions have become part of the statements each side's senior officials make to the other's and surely will be raised at the summit. China needs to shift to greater reliance on domestic consumption (lest growth and employment founder amid lastingly diminished export demand and increased competition from low-cost exporters elsewhere). The United States needs to get its fiscal and financial regulatory houses in order (lest it risk a collapse of confidence in the dollar, U.S. government debt and American financial markets). To be sure, renminbi revaluation, diversification of Chinese foreign exchange holdings, existing or feared protectionist trade measures by both parties, Chinese protection of U.S. intellectual property and American concerns about Chinese dumping (export sales below normal price or production cost) and export safety are part of the mix as well, but they variously implement, depend upon or are secondary to the more fundamental economic policy changes needed on both sides.

The problem—and part of the reason the big questions affecting the bilateral economic relationship will not be tackled at the summit—is that both sides have especially strong reasons not to take on their own portions of the ultimately necessary, and enduringly difficult, challenges now. In Washington, deficit hawkery is a particularly difficult stance, especially for the party in power. A hard-won stimulus package, controversial bailouts for financial and industrial companies, recession-driven demands on social safety net programs, projected costs of highly contentious and still-pending health care reform legislation and calls from some Democratic Party quarters for a second stimulus all exert unusually high upward pressure on government spending. Significant tax increases are politically toxic, especially for an administration with worries about falling popularity, energized opponents, and conservative congressional Democrats made more skittish by the party's setbacks in off-off-year elections.

Tellingly, even reportedly intense pressure from Beijing for what might be called “economic reassurance” was followed by relatively modest and soon-undercut statements from key economic officials, including Treasury Secretary Timothy Geithner and National Economic Council Director Lawrence Summers, that the administration was serious about addressing deficits in the longer run, including possibly through tax increases. The tighter regulation of the financial sector that Beijing and many American critics see as necessary and as serving the U.S.'s interest has, at best, taken a backseat to other domestic policy and legislative priorities. Opposition from the right, disagreement among experts, and the Wall Street ties of the administration's key economic policymakers and advisors dim hopes for near-term tough measures and also fuel American populist and liberal anger and Chinese anxiety.

In Beijing, fundamental shifts, and even meaningful commitments to such shifts, toward greater reliance on domestic consumption face analogous obstacles. Superficially, China's response to the economic crisis has turned to domestic demand, with a nearly \$600 billion stimulus package that some credit with spurring China's unexpectedly rapid return to strong economic growth—so much so that Chinese policy discussion increasingly has turned to questions of how to wind down the stimulus in an orderly fashion (although China's chief banking regulator has insisted that the time is not yet ripe). In such circumstances, it is easy and tempting for China to rest on the position that it has been doing its part to deal with its own problems and has done so in ways that speak to U.S. concerns and demands. But such a stance can only be disingenuous or, worse, misguided. As is widely if not universally recognized in PRC policy circles, the stimulus money has flowed partly to infrastructure projects with questionable benefit and, worse, to speculation in real estate and stocks and to extremely low interest loans by banks to a mixed bag of enterprises, many state-linked, chronically inefficient and therefore potential sources of a resurgence of Chinese banks' non-performing loan problems. Even

preliminary talk of engineering a soft landing from the stimulus reflects recognition of the risk that it has created a dangerous asset bubble. Since the global economic crisis hit and notwithstanding the stimulus package, the Chinese regime has relied on measures (such as value-added tax rebates) that follow the familiar strategy of export promotion.

The changes necessary to engineer a deeper shift toward reliance on domestic consumption—which could threaten near-term growth and employment—are daunting, even in an authoritarian system, when the regime faces the global economic crisis-driven spike in unemployment and dip in growth, and mounting social unrest (including ethnic uprisings having little to do with current economic troubles). Moreover, many of the pillars that would support real success are not in place, including: a sense of economic security and optimism among Chinese consumers (who have for the first time in a generation had their confidence in rapidly rising prosperity shaken); a more developed system for providing social security and other public benefits (the absence of which drives up incentives to save rather than consume); a more robust credit system (which would facilitate consumption beyond current savings), and a policy decision to reduce sharply the costly subsidization of state-linked companies (which absorb a large portion of Chinese citizens' prodigious savings and use it for investments that are often inefficient and overly capital intensive).

Thus, while Hu and Obama and their respective administrations could articulate commitments to major economic policy changes each seeks from the other, they understandably will not, and should not, do so now. The costs and difficulty of such measures are very high now (so much so that delivering on such promises could prove politically impossible) and may well be lower later (even if some of the current impediments persist and new ones arise).

CHINA'S RISE: TOWARD A HARMONIOUS OR DISCORDANT WORLD?

The political or strategic relationship poses different challenges. The big, unanswered question is: Will China's rise—and the U.S.'s need for China's cooperation in addressing issues of grave mutual and international concern and providing global public goods—prompt a smooth and largely status quo-sustaining series of adjustments, or will it instead bring growing Chinese demands for substantial revisions to the existing order and tension, even dangerous conflict, between the sole superpower and the greatest rising power. Optimists embrace the logic of interdependence—China's vast, growing and not-strongly-asymmetrical economic ties with the U.S. and the world make moves to disrupt those relationships extremely costly and create channels for communication, cooperation and making deals and trade-offs across issues—or the promise of constructivism—China's greatly expanded engagement with the international institutional order has been

transforming Chinese preferences and even Chinese interests to become more supportive of a status quo that generally serves U.S. interests and often reflects U.S. preferences. Pessimists invoke various forms of international relations realism—in a system where power matters most, the rise of a new great power consistently produces friction, even war, with the previously dominant and relatively declining hegemon—or “second image” or neo-Cold War visions—fundamental differences in the political systems and values of the U.S. and the PRC sharply limit cooperation and generate conflict.

Such questions of world-historical trends make poor fodder for summit meetings (or ordinary policy discussions) beyond providing intellectual substrata for leaders’ bromides and critics’ broadsides. But effectively engaging such issues, even obliquely or marginally, may be particularly difficult at this summit. Hu’s China has been at pains to assure the world that the optimists are right. Beijing stresses that its principal goal remains economic development, which depends on a stable external environment and deep engagement with the existing order on the existing order’s terms. The rhetoric of China’s “peaceful rise” was meant to assure a nervous world that China’s new wealth and power would not be accompanied by a revisionist agenda or expansionist aims. When that terminology proved insufficiently reassuring, it gave way to China’s commitment to a “harmonious world”—a still more benign-sounding trope that had the additional virtue of resonating with Beijing’s assertion that it was too concerned with securing a “harmonious society” (both stable and prosperous) at home to be tempted to international mischief. Observers, at least of relatively optimistic persuasion, have seen signs of substance to support the slogans in China’s cooperation with the U.S. on international terrorism, the Six-Party Talks on North Korea and responses to the global economic crisis, where China’s role brought overblown talk of a U.S.-PRC “G2” that would do the heavy lifting in achieving and sustaining a recovery.

The Obama administration has mostly sided with the optimists. Positive and cooperative aspects of the relationship receive much public attention and praise—a pattern that surely will persist at the summit given the incentives and expectations associated with such occasions. The new administration came to office with a strong desire to avoid the rocky relations with Beijing that characterized its predecessors’ early months. Secretary of State Hillary Clinton’s February 2009 trip to China notably emphasized areas of cooperation and strikingly played down areas of perennial discord, such as human rights. U.S. officials have routinely made clear that Washington is comfortable with the warming trend in mainland-Taiwan relations and the corresponding lowering of tension over a chronic source of conflict in U.S.-China relations. Early stern words on China’s currency manipulation have faded. A contemplated presidential meeting with the Dalai Lama was tabled until after Obama’s China visit.

Such benevolent signaling from each side, however, has not convinced the other. China's shifting locutions—from peaceful rise to peaceful development to harmonious world—reflect recognition that Beijing's charm offensive has not been a great success. So too does Deputy Secretary of State James Steinberg's call on Beijing to provide "strategic reassurance"—a move much noted in China and seen by some as harsher than his predecessor Robert Zoellick's exhortation to China to be a "responsible stakeholder" in the international system. Critics more in tune with the pessimistic view of bilateral relations have little place in the Obama administration, but they remain vocal participants in broader policy debates. On the Chinese side, symmetrical distrust is evident in the sometimes prickly reactions to Steinberg's and Zoellick's locutions, the remarkably resilient view that a U.S. strategic goal is to "contain" China or resist its ascent, the almost ritual complaints that Washington meddles in security-sensitive internal Chinese affairs with its human rights agenda (particularly concerning Tibet and Xinjiang), and the remarkably intractable view in some PRC policy circles that the U.S. will at some point oppose the positive trajectory in mainland-Taiwan relations.

Genuine conflicts of interest and policy aims are part of the problem. So too are acts and ensuing statements from officials on both sides—ranging from Chinese charges of irresponsible U.S. financial regulation and illegal U.S. arms sales to Taiwan to American criticism of predatory Chinese currency manipulation and reckless PRC naval encounters with U.S. warships in the South China Sea—that undercut the optimism-supporting rhetoric. But the problem is more fundamental and thus farther beyond the reach of near-term summitry. The threats each side sees from the other are functions of capacity and will. The United States retains immense and varied means for frustrating China's protection of its interests and pursuit of its goals. China's sustained economic boom, the military modernization it has funded and the U.S.'s increased dependence on Chinese capital and diplomatic cooperation show China's accretion of the means to reciprocate. With such capacity comes, for the other side, worries about will. Neither the Obama administration nor the Hu leadership has been able to offer convincing representations of enduring benign intent, partly because that is a herculean task under most circumstances. But it is especially hard now, with China's rise being so rapid and new, American politics seemingly so polarized, unsettled, and focused on other issues, and the international order—especially its economic pillars—so recently shaken.

SUMMITS, SIDESTEPS AND SPOTLIGHTS

The Hu-Obama summit will not, and should not, grapple much with these big questions about the bilateral economic and political-strategic relationships. Such brief and carefully orchestrated presidential meetings are especially poor vehicles for handling large, long-term and complex tasks—at least where the two sides have not accomplished far more

than has been done this time to lay foundations and build frameworks. And this summit occurs at a moment when sidestepping such issues is especially sensible, given the low likelihood of progress and high risk of counterproductive outcomes.

Still, the summit matters for the underlying or overarching questions about the relationship and, therefore, sound summitry for both sides means being mindful of those issues. While Chinese foreign policymaking remains heavily, if somewhat decreasingly, focused on relations with the United States., presidential visits provide unique occasions to focus on China for top-level U.S. officials whose portfolios include mostly non-China-related responsibilities. Such relatively rare moments of high attention can have disproportionate impact on the policies that will affect the answers to the big questions in bilateral relations. So too, summits and their modest outputs can set tones and parameters for those farther down in the government who define and implement policies and shape the bilateral relationship, day in and day out. Even nearly four decades after President Richard Nixon's groundbreaking journey, a U.S. presidential visit to the People's Republic remains an especially powerful event in shaping American public perceptions of China and, in turn, the political latitude that the U.S. administration will have to engage China and shape the answers to big questions that will be sidelined at the summit. Increasingly, each of these phenomena also has its analogue on the Chinese side of the bilateral dialogue.

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Strategic Reassurance: A Chinese Perspective

By Da Wei

American officials have an impressive ability to invent catchwords that dominate the discourse of China-U.S. relations. In his speech on the Obama Administration's vision of U.S.-China relations in late September, Deputy Secretary of State James Steinberg made "strategic reassurance" a buzzword in Beijing, much as his predecessor Robert Zoellick had done with the term "responsible stakeholder" four years earlier. Whether or not President Obama adopts the term in his visit to China, the two countries do need to reassure each other about their respective strategic intentions. Given this reality and the current prominence of Steinberg's rhetoric, it is important to understand what "strategic reassurance" does or might mean at the moment of Obama's debut in Beijing.

In academic circles, strategic reassurance is by no means a new term. It has been an enduring issue for international relations theorists, especially defensive realists. In practice, China and the United States have given each other strategic reassurance continuously during nearly 40 years of engagement. Strategic reassurance has been a central feature of the relationship from the beginning: Without careful and subtle moves, including sending signals of incipient changes in policy toward one another, holding ambassadorial level meetings in Warsaw and conveying messages via Romania and Pakistan, the two countries could not have broken the ice in 1972. This "diplomatic minuet" is a textbook case of strategic reassurance.

REASSURANCE ON A NEW LEVEL: CHINA'S AGENDA IN THE GLOBAL SYSTEM

Although "strategic reassurance" is not a new concept or practice, when Deputy Secretary Steinberg talked about strategic reassurance in September 2009, he gave the term a specific, and somewhat new, meaning. Reassurance is usually about the other side's intention. For the United States in the 1970s, reassurance meant being reassured by the Chinese side that Beijing was committed to normalizing bilateral relations on mutually acceptable terms. In the 1990s, reassurance meant, at least in part, reassurance of China's commitment to embracing globalization and integrating with the existing international order. This time, reassurance is about whether "China is going to take its rightful place," as Deputy Secretary Steinberg put it, or a re-emerging China instead would challenge the established world order, the "vision of a new geopolitics of win-win solutions" and American global leadership.

The rise of China and the “non-American world.” the global financial crisis that began in 2008, along with other factors have pushed many people in the United States to a new and, for them, disturbing vision: the power structure of the world is reconfiguring and China has become such an important player that it could undermine the rules of the game if it is determined to do so. For better or for worse, China has come to be viewed as probably the second most important player, after the United States. The U.S. therefore now seeks a new set of strategic reassurances from China on unprecedentedly broad and fundamental issues: the global power structure, the roles of—and China’s and the U.S.’s roles in—international institutions, and China’s vision for the future international order. Many Chinese scholars have read a sense of China’s equality with the United States from Mr. Steinberg’s speech. At the same time, Steinberg’s call for strategic reassurance also reflects the anxiety of American decision makers about a reemerging China’s intentions.

REASSURANCE: NOT A ONE-WAY STREET

For many in China, the first reaction to the Deputy Secretary’s speech is: “Yes, we can reassure the U.S., but what will the U.S. do to reassure us about American intentions?” Mr. Steinberg provided a partial answer in his speech: “We are ready to accept a growing role for China on the international stage, and in many areas, we have already embraced it.” His statement is correct and constructive. China should credit the United States. for supporting China’s engagement and integration with the world. The U.S.’s relative openness to a rising power is perhaps the most important difference between the U.S. and previous European hegemony and great powers. China and the U.S. would have been doomed to great power rivalry or even conflict if the United States had adopted a more exclusionary strategy towards a rising China.

From a Chinese perspective, however, the U.S. view of strategic reassurance remains disturbingly one-sided: the United States wants China to give assurances that it will not challenge America’s core interests, but the United States has not been prepared to assure China that it recognizes and accepts a basic and core Chinese interest: the integrity of Chinese territory and Chinese sovereignty. The United States has never officially recognized that Taiwan is a part of China; it has only acknowledged, in the 1972 and 1979 Joint Communiqués, China’s position that there is but one China and Taiwan is part of China. The United States “reassured” China that it would reduce the quantity and quality of arms sales to Taiwan, in the 1982 Joint Communiqué, but has never delivered on the promise.

The shortcomings in U.S. reassurance are not limited to Taiwan. They extend to Xinjiang and Tibet. The U.S. Congress-funded “nongovernmental” organization, the National Endowment for Democracy, has granted almost half a million dollars each year to

organizations led by Rebiya Kadeer, who advocates the independence of Xinjiang from China.

Of course, these are complicated issues. American officials can invoke U.S. interests and U.S. interpretations of international norms to explain and try to justify U.S. policies. But it remains the case that strategic reassurance can only be successful when it is reciprocal. Surely, the United States would be less willing or able to offer any strategic reassurance that China might seek if, for example, China sold advanced weaponry to Cuba or supported radical organizations that undertook, or even encouraged and advocated, insurgency in Afghanistan or Iraq.

China is not expecting or demanding a dramatic policy reorientation from the United States during Obama's visit or in the near term thereafter. But small steps from the United States to show some respect for China's basic, core interests of territorial integrity and sovereignty can be important demonstrations of good will. One useful example is President Obama's decision not to meet with the Dalai Lama before his visit to Beijing. This is still far from satisfying from a Chinese perspective, but it was a welcome, if modest, signal that China recognized and understood clearly.

IS CHINA READY TO GIVE REASSURANCE?

In addition to being mutual, strategic reassurance must have the right content to be successful. Strategic reassurance is about showing benign intention, but it requires something more than reiterating an ideal vision of bilateral or international relations, for instance, asserting a commitment to a "peaceful rise" or a "harmonious world."

China may not be ready to provide this more complicated form of strategic reassurance. Intellectually and psychologically, China faces many questions, many of them generated or made more difficult by China's rapid rise. What is China's identity? Is it a developing or developed country? Is it a country that emphasizes absolute sovereignty or a citizen of a globalized world with more fluid forms of sovereignty? What are China's values, and are they universal or unique? What is the best way to achieve good governance in the developing world—insisting on principles of non-interference, or accepting, to some extent, the Western recipe that sees multilateral or even unilateral intervention as legitimate? Can China continue to rise and enjoy prosperity within the existing international power structure, or must it seek significant changes? Without a clear consensus in China on these issues and an effective mechanism to coordinate actions of Chinese government bureaucracies and private actors, people outside China will see mixed signals in China's international behavior. This will make the U.S. and others suspicious of China's strategic agenda and lead them to request more strategic reassurance from China.

It is not surprising that China has not been ready to offer such strategic reassurance or in other ways assume a greater global role. The United States became a major economy and a powerful state decades before it entered fully onto the international stage and assumed a leadership role with confidence and sophistication. The details in China's vision of "peaceful development" and a "harmonious world" are still under construction, and this limits China's ability to convey benign intentions and provide strategic reassurance to others.

The key point for China-U.S. relations on the eve of Obama's visit is this: China must be aware of the gap between its strategic importance and influence and its intellectual and psychological readiness to do what is necessary to provide effective reassurance; the United States needs to resist the temptation to make judgments about China's strategic intention from individual actions by a part of the bureaucracy or the business sector or other Chinese actors during an interim period when China has not yet developed the means to frame the meaning of such actions and limit their adverse impact on bilateral relations.

A STEP-BY-STEP FRAMEWORK FOR STRATEGIC REASSURANCE

Although Deputy Secretary Steinberg used the word "bargain" when he called for strategic reassurance between the United States and China, we should not think of strategic reassurance as a package deal that the two countries can simply negotiate and then implement. Strategic reassurance is ordinarily a process; it comes from an accumulation of confidence over time through step-by-step, often symmetrical, signals and actions.

Chinese scholar Tang Shiping's analysis offers guidance for how China and the United States might overcome the difficulties facing their respective quests for mutual strategic reassurance: If country A does something that it thinks can assure country B, then country A should make very clear to country B its aim and intent to reassure. If country B also thinks that A's action is a favorable step, it should express clearly that it received A's signal and then take a proportionate reciprocal action to reward country A. This can create a virtuous circle of reassurance. For this approach to work, both sides must commit not to always see the glass as half empty. When country A does something that can be or is meant to be reassuring, it can rarely satisfy country B's demand for reassurance completely. But country B should still acknowledge clearly that it has understood A's signal, and be willing to move reciprocally. By doing this, the two countries can build mutual confidence and reduce strategic suspicion gradually, incrementally and with acceptable levels of risk in a process that is sure to be fraught with uncertainty.

There are already many channels for interchange between China and the United States, including the Strategic and Economic Dialogue. Deputy Secretary Steinberg's call for strategic reassurance, and President Obama on his visit to China, can help give those

mechanisms a common theme and focus: to foster the assurance both sides seek. They can be venues for the two sides to articulate and identify explicitly the reassuring measures each side has taken and the reciprocal response it expects from the other side. Besides official channels, scholars in the two countries can set up a joint task force to identify, articulate and evaluate reassurance measures from each side. If the United States and China can cultivate such habits of reassuring each other and maintain momentum beyond the Hu-Obama summit and through the two presidents' remaining terms in office, then the two countries will be significantly more likely to sustain the cooperative, comprehensive and positive bilateral relationship that both sides' leaderships have agreed they should seek.

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Solidifying a Foundation for China-U.S. Cooperation

By Wu Chunsi

U.S. President Barack Obama's forthcoming visit has generated great interest and expectations in China. Although U.S. presidents' visits have always been important events in China-U.S. relations, Obama's has three distinctive features that create special opportunities for consolidating and building a cooperative bilateral relationship. First, bilateral relations are currently in very good shape. Although the two countries have significant differences over economic relations and a few other issues, there are no urgent conflicts that must occupy the attention of the two Presidents at their meeting. Second, President Obama's visit comes relatively near the beginning of his administration, earlier than has been the case with previous U.S. presidents' visits to China. Obama therefore has more time, and fewer constraints, to shape his administration's policy toward China. Third, Obama will go to China backed by what seems to be a bipartisan consensus in the United States in favor of maintaining good relations with China and stability in China-U.S. relations despite the change of administrations in the United States in 2009. Obama thus has better prospects for successfully avoiding the fluctuations that happened in the early stages of the William Clinton and George W. Bush administrations.

This auspicious setting creates bright prospects for using Obama's visit to move toward a significant breakthrough, perhaps one of strategic significance, in China-U.S. cooperation. The United States has been reluctant or ambivalent in characterizing its relationship with China as one of strategic cooperation or partnership. Nonetheless, the reality is that the China-U.S. relationship has become one of the most important in the world. After thirty years' evolution, this especially important relationship is poised to enter a new phase. Interactions between China and the United States have gone beyond merely bilateral relations. They have far-reaching international implications. Their importance and their character are such that they cannot be interpreted fully within the preexisting framework of international relations. Cooperation between China and the United States on regional and global affairs has expanded greatly and must progress further. In the context of the 21st century, global challenges require the two countries to develop a more solid and stable foundation for their relationship and cooperation.

In this setting, U.S. Deputy Secretary of State James Steinberg's call a few months ago for China to provide the U.S. "strategic reassurance" may seem unsettling. To some, it may sound too much like Cold War language. But it is more reasonable to interpret Steinberg's speech in a more positive way, one that does not undermine growing cooperative relations. "Strategic reassurance" is not a new phrase in international relations and is not limited to

the Cold War and similar contexts. Steinberg himself seemed to explain it in a way that meant to adapt it to post-Cold War developments in world politics and China-U.S. relations. Moreover, China-U.S. relations are fundamentally different from those between the United States and Soviet Union during the Cold War. The interactions between those two superpowers never developed key features that characterize current China-U.S. relations. They never achieved such intensive interdependence in economic areas or extensive cooperation on global and regional issues, with recent examples ranging from North Korea to the international financial crisis. From this baseline, and despite some significant differences on important issues (including, for example, trade and Taiwan), China-U.S. relations have been developing well in recent years. Further, the basic, very positive tone of current China-U.S. relations was set by the two Presidents at their first meeting on the eve of the G20 London summit. Presidents Hu and Obama undertook to build a positive, cooperative and comprehensive China-U.S. relationship in the 21st century.

This perception of the overall relationship should shape the understanding of the concept of “strategic reassurance” in China-U.S. relations. Both sides should recognize that for the other side to seek assurance is a normal preliminary step to investing more in cooperation. The purpose of “strategic reassurance” in China-U.S. relations today should be to realize the two Presidents’ consensus on the trajectory of bilateral relations.

At the Hu-Obama summit and beyond, China and the United States face another, especially urgent task: safeguarding and consolidating the progress that they have achieved in building cooperation. The current positive state of relations was not easy for China and the United States to accomplish, and both sides therefore must be vigilant in protecting what they have achieved and preventing setbacks or erosion of past gains.

Greater institutionalization is an important and potentially effective means to achieve such consolidation and to strengthen the foundation for further development of China-U.S. relations. The Strategic and Economic Dialogue (S&ED) is a good example of this approach. Of course the S&ED is not perfect or a panacea, but it is valuable and promising. It could develop to help with stabilizing and institutionalizing exchanges between the two militaries and building strategic trust. Even something as simple as more systematic recording and formal mutual acknowledgement of progress achieved and agreements reached on various issues could help the two sides effectively deliver mutual strategic reassurances and help bilateral relations move beyond reassurance into mutual trust and confidence. The task may not be as difficult as it seems. After all, the word “reassurance” implies—correctly in the context of current China-U.S. relations—that there have been successful instances of “assurance” between the two sides.

Cooperation is, of course, not just about the overall character of the China-U.S. relationship. It is also about many specific issues, in part because the two countries are involved in

almost all important international issues. In the run-up to Obama's visit, we have seen intensive interactions between Chinese and U.S. officials on a wide range of issues including climate change, clean energy, economic and financial issues, military to military relations and regional affairs. Progress on these issues is critical to world peace, prosperity and sustainable development, but it is also complicated and difficult to achieve. Undoubtedly, the summit will push forward cooperation on some of these issues, but it is important to remain realistic. There will still be differences on many important issues. The task for China and the United States is not to let such differences undermine broader smooth and constructive interactions. Consultation and cooperation in the bilateral relationship are themselves of great importance, no less significant than concrete results on specific issues.

In this area, Obama's visit and the Hu-Obama summit can help. It not only advances but also pulls together and amplifies progress on discrete issues. Presidential meetings also promote a focus on the broader relationship and what needs to be done to consolidate and strengthen cooperation. Presidential visits can also make such progress more likely by raising expectations that there will be progress. And there are strikingly high expectations in China on the eve of President Obama's visit. Finally, the Obama team's commitment to a "new diplomacy" that emphasizes soft power, smart power and multilateral partnerships raises further the prospects that the two sides will be able to build on the currently strong foundation of relations between the United States and a peaceful, friendly and developing China.

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Understanding Chinese Strategic Thinking on North Korea: An Imperative for the Summit

By Gilbert Rozman

North Korea remains one of the most pressing issues in U.S.-China relations and an inevitable focus of the summit between U.S. President Barack Obama and PRC President Hu Jintao. Successful U.S. policy on this issue at the summit and beyond requires a clear understanding of what drives Beijing's policy on North Korea and specifically where North Korea fits in Chinese strategic thinking.

This understanding has been elusive. Since 1993 policymakers have been eager to learn what China's priorities are in dealing with North Korea. While PRC officials reassuringly criticized the North's nuclear weapons programs, their reluctance to support measures other states regard as essential for denuclearization raised questions about China's seriousness. Some analysts excused Chinese hesitation as a response to unbalanced U.S. policies associated with "regime change" intentions and "axis of evil" rhetoric. Others explained it as an indication that China gives priority to the stability of its Northeast provinces, fearing a flood of refugees or the spread of chaos and the spillover of war if the North Korean regime were to collapse of its own accord or from outside pressure or intervention.

Missing in much of this analysis is any understanding of the links between Chinese views of North Korea and China's long-term strategic thinking.¹ This omission is a danger for U.S. policy although it is understandable. Despite the fact that China treats "strategy" as a matter of great importance, efforts to identify its "grand strategy" or to pinpoint how national strategy has changed—as China and its role in the region and the world have changed—have not fared well. Deng Xiaoping's warning that China should lie low and not provoke concern about its rise and today's instructions to officials, media, and academics to stress China's commitment to a "harmonious world" and other benign or bland intentions in discourse about international relations and to stress improving bilateral relations with other great powers and focus on solutions to discrete, near-term problems have concentrated attention on pieces of the strategic puzzle rather than on the big picture. North Korea has been a particularly sensitive subject on which Beijing has sought to avoid discussion of worst-case scenarios, although after the most serious provocations some

¹ I seek to do so in my forthcoming book, *Chinese Strategic Thought toward Asia* (New York: Palgrave, January 2010).

Chinese analysts were given the green light to criticize Pyongyang in a manner similar to what occurs in the West.²

Sound U.S. policy must probe deeper and recognize four strategic goals that shape Beijing's approach to the North Korea issue: 1) legitimating the Chinese Communist Party in conjunction with rebuilding relations with Russia and North Korea; 2) gaining the upper hand in competition with South Korea for influence in North Korea and in a managed process of reunification of the Korean peninsula; 3) shaping the course of regionalism and the regional security architecture in Northeast Asia in competition with the United States and Japan, and 4) positioning China for a global competition in which the two most serious threats remain U.S. hegemonism and the spread of universal values.³

First, North Korea still matters for communist party legitimation in China even if the North's current situation is mostly an embarrassment. The collapse of North Korea's socialist regime and absorption by South Korea would cast doubt on the wisdom of China's intervention in the Korean War and its extensive and costly support in the decades since then. A more reform-oriented and rebounding North Korea, even if its human rights record remained abysmal, would help renew pride in what socialism, redefined as it has been, can accomplish. Although observers differ on what defines Chinese national identity and some argue that Confucian themes have superseded socialist ones, socialism is still a vital and even growing pillar for the regime, reinforced by Vladimir Putin's nostalgia for the Soviet Union and amply on display at the sixtieth anniversary celebration of the establishment of the PRC on October 1, 2009 and in many policies, including compulsory courses in higher education on Marxism-Leninism with a dose of Maoism.⁴

Second, China's North Korea policies reflect its goals of minimizing South Korea's influence in the North and, in turn, better assuring protection of China's interests in any future Korean reunification. In cutting back economic ties and humanitarian assistance, South Korean President Lee Myung-bak had allowed the balance of influence with the North to shift in China's direction. Chinese Premier Wen Jiabao's visit to Pyongyang in October 2009 promised expanded economic ties. Seemingly in defiance of Security Council sanctions for which it had voted, China has been intensifying its stake in the North's consumer sector and natural resources as well as its overall commerce. Such moves understandably heightened

² Chu Shulong, "The North Korean Nuclear Issue Calls for New Thinking and New Policy," *Asia Security Initiative*, September 3, 2009.

³ The following discussion draws on evidence from open sources, internal sources (*neibu*), and interviews over many years that are the bases for the conclusions reached here.

⁴ Gilbert Rozman, "Chinese National Identity: A Six-Dimensional Approach" (Princeton, NJ: in a collection of papers entitled, "The East Asian National Identity Syndrome").

alarm in Seoul, which had been growing for several years, that North Korea in its international isolation is becoming increasingly dependent on China. Some South Koreans warned that without keeping pace with China an insurmountable gap would result.⁵ While such shifts matter in the short run, more serious implications, for Seoul and for Washington, lie in the leverage they give China over the possible terms and process of Korean reunification.

Third, China's approach to the Six-Party Talks on the North's nuclear weapons program are a crucial part of a broader Chinese effort to challenge the United States and Japan in shaping regionalism and regional security. China's position as host to the talks gave it an edge in an important regional security context over Japan and Russia, whose roles were marginal, and even over the United States, which depended on China at each stage to get the repeatedly stalled talks back on track. A similar pattern was evident in the fifth working group, formed in the February 2007 Joint Agreement, which had a goal of establishing a regional security architecture. While the United States was proposing norms and principles in pursuit of stable multilateralism on the foundation of U.S. alliances, China's wait-and-see approach seemed to reflect a sinocentric design that leaves room for more limited multilateralism and undermines the role of alliances. Chinese official media coverage of the North Korea nuclear crisis also was consistent with this regional security strategy. Frequent PRC criticism of U.S. hegemonism and of the U.S.-centered alliances as a relic of the Cold War further reflected broader Chinese intentions to transform the regional order.⁶

Fourth, the North Korea issue is a key opportunity, and test, for China's pursuit of greater influence internationally—a goal that Beijing sees as impeded by U.S. power and recently ascendant global values that are not China's. U.S. and PRC agendas on North Korea overlap sufficiently that they have raised hopes, perhaps too high, that progress would follow the Hu-Obama summit and receive a boost from it through increased momentum for U.S.-North Korea bilateral talks and, in turn, reinvigorated Six-Party Talks. Still, significant disagreements remain between Beijing and Washington and are likely to become more open as Pyongyang insists on substantial rewards in advance of a commitment to denuclearize. While many in Washington want to renew the spirit of the Agreed Framework of 1994, in which North Korean denuclearization is the price for normalization of bilateral relations and international economic assistance, Beijing does not seem to

⁵ Eugene Yi, "Outmaneuvering North Korea's Balancing Gambit," (Princeton, NJ: Princeton University senior thesis, 2008).

⁶ Gilbert Rozman, *Strategic Thinking about the Korean Nuclear Crisis: Four Parties Caught between North Korea and the United States* (New York: Palgrave, 2007), Chs. 5-6; Gilbert Rozman, "Post Cold War Evolution of Chinese Thinking on Regional Institutions in Northeast Asia," *Journal of Contemporary China*, Vol. 19, No. 65, (2010).

interpret the understanding reached with U.S. negotiators led by Chris Hill that resulted in the Joint Agreement as a Chinese commitment to get tough with the North to achieve denuclearization in return for a softening of the U.S. position. Instead, while urging Pyongyang to tone down its rhetoric and return to both bilateral talks with Washington and the Six-Party Talks, Beijing appears to favor an approach that puts carrots before sticks and leaves unclear whether denuclearization will result.

Several factors may embolden Beijing in pressing its views on the North Korea issue at the summit and beyond. China's sense of its international clout has grown with predictions that the U.S.-China G-2 would emerge as the core of the new G-20 that was replacing the G-8 and the attention Hu Jintao drew (second only to Obama) among the national leaders speaking at the UN summit in September. China's superior economic results in 2009 and the global financial crisis's exposure of failings in the U.S. economic model fuel China's confidence that the global balance of power is shifting in its favor and also that ostensibly universal U.S. values are being discredited. These developments make it less likely that China will accept U.S. preferences on North Korea and may encourage China to try to exploit expectations in the U.S. for accomplishments at the summit and Washington's need for Beijing's cooperation on issues beyond North Korea. At stake is not only resolution of the destabilizing impact of North Korea on Northeast Asia, but also the spillover to Iran's nuclear weapons program, where China's reluctance to cooperate with strong measures is also of great concern to the United States, and many other issues as well.

President Obama visits a China that stands at a crossroads. The likelihood is that China's surge of confidence will reinforce the impatient quest for realizing its previously established goals. Signs of this are evident in the way China was intensifying economic ties with Iran in the fall of 2009 and showing its disregard for a balanced approach in dealing with states subject to international monitoring for nuclear proliferation. China's handling of the North Korea issue at and after the summit may provide clearer evidence. To some extent, what happens depends on Pyongyang. It will soon be clear if the Kim Jong-il leadership will count on decoupling economic pressure from its provocative behavior as it determines that recent modest overtures to South Korea do not yield the massive assistance that it earlier received from Roh Moo-hyun's regime and that the election of more moderate leaders in the United States and Japan does not mean that it can keep buying time without having to prove its willingness to give up its nuclear arms programs. But much also depends on Beijing's choices. North Korea may be the most important test of China's strategic thinking and the trajectory of its grand strategy. If Kim keeps on the nuclear path, launching missiles and defying sanctions, while China blames the three allies for not compromising with this strategy, then it will send an unmistakable message that it is assertively pursuing a revisionist agenda to change the existing world order. That

approach may harm China's longer-term interests, as well as the United States'. But it is not inalterable.

There is room for the United States to affect China's strategic thinking through earnest diplomacy and giving China reasons to accept that China benefits from reinforcing the existing regional and global order. The Hu-Obama summit can be a part of that undertaking, provided that U.S. initiatives at, and after, the summit are grounded in a clear understanding of China's current strategic goals and the North Korea issue's place in Beijing's pursuit of those goals.

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What I *Wish* President Obama Could Say to President Hu about Taiwan

By Shelley Rigger

Ever since the United States and China normalized their relationship in 1979, American presidents have been constrained in what they can say about Taiwan. The official U.S. position on relations between Taiwan and the People's Republic China is that America takes no position, except on the process, which it says should be peaceful.

Chinese leaders are hypersensitive to presidential comments that stray beyond this anodyne formula, energetically protesting anything they believe constitutes interference in China's internal affairs. Unless he wants to make defending his Taiwan policy the focus of his interactions in China—and he understandably and sensibly does not—President Obama will stick to the established catechism. That is unfortunate because there are a few things that he cannot say but that Chinese leaders need to hear.

“DON'T BE IN A HURRY.”

Beijing's leaders need to be reminded that patience means being willing to wait. To be patient *with* someone means being willing to wait for the other side to be ready before both sides move forward together. President Hu Jintao's policy toward Taiwan claims to be patient. It says Beijing's primary concern is to make sure Taiwan does not lunge toward formal independence; formal unification can wait.

This wise approach has helped defuse anxiety in Washington and Taipei. In the past, when it seemed Beijing was in a hurry to solve the “Taiwan problem,” policymakers in the United States and Taiwan worried that Beijing's rush to unification would spark a military conflict in the Taiwan Strait. Shifting China's agenda to preventing Taiwan's independence puts all three governments on the same side of the focal issue, especially now that Taiwan's ruling party, the Kuomintang (KMT), shares Beijing's distaste for formal independence.

The trouble is, it is beginning to look as if Beijing's definition of “patience” meant only waiting until independence was off the table, then bringing the unification question back into play. While Beijing's stated policy has not changed, officials in Taiwan report they feel increasing pressure to open political talks—the first step toward a negotiating process in which unification is, for Beijing, the ultimate prize.

“DON’T EXPECT UNIFICATION TO SOLVE ALL YOUR PROBLEMS.”

Advocates of unification have always treated it as an end – a goal to be achieved, a task to be completed. But formal unification would not be an end, but the beginning of a new relationship between Taiwan and the People’s Republic of China. Even *talking* about unification unleashes devilish dilemmas. Actually doing it will be, at best, difficult and painful—and not only for Taiwan.

These two territories rarely have been governed together. When Taiwan was last ruled from the mainland, the PRC had not yet been born. The two sides of the Strait were politically separated and largely isolated from one another for all but twenty-five of the past 115 years. The idea that signing a unification deal (be it the product of negotiation or coercion) will make all of that history irrelevant is fanciful.

Successful unification will require smart incentives and a long campaign to win hearts and minds in Taiwan—and even those measures may not be enough. If such efforts fall short, reunification will mean compelling people in Taiwan to do something they very much do not want to do, and that is inevitably costly. The PRC government has enough experience with political unrest that it should recognize that a deal that requires absorbing 23 million angry, frightened people who are expecting the worst would be a bad idea.

“DON’T BELIEVE EVERYTHING YOU READ ABOUT MA YING-JEOU.”

Taiwan’s opposition Democratic Progressive Party is telling anyone who will listen—and many who will not—that Taiwan’s president Ma Ying-jeou is about to commit Taiwan to a political relationship with China that makes unification inevitable. This is a seductive notion for politicians in Beijing, but they need to be realistic. There is no support among Taiwan’s public for unification in the near term, and little support for it even in the distant future. The closer unification seems to be, the less Taiwanese like it. Ma is a democratically elected president whose policy toward mainland China has to be negotiated with other institutions, other members of his own party and other political elites. “Selling out Taiwan” is not something he could do all by himself, even if he wanted to.

“DON’T RELY ON PARTY-TO-PARTY TALKS.”

On the mainland, the Chinese Communist Party (CCP) and the PRC state are functionally indistinguishable. The CCP is the PRC’s constitutionally-designated ruling party and controls the state apparatus in practice, so it can negotiate on behalf of the state and deliver its consent. It does not work that way in Taiwan—not anymore. Taiwan moved beyond party-state authoritarianism twenty years ago, and citizens would not welcome, or tolerate, signs of its return. KMT politicians can talk to their CCP counterparts, but they cannot make

binding promises or deals on behalf of the Taiwanese state or people because KMT politicians represent only themselves or parts of their party. The real authority to act belongs to government leaders in their official capacity. Any deal concluded solely between the KMT and CCP can not, will not, and should not bind Taiwan today or future Taiwan leaders.

“DON’T OVERESTIMATE YOUR OWN BENEVOLENCE.”

Since Ma Ying-jeou took office in May 2008, tensions between the two sides have subsided markedly. After a decade-long hiatus, the two sides have restarted talks between their respective quasi-official negotiating bodies, Taiwan’s Straits Exchange Foundation and the mainland’s Association for Relations Across the Taiwan Straits. They have relaxed restrictions on shipping, direct flights and economic transactions, and the number of Chinese visitors crossing the Strait is up sharply. China also appears to be honoring a tacit “diplomatic truce,” in which the two sides suspended their long-standing efforts to poach one another’s diplomatic partners. Beijing even allowed Taiwan’s representatives to participate, as observers, in the World Health Assembly in May—Taiwan’s first appearance at a UN-affiliated agency in almost forty years.

This is all good news, but it does not add up to a game-changing breakthrough. Most of the changes are incremental, expected, overdue and reversible. Taiwanese view these developments with relief. They are welcome gestures of goodwill. But they are not a retreat from China’s long-standing policies, and when Taiwanese (or others) recommend more concrete measures (say, removing short range ballistic missiles targeting Taiwan) Beijing balks.

“IMPLEMENT ECONOMIC POLICIES THAT WILL CONTRIBUTE TO A RECOVERY IN TAIWAN.”

Taiwanese have been living with the threat of Chinese military aggression for decades. The leverage that threat provides is entirely negative: it keeps Taiwan from grabbing for formal independence, but it does nothing to make Taiwanese want a closer relationship with China—much less integration or formal reunification. China’s positive leverage comes from economics. Taiwanese do want closer ties to China when they think they have something to gain economically.

Beijing has used this positive economic leverage cleverly in the past, by, for example, increasing imports of agricultural goods to entice Taiwanese farmers (not historically a pro-China constituency) to become advocates for increased cross-strait trade. If China has more such economic incentives to offer, the time to use them is now.

Taiwan's economy is in trouble, and the much-ballyhooed measures to speed up cross-strait trade and investment over the past eighteen months have not reversed Taiwan's economic slide. Taiwanese are starting to question whether hitching Taiwan's economy to China's makes sense or is worth the political risks it brings. If Beijing (and Taiwan's own pro-engagement government) loses the debate over the benefits of economic integration, overcoming Taiwanese resistance to closer political ties will become much more difficult.

China is trumpeting its own impressively strong and early economic recovery. If Beijing wants to use this economic boon to advance its Taiwan policy and build cross-strait relations, it needs to find new ways to spread some of the benefits to Taiwan.

THE IMPORTANCE OF UNSPEAKABLE TRUTHS

While President Obama will not say such things to his summit hosts, Beijing's leaders do not really need to be told any of this anyway. They know full well that unification is unpopular in Taiwan, and that pushing Taiwan too hard, too fast will produce crippling blowback. But they need to believe, and to be able to reassure skeptics and hardliners at home, that unification will be possible someday. It would be nice if President Obama could discuss positive steps that Beijing could take to advance its interests and, at the same time, protect U.S. interests—which include stable and improving relations between Taiwan and the PRC. But in the paradoxical world of U.S.-Taiwan-China relations, any such discussion would be destabilizing and unwise. Still, the truths Obama cannot speak are important. They remind U.S. policymakers of where the potential stumbling blocks are for the recent cross-strait warming trend and where the responsibility for setbacks, and prospects for recovery, may lie if—or when—cross-strait relations run into trouble.

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Obama's Visit to China and Facilitating a Lasting Peace across the Taiwan Strait

By Chen-shen J. Yen

Nearly ten months into his term, U.S. President Barack Obama embarks on his first Asian trip which will include Japan, Singapore, China and Korea. The first and the last stops are visits to traditional allies of the United States and the Singaporean leg is part of the APEC summit. The visit to China will garner the greatest attention. U.S. presidential journeys to China are always closely watched, and this one is especially compelling, given the now-universal acknowledgement of China's emergence as East Asia's greatest regional power and an emergent global power. In addition, China is establishing an increasingly important role as a partner for the United States in addressing important global issues ranging from the economic crisis to climate change to regional and international security. One issue that has at times been a major concern in past U.S.-PRC summits and a chronic source of tension in U.S.-China relations—Taiwan—will be peripheral to the agenda when Hu and Obama meet. And that is generally a good thing. It reflects: a bilateral commitment to stable and positive relations which, often and under current conditions, is good for Taiwan; recently improved mainland-Taiwan relations and Beijing's and Washington's comfort with the cross-Strait warming trend; and the likelihood that the recent progress in cross-Strait will continue, or that the basic status quo will endure or at least that Taiwan-mainland relations will remain free from coerced or destabilizing change. Although they will not make Taiwan a focus of the summit, the good prospects for further progress, and the relatively low risks of promoting such progress, do create an opportunity for a constructive U.S. role at or after the summit.

In Taipei, of course, Obama's trip to Shanghai and Beijing has raised concerns, as visits by other U.S. presidents to China have: Will there be any discussion on Taiwan? Will the U.S. yield to China's demands for greater acceptance of its positions on the status of Taiwan? Could there be a Fourth Communiqué⁷ between the two powers that would compromise the core interests of Taiwan? Will the American and Chinese leaders make some pronouncement that will be an unwelcome surprise to the authorities or the public in Taiwan? Such worries are unfounded this time, for several reasons.

⁷ The first three communiqués – the Shanghai Communiqué of 1972, the Normalization Communiqué of 1979 and the August 17, 1982 Communiqué addressing arms sales have all been considered, especially in Taiwan, damaging Taiwan's interests.

First, Beijing and Washington are committed to accentuating and reinforcing the positive and cooperative elements in their relationship, and downplaying points of conflict. Focusing on Taiwan issues would not do much to advance this goal, even though current unusually good Taipei-Beijing-Washington triangular relations mean that the risks of doing so are less than they often have been. This emphasis on the positive has been pervasive and rooted in collaboration in practice. Since 2001, China's support and acquiescence have been important for the United States in its War on Terrorism. After the financial tsunami of 2008, Beijing became the most significant partner for Washington in efforts to rescue the stricken global economy. China's cooperation has been so valued that on the eve of her visit to China early this year, Secretary of State Hillary Clinton referred to the relationship between the two powers as one of crossing the river and weathering the storm on the same boat, or *tongzhou gongji*. Secretary Clinton, while acknowledging the two sides' different perspectives on human rights, assured her hosts that the United States would not impose its own values on China. She emphasized instead that the two countries share many vital interests, including denuclearization of the Korean peninsula, reduction of global carbon emission, and revitalization of the world economy.

Once-prominent U.S. criticisms of PRC behavior have faded in recent months. During his campaign, then-candidate Obama repeatedly accused China of manipulating its currency, keeping its value artificially low against the U.S. dollar and contributing to the bilateral trade imbalance. Treasury Secretary Timothy Geithner, in his confirmation hearing, similarly argued that the renminbi was undervalued. Later, talk of pressuring China to permit greater appreciation of its currency mostly disappeared from administration statements. Obama's decision not to receive the Dalai Lama before his visit to China reinforced Secretary Clinton's earlier signal that the administration does not want its support for religious freedom to stand in the way of much-improved bilateral relations. Of course, some points of friction and disagreement have been in the mix and are on the summit agenda. Trade issues are the most prominent, reflected in recent controversies over China's dumping of tires and oil pipe products in American markets. But these are relatively manageable points of discord compared to the conflicts that might have erupted over human rights, currency manipulation and, historically, Taiwan.

Second, the state and trajectory of cross-Strait relations are such that neither Beijing nor Washington now sees a need to make Taiwan or Taiwan's status an issue for the summit or in bilateral relations more generally.

Ma Ying-jeou's ascension to the presidency of Taiwan in 2008 has eased the tensions with Beijing and turned a new page in cross-strait relations after eight years of turbulence under President Chen Shui-bian. Ma's conciliatory policy of engagement has superseded the

confrontational approach of his predecessor who reneged on his five nos⁸, pushed referenda on sensitive issues with implications for Taiwan's status,⁹ and engaged in brinkmanship over Taiwan's de jure independence.¹⁰ Chen's transformation from a pragmatist who took U.S. interests into consideration into a more ideological politician who was willing to create trouble for Taiwan's indispensable ally as long as there were political gains to be made, became an irritant for Washington (which branded Chen a "trouble-maker") and forced the United States into an unwelcome role in cross-strait relations. Chen's defiant stance toward China prompted the Communist authorities to press the U.S. to rein in Chen—something Beijing was ill-equipped to do on its own, lest its rhetoric or actions solidify or expand Chen's support or sympathy among Taiwan's populace.

Ma, in contrast, has avoided such provocation, offering positions such as the "three nos,"¹¹ "mutual non-denial"¹² and a "diplomatic truce"¹³ with the mainland. Under Ma, talks between the quasi-official Straits Exchange Foundation (SEF) on the Taiwan side and the Association for Relations Across the Taiwan Straits (ARATS) on the mainland side have resumed after a dozen-year suspension. Chairman-level meetings have occurred three times¹⁴ since Ma took office, something that had happened only once before¹⁵. The new

⁸ In his inaugural speech of 2000, President Chen announced the following five nos regarding cross-strait relations: 1) no formal declaration of Taiwan independence, 2) no changing Taiwan's official name, 3) no revision of the constitution to characterize cross-strait relations as "state-to-state" relations (a term then-President Lee Teng-hui had introduced in a controversial interview in 1999), 4) no referendum on Taiwan's independence, and 5) no abolition of Taiwan's National Unification Council.

⁹ The most controversial of these was a referendum in March 2008 on whether Taiwan should seek to join the United Nations under the name Taiwan. Two referenda in March 2004 had addressed the basis of cross-strait relations and Taiwan's arms purchases in light of China's refusal to renounce the use of force against Taiwan. All referenda failed to pass.

¹⁰ Chen's most controversial phrase was his 2002 statement that there was "one country on each side [of the Taiwan Strait]" (*yibian yiguo*).

¹¹ Ma's three nos are "no unification, no independence, no use of force" (*butong, budu, buda*).

¹² Beijing has in the past maintained that Taiwan is a "renegade province". President Lee Teng-hui's assertion of a "special state-to-state relations" and President Chen Shui-bian's insistence of "one state on each side of the Strait" have all been vehemently rejected by China. Ma, knowing that mutual recognition between Taipei and Beijing is presently not possible, opines that both sides can at least attain mutual non-denial.

¹³ For decades, Taipei has been engaged in a battle of diplomatic recognition with Beijing, trying to lure away, or keep, diplomatic partners by offering various assistance programs in exchange for diplomatic relations. President Ma decided to stop this approach with a "diplomatic truce" and China appears to have responded to this overture positively by quietly rebuffing those countries that seek to switch recognition from Taipei to Beijing. This has, for now, secured Taiwan's number of diplomatic allies at twenty-three.

¹⁴ SEF Chairman Chiang Pin-kun and ARATS Chairman Chen Yunlin have held three rounds of talks (June

approach has yielded substantial progress, including direct air links, agreements on economic and other “functional issues” and a general atmosphere in cross-Strait relations that has moved beyond rapprochement to, or toward, amity.

With these developments and the creation of multiple channels for cross-Strait dialogue, Beijing does not now need to go through Washington to reach Taipei. And Washington foresees much less need to engage in deterring either side from provocative and destabilizing moves.

Finally, the absence of Taiwan from the summit agenda is also sensible and wise because there is relatively little risk of crisis or coerced change in a cross-Strait status quo that is acceptable to both parties and because recent developments have created opportunities for the United States and Beijing to promote further progress through unilateral and nonthreatening efforts at the summit and beyond. Obama should follow up on the Clinton administration’s adumbrated but never truly implemented policy— calling for the double renunciation of use of force by Beijing and declaration of independence by Taiwan. The recent advances in cross-Strait relations enhance this opportunity. Clear renunciation of the pursuit of *de jure* independence by the Ma government and the credible commitment that a KMT government will continue to honor that pledge should be enough to warrant Beijing’s reciprocating by committing not to use force against Taiwan. A convincing PRC commitment to this bargain, in turn, should reduce the feeling in Taiwan that it needs to seek independence. This arrangement would help sustain the status quo for the foreseeable future. Washington can help but it needs to seize the opportunity now before negotiations between Taipei and Beijing turn from economic and functional issues to more sensitive and potentially contentious political issues.

Even a bolder initiative need not create unacceptable risks to any side. The United States could encourage Beijing and Taipei to accept the idea of a vote on Taiwan’s future status with the condition that any change in status would require a majority on both sides of the Strait. Under this principle, even a Taiwan vote for independence would not provide legitimate support for a change in status absent approval by a majority on the mainland. Similarly, pressure from Beijing to reunify would be illegitimate absent, for example, a fair popular vote (rather than a mere assertion by the government that most people on the mainland favor independence) and approval by the majority of the electorate in Taiwan through uncoerced democratic processes. Both are quite unlikely, and the latter is conceivable only if Beijing could make a very attractive offer for unification, one sufficient

2008, November 2008, and April 2009) and will have their fourth meeting in December 2009.

¹⁵ This was the 1993 SEF-ARATS chairman-level meeting between Koo Chen-fu of Taiwan and Wang Daohan of China.

to win over Taiwan's electorate peacefully. The likely result of a continuation of the status quo and the mechanism that probably would produce that result but that might lead to an uncoerced change in the status quo are consistent with long-standing U.S. commitment to peaceful resolution of cross-Strait issues and peaceful evolution of China.

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China, U.S. Should Start Strategic Dialogue on South and Central Asia

By Shao Yuqun

The expectation in China is that President Obama's visit will continue and strengthen the stability and positive atmosphere that have characterized China-U.S. bilateral relations since Obama's inauguration. The two sides have many issues to discuss, including economics and trade, climate change and energy, and the North Korea nuclear issue, among others. A topic that they will not spend much time on during this visit but that is very important today, and will become more so in the near future, is South and Central Asia.

The United States is the most important outside factor in South and Central Asian regional security. China, as a state in the region, has important security concerns and a major role to play in regional security. The two states' interests in the region are increasingly complex and interactive. This makes it imperative for the two states to begin a sustained and focused dialogue as soon as possible.

WHY SHOULD WE TALK?

The security situation in South and Central Asia has critical implications for China's policy toward states on its periphery. That policy emphasizes developing friendly relations with neighboring countries in order to maintain stability and promote economic development in China's boundary areas. The current security situation in the region, however, has posed great challenges, including threats to the stability and peace of China's western areas. The July 5, 2009, riot in Xinjiang is recent, clear evidence of this problem. Outside its borders, China has close energy cooperation arrangements with some Central Asian countries, specifically Kazakhstan and Turkmenistan, which China regards as an important part of its overall energy strategy. The gradually worsening security situation in this region has made China worry about potential threats to the pipelines that deliver Central Asian energy resources to China.

China is a member of the Shanghai Cooperation Organization (SCO), which is committed to promoting security, economic development and cultural exchanges among the member countries within the region.¹⁶ Economic cooperation, especially in finance, infrastructure

¹⁶ SCO member countries include China, Kazakhstan, Kyrgyzstan, Russia, Tajikistan and Uzbekistan. Observers include India, Iran, Mongolia and Pakistan. Other states and interstate organizations in South or

and transportation sectors, within the SCO framework helps member countries increase their economic strength. In the long run, the SCO also holds great promise in promoting stability in the region. At present, however, the somewhat hostile competition between SCO's efforts and other regional cooperation efforts led by the United States has impeded the realization of this potential. It also has led to wasting some of the limited resources—including resources supporting economic development—that the U.S. and China and its SCO partners can contribute to the region. All sides lose in this situation.

Since September 11, 2001, South and Central Asia have reemerged as a major factor in the grand strategy of the United States. Although the United States won the war in Afghanistan within a short period of time, it did not define a clear and sustainable strategy towards Afghanistan or the region as a whole. Of course, the U.S. has had some successes. In addition to the initial military victory in Afghanistan, it has established a closer strategic relationship with India, a rapidly growing regional power with increasing influence in international affairs. The United States also has expanded its military presence to Central Asia, which traditionally had been Russia's backyard.

These successes, however, have raised concern in China about the implications for its interests in the region. The successes also have coexisted with mistakes and failures. Partly due to flaws in U.S. policy, the number of insurgents in Afghanistan has risen quickly. The resurgent Taliban has been in control of many parts of the country. The U.S. and its partners have been unable to overcome daunting challenges, such as training sufficient Afghan national police, dealing with problems of corruption and the drug trade, distributing aid through proper and effective channels and so on. Disagreements have sharpened between the U.S. and its NATO allies over Afghanistan in recent years. The image of the United States in the region reached a low point.

Very early in his administration, Obama shifted the focus of U.S. counterterrorism from Iraq to Afghanistan and declared an Afpak strategy that saw Afghanistan a “war of necessity” and promised to defeat al-Qaeda in Afghanistan, and thereby prevent the spread of anti-U.S. rule to neighboring Pakistan, by transforming Afghanistan's economic, political and security infrastructure, committing more U.S. troops to Afghanistan, and pressing for more aggressive efforts in Pakistan's tribal areas. Yet, on the eve of Obama's visit to China, there is a new heated debate about AfPak and South and Central Asia strategy going on in Washington, with Obama promising a decision on Afghanistan policy in the near future. As the Obama administration has realized that its strategy should have a regional dimension, it has sought cooperation from China. But simple calls for cooperation are not enough. The

Central Asia have participated as dialogue partners or guests, including Afghanistan and the Commonwealth of Independent States.

United States must engage China about the U.S.'s overall regional strategy—something that many American strategists seem to think the nation does not have.

WHAT TO TALK ABOUT?

A China-U.S. strategic dialogue on South and Central China can help avoid bilateral friction and promote mutual interests on several regional security issues. The dialogue should focus on:

(1) The strategic goals of China and the United States in the region.

President Obama said that the U.S. has “a clear and focused goal: to disrupt, dismantle and defeat al-Qaeda in Pakistan and Afghanistan, and to prevent their return to either country in the future.” Unfortunately for the U.S., this goal has not been received warmly in the region. Many think that the U.S. must have a “hidden agenda,” such as containing Russia, China and Iran, removing the nuclear capability of Pakistan and so on. Despite such suspicions, the United States does have significant and historically grounded geopolitical and economic interests in Afghanistan and the whole region. But America has not incorporated or explained those interests in its new strategy or the elaboration of that new strategy. This has made the strategy less convincing to those in the region, including China.

As an immediate neighbor, China faces threats to its interests from the perilous situation in Afghanistan and the region. Recently, however, U.S. think tanks and media have become increasingly critical of China, arguing that the country is reaping benefits (for example, with its large investment in the Aynak Copper mine) while the United States is sacrificing its blood and treasure to provide the relative security and stability upon which such economic gains depend. Some Americans even suggest that China is all too happy to see the United States repeating the mistakes of the Russians in Afghanistan. In this view, such setbacks for the U.S. are opportunities China welcomes for expanding its own influence. Such suspicions are misplaced. Learning from its own experience, China believes that economic growth and poverty alleviation—which can be promoted through foreign investment and aid—are the first, essential steps to bringing peace and stability to troubled states and to the region as a whole. Moreover, China's genuine commitment to a doctrine of peaceful development and its focus on a full and challenging domestic agenda mean that the country has no interest in an old-style Great Game to compete with the United States for dominance in the region.

A China-U.S. regional strategic dialogue could help alleviate such misunderstandings about each side's strategic goals in the region and foster cooperation in areas of mutual interest.

(2) Peace and stability in India-Pakistan relations

The India-Pakistan rivalry has a major impact on the regional security situation. This troubled bilateral relationship has created a difficult situation for the U.S. mission in Afghanistan. The United States cannot persuade Pakistan to move troops from the Indian border to its western border to fight Taliban militants and terrorist groups. The United States also has been unable to persuade India to restart its dialogue with Pakistan. This India-Pakistan rivalry thus undermines the regional approach that the Obama administration wants to adopt in its Afpak strategy.

China, too, has great interest in a peaceful and stable bilateral relationship between India and Pakistan, two nuclear-armed major powers that border China. That is why, after the Mumbai terrorist attacks in November 2008, China sent its Special Envoy, Vice Foreign Minister He Yafei, to Islamabad and New Delhi. He expressed hope to his counterparts in both countries that Pakistan and India would handle relevant problems properly through consultation and cooperation.

Because China and the United States both have important stakes in an easing of tensions between India and Pakistan and have different types and levels of influence with New Delhi and Islamabad, they can and should use a bilateral China-U.S. strategic dialogue to advance their shared interests.

(3) Regional Economic Integration

China and the United States also share interests in promoting regional economic integration. The United States started to promote free trade among Central and South Asian countries at the end of the Bush administration, with a particular focus on exporting surplus electricity from Tajikistan and Kyrgyzstan to Afghanistan, Pakistan and India. However, because of the worsening security situation in Afghanistan, distrust among Central Asian countries about U.S. aims and role in the region and other factors, the U.S. efforts have not yet produced results. This has meant foregone opportunities for economic development and, in turn, stability in the region.

China has made persistent efforts to promote regional economic integration within the framework of SCO. In the context of the international financial crisis, China offered more ambitious proposals to foster economic cooperation among the member states of SCO. The proposals cover finance, trade, economic, infrastructure, energy, transportation, agriculture, customs, science and technology, communications and other sectors. China has also pushed the SCO to become a more open and transparent organization in order to play a bigger role in regional economic integration.

Of course China and United States have different priorities in their agendas for regional economic integration. And each has been very alert to how the other's economic integration programs might have unfavorable political and security implications. Nonetheless, because both China and the United States understand the positive impact that regional economic integration and cooperation can have in improving the security situation in the region, a bilateral strategic dialogue on regional issues could facilitate potential collaboration and coordination.

WHEN SHOULD WE START TALKING?

China and the United States have already had exchanges of views on issues related to Afghanistan and the broader Central and South Asian region on several occasions, including SCO meetings¹⁷ and bilateral talks. But these exchanges are not enough. What the two countries need is a comprehensive, multilevel strategic dialogue focusing on Central and South Asia. The summit is not a viable, and perhaps not an appropriate, occasion for committing to such a dialogue. But that dialogue should begin soon after the summit. President Obama's decision on the U.S.'s Afghanistan strategy will provide an opportune moment: it is coming soon; it will clarify Washington's position on one of the key issues in the broader regional policy landscape; and it will focus both sides anew on the important place of Central and South Asian security issues in U.S.-China relations.

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¹⁷ In March 2009, U.S. Assistant Secretary of State for Central and South Asia, Patrick Moon, participated in the SCO Afghan conference in Moscow.

The Summit and U.S.-China Cooperation on Climate Change: A Roadmap through Beijing and Copenhagen

By Terry Cooke

Although overshadowed in 2009 by the global recession and North Korean nuclear proliferation concerns, another major international challenge—climate change mitigation (and its implications for national security, technological competitiveness, and investment mobilization)—has figured prominently in the Obama administration’s dialogue with China. What does President Obama’s trip to Beijing promise for this bilateral dialogue on environmental sustainability? Globally, might the two countries be able to build on this track-record of their strategic dialogue—and their formal Strategic and Economic Dialogue (S&ED)—to achieve a breakthrough in time for the UN Framework Talks on Climate Change Cooperation (“Cop15”) taking place in Copenhagen in December?

The hope giving rise to these questions is clear. A U.S.-China breakthrough at or immediately after the summit would position the United States under the Obama administration for a starring role at global climate change talks, following its much-criticized absence from the earlier Kyoto Protocol. For China, a spotlight in Copenhagen on U.S. and Chinese joint leadership would give substance to its assertions about China’s “peaceful rise” and pursuit of a “harmonious world” and help burnish its credentials as a responsible stakeholder in the international system.

Yet, despite months of intense effort, no great meeting of minds at the summit in Beijing nor a U.S.-China-brokered breakthrough at Copenhagen is likely to happen. The philosophical and political divide between China and the United States on climate change issues is too deep and the effort to establish common ground and practical engagement is still too shallow to realize these hopes.

President Obama and his administration will focus instead on more achievable goals. These include working with the Chinese leadership to narrow differences in the two sides’ approaches to multilateral talks, to provide fresh impetus and more constructive direction to the U.S.-China climate change agenda, and to articulate U.S. goals more clearly to the Chinese public and policy community. At home, Obama will need to work strenuously with his team to address deficiencies in the U.S.’s sustainability agenda with China. These include the need for greater focus on the linkage between economic and environmental sustainability, clearer lines of bureaucratic authority, and reappraisal of the trade associations and consortia partnering with the administration’s effort. Only then can substantive breakthroughs be expected.

THE ROADMAP FOR U.S.-CHINA COOPERATION IN ENVIRONMENTAL SUSTAINABILITY

In *Hot, Flat & Crowded*, Thomas Friedman highlighted clean energy innovation and technological cooperation as ways of rebuilding American global competitiveness and re-establishing global leadership. Prepped by China policy experts during the presidential primary campaign, the two leading Democratic candidates both came to see opportunities for refashioning the U.S.-China relationship through the prism of climate change and environmental sustainability. Since Obama came to office, he has pressed a program of clean energy cooperation between the U.S. and China—dubbed the U.S.-China Climate Change Roadmap—that is now underpinning a strategic effort to transform the tenor and substance of the U.S.’s bilateral relationship with China in more positive and cooperative terms.

Politically, this approach has had the added advantage for Obama’s team of marking a clear break from the previous Republican administration. Under George W. Bush, non-military aspects of executive branch policy toward China were channeled through the Strategic Economic Dialogue (SED) process chaired by Treasury Secretary Hank Paulson. Given Treasury’s mandate, the bureaucratic politics of the Bush administration SED process shunted issues in the bilateral dialogue onto a single track—one based on the politics of yuan/dollar exchange rates. Despite a commendably patient and strategic approach, this focus yielded only limited results on currency issues¹⁸ and produced in the public mind a perception of a zero-sum negotiations and a cycle of blame: U.S. negotiators would trace yuan undervaluation to China’s structural over-dependence on exports and Chinese citizens’ “oversaving” while China’s negotiators would point to U.S. government structural deficits and American consumers’ over-consumption.

At the beginning of the Obama administration, the President and his Secretary of State were both primed to use the climate change roadmap as a new track for strategic engagement with China, one offering a win-win opportunity for the U.S. and China and for the wider world affected by climate change. Together the two countries account for 40 percent of global carbon emissions (as well as a comparably outsized share of other emissions). As, respectively, the largest historic and current emitters of carbon dioxide, the U.S. and China are seen by the world as being responsible for most of the negative impacts of climate change.

This real and perceived responsibility offers a broad opportunity if the United States and China can bridge philosophical differences and forge collaborative leadership across the various domains—regulatory convergence, scientific and research exchange, technology innovation and deployment, investment formation and direction, etc.—needed to mitigate the fall-out of climate change. In so doing, China would earn international recognition as a responsible stakeholder in the global system. The United States, in turn, would win a powerful partner for tackling a top national security priority, reset its relationship with

¹⁸ This process may have contributed to the 21.5% increase in the yuan’s value against the dollar from mid-2005 to mid-2008, but this modest increase has stalled since the onset of the global financial crisis, effectively “re-pegging” the yuan’s value to the dollar.

China in ways conducive to accommodating smoothly China's rise and growing economic clout, and rebuild the U.S.'s reputation from the damage caused by the U.S.'s absence from international climate change efforts in recent years.

Recognizing this set of issues, Obama restructured and renamed the inter-agency process with China to put it on two principal tracks of engagement. The name of the Strategic Economic Dialogue was tweaked to become the Strategic *and* Economic Dialogue. More significantly, the Dialogue was re-organized on a new co-chairman basis with Treasury Secretary Timothy Geithner chairing the economic component (with currency issues still being a central focus) of these talks and Secretary of State Hillary Clinton chairing the new strategic track, which included a focus on the (environmental) sustainability partnership with China.

TEST-DRIVES FOR THE PRESIDENTIAL TRIP

Throughout 2009, the challenges of stabilizing the global economy through coordinated stimulus measures and constraining North Korea's nuclear adventurism through cooperation among the group of five parties to the Six Party Talks process have taken much of the bandwidth in the U.S./China bilateral relationship. Still, there has been some capacity to address longer-range issues and discuss more proactive efforts. Here, the focus has clearly been on advancing the U.S./ China climate change road map:

- Prior to her inaugural trip to Beijing as Secretary of State in February 2009, Clinton made climate change, rather than human rights, the featured element of her agenda, holding a press event to spotlight the topic at the Asia Society in New York on the eve of her departure and including a well-publicized visit to an energy-efficient power plant joint venture between GE and a local Chinese partner during her trip;
- In April, Presidents Obama and Hu Jintao agreed to intensify policy dialogue and practical cooperation in energy, the environment and climate change through the China-U.S. Ten Year Energy and Environment Cooperation Framework. They called for more active cooperation in energy efficiency, renewable energy, and clean energy technologies and pledged to work with other states and other international parties wanting positive results at the Copenhagen conference;
- In trips to China in July and October 2009, Energy Secretary Steven Chu and Commerce Secretary Gary Locke advanced a series of U.S.-China initiatives in clean energy: funding a joint research center on clean energy in both countries; broadening access for wind power technology in the Chinese market and supporting public-private partnerships to reduce greenhouse gas emissions, and
- Throughout 2009, the Obama administration's lead negotiator for climate change issues, Todd Stern, engaged repeatedly with his Chinese counterparts in an effort to overcome the fundamental differences dividing the two countries' approaches to the upcoming 'Cop15' meeting.

POTHoles ON THE ROAD AHEAD

The basic contour of the philosophical chasm dividing the United States and China's approaches to climate change is well-known. China has been largely unwilling to relinquish its claim¹⁹ as a "developing economy" to unlimited carbon emissions over coming decades. The United States, in turn, has been unwilling to accept stringent caps on its own carbon emissions unless China accepts clear limitation of its own.

It will take time, ingenuity and political will for China and the United States to move beyond this stalemate (and the domestic politics that underlie each government's position) and to establish common ground for cooperation that is both practical and lasting. On the positive side, the roadmap process has guided and facilitated progress in regulatory and private-sector initiatives for smartgrids, energy efficient building design, and advanced coal technologies (such as carbon capture and sequestration, and coal gasification). It has also led to a joint undertaking to fund a research center on clean energy with a dual headquarters, co-located in each country.

Notwithstanding this progress, there are still gaps on the U.S. side of the roadmap which will need to be filled in for the Obama administration to accelerate progress in cooperating with China and addressing climate change challenges more generally in the years ahead:

- **Retooling of legacy trade associations and expansion of new regional technology consortia:** Traditional trade associations are organized according to yesterday's energy economy. They are not now fully able to act as effective private-sector interlocutors or as public/private partners for the new energy economy initiatives envisioned in the U.S.-China roadmap. Regional technology consortia²⁰ have sprung up to fill this void. They are limited, however, in their ability to inform and implement agendas envisioned by the Obama administration's process since they are merely regional, and not national, in scope.
- **More focus on the linkage between economic and environmental sustainability issues:** A clear feature of global economic imbalance highlighted by the global downturn has been volatility of energy prices generally and greater use of Sovereign Wealth Fund vehicles in China to secure energy resources. U.S. policy needs to be based on an understanding of how these developments affect the investment dynamics underpinning clean energy innovation and investment in the U.S., China and elsewhere. U.S. policy also needs take into account the shifting balance of public and private investment in the U.S. clean energy sector as well as the shifting role of alternative investment (AI) vehicles in that mix.

¹⁹ The first small concessions on this point were made at the UN general assembly in September when President Hu Jintao promised a "notable" (i.e., non-quantified) decrease in the "carbon intensity" (i.e., amount of emission for each unit of economic output) of China's economy. For any growing economy, reduction in carbon intensity per unit of output can still lead to increases of carbon output in the aggregate.

²⁰ Some of the most prominent examples include the northern California based US-China Green Energy Council (UCGEC), the Greater Seattle-based US-China Clean Energy Forum (UCCEF), and the Clinton Global Initiative-aligned Joint U.S. China Collaboration on Clean Energy

- **Clearer lines of statutory authority and coordination in the bureaucratic process:** While the Departments of Treasury, State, Energy and Commerce are all active and meaningful players in the roadmap process and climate change engagement with China, they present a confusing picture to private sector actors in terms of their various roles and statutory authority. This results in inefficient public/private information-sharing, interaction, and partnership. And this, in turn, undermines the efficacy of U.S. efforts to address climate change, both on its own and in collaboration with China.

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