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## **PLENARY SESSION THREE**

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### **Are China and the US on a Collision Course?**

*US-China Relations: Strategic Dimensions and Challenges*

by

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# US-China Relations: Strategic Dimensions and Challenges

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- The United States and China have many positive-sum opportunities on a wide range of global, regional and bilateral issues. However, the bilateral relations have been undergoing profound changes and the dynamics should be understood in both domestic and global contexts.
- In order to construct high levels of mutual trust and build up a constructive engagement policy, both the U.S. and China need to have a long term vision of their relationship, avoid miscalculations of each other's power, co-manage the challenges, and correctly handle crises to avoid negative consequence.



## I. Key Concepts to Describe the Relationship

### The Puzzle: Beauty and Beast

- G2 or Invisible G2
- China vs America: Fight of the Century
- “Same Bed, Different Dreams”
- Sweet and Sour Relationship

Synchronized Swim or Olympic Game?



## Official Definition:

- Confrontation and Cooperation (less used in recent years)
- “Mixture of Competition and Cooperation” (a “new normal”)

Educational effects: from pessimism to realism

Both countries remain committed to building a “positive, comprehensive, and cooperative” relationship as spelled out in the Joint Statement of October 2009 and of January 2011.



## II. Complexity of the Relationship: Good, Bad, and Ugly

### Reason for Cautious Optimism:

- The relationship is relatively stable.
- Both sides agree that common interests far outweigh differences in the relationship
- Both recognize the growing importance of economic interdependence
- Both acknowledge the need for closer cooperation



In addition,

- “Natural Affinity” or “Love and Hate Syndrome”
- No Territorial Dispute: Distant Powers
- The US doesn’t see China as former USSR (expansionist)
- China doesn’t want to challenge the US



## Obstacles for a Genuine Cooperative Relationship:

- Domestic Politics
- Ideological differences
- Differences of national interests and mutual strategic suspicions.  
e.g., inconsistency in China's declared policy of peaceful development? China becoming more assertive in defending its perceived national interests?
- China's military doctrine and intentions remain highly opaque?





## Strategic Mutual Mistrust:

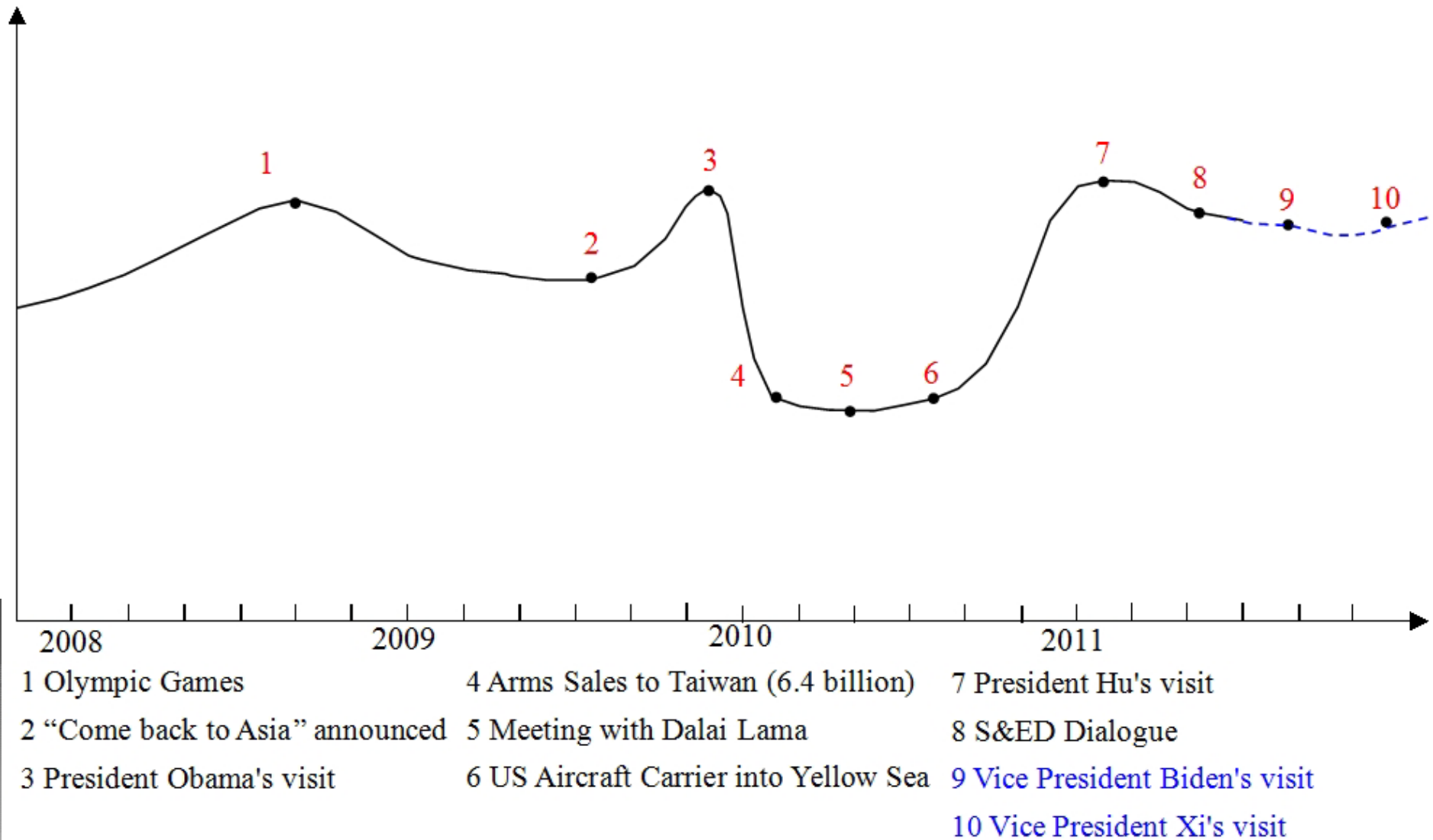
- The two sides need to do a much better job of understanding each other's true strategic intentions and conveying their own intentions to the other side.
- The U.S. attitude toward China's rise: the US always says that it welcomes the rise of China, however, deep suspicion of China  
e.g. Zagaria: the Post American World
- Chinese attitude toward the U.S. role in Asia and the Pacific  
e.g. anti-American sentiments in China: the US-China relations is useless/helpless?



- It is important to recognize that U.S.-China relations have in the past experienced many bumps in the road but have always recovered.
  - This was the case after the 1989 Tiananmen incident,
  - After the 1996 crisis in the Taiwan Strait,
  - After the accidental U.S. bombing of the Chinese embassy in Belgrade in 1999,
  - After the EP-3 incident in 2001, and again,
  - After President Hu's visit in 2011



## Case: The Downward Spiral in 2009-2010





### III. Four key Strategic Dimensions to Understand the Relationship:

- **1. Long Term Visions: the Nature of Relationships**

From Chinese perspective,

Historical experiences:

- 1978: Deng Xiaoping “countries that follow the U.S. are better off”
- 1989: Deng Xiaoping: “US-China relations must be fixed”



## Deng's "28 Character Strategy" after 1989

- ✓ *leng jing guan cha* -- watch and analyze (the developments) calmly;
- ✓ *wenzhu zhen jiao* -- secure (our own) positions;
- ✓ *chen zhuo ying fu* -- deal with (the changes) with confidence;
- ✓ *tao guang yang hui* -- conceal (our) capacities;
- ✓ *shan yu shou zhou* -- be good at keeping low profile;
- ✓ *jue bu dang tou* -- never become the leader;
- ✓ *you suo zuo wei* -- make some contributions.



- Current Guideline for CFP: Four Peaces Doctrine
  - Peaceful/harmonious Society
  - Peaceful Development
  - Peaceful/harmonious World
  - Peace Agreement with Taiwan



## 2. Global Contexts: Cooperative Confinement

- Both countries are experiencing great transformations in repositioning themselves in the world
- How they interact with other countries such as Japan, India, Korea, ASEAN and Europe and transnational media and public diplomacy will define and shape Asian and world affairs.
- How to cooperate on regional and global issues such as denuclearization in Korean peninsula, Iran, climate change and so on is crucial for peace and development



### **3. Domestic Politics: New Windows of Opportunity:**

Both countries are trying to focus on domestic affairs, this is the strongest message sent to the other--aware of domestic problems as top priority actually created strategic opportunity for the other country.

- Chinese leaders were “inward oriented”: China’s highest priority is to meet huge domestic challenges
- US: rational on domestic development--“govern ourselves better”





#### **4. Crisis Management: Urgent Tasks**

- Arguments: Strategically, China follows Deng's guideline; at tactical level, China is more active in certain areas?
- Some issues are technical in nature but have strategic implications/influence
  - Chenon Incident: Consequence: Japan, South Korea and the US formed a quasi-alliance
  - Chinese Fishing boat: China-Japan Relations changed dramatically
  - Vietnamese Fishing Vessel: Vietnam buys more submarines in the region



## IV. Area Issues: Different Approaches

- Chinese I-go and American Baseball Games—  
Chess and Checkers Way of Thinking



## 1. Economic and Trade Interdependence

- Economic growth is China's "grand strategy" and that such growth was and is made possible by integration into the global economy.
- With \$400 billion of trade, growing U.S. exports to China, and the potential for a big increase in Chinese investment in the U.S. the economies of the two countries are clearly intertwined.
- Indeed, there is a situation of "mutually assured economic destruction" if the two sides do not cooperate.



Economic frictions and insecurities, along with domestic politics in both countries, compound the challenges in constructively managing the relationship.

- China's growing appetite for raw materials and energy has spurred concerns about future competition for scarce resources.
- China's burgeoning trade and current accounts surpluses have caused problems for its trading partners.
- China's state-centric approach to trade and investment policy often makes the line between government and large State enterprises unclear and gives it unfair advantages in trade and investment.
- And China's manipulation of its currency is causing serious economic and political problems in the U.S.



## 2. Democracy and Human Rights

- There is a gulf between the two countries' respective views on democracy, human rights, and the rule of law; these differences are fundamental.
- Ideological contention is the biggest single obstacle to establishing trust?
- In the last two years, China was criticized for moving backwards on political reform and towards becoming a "police state".



James Mann: The China Challenge: A shining Model of Wealth without Liberty

Andrew Nathan: Beijing's Authoritarian Acrobatics

- Google and internet policy
- Political dissidents: Liu Xiaobo, Ai Weiwei, and others
- A new “political correctness” in China is appearing? China counter argued that it was moving towards political reform at its own pace and that, in any case, national interest and not ideology should dictate foreign policy.
- Democracy: dedicated but not committed?



### 3. Military to Military Relations

- China and the U.S. are the only two countries in the world who are seeking to improve relations while simultaneously preparing for war against each other.
  - There are ongoing double-digit increases in the PRC military budget.
  - In 2010, China's military strategy was aimed at "area denial" – an attempt to prevent the U.S. from having free and open access to areas close to Taiwan and the Chinese mainland.
  - The American strategy was "counter denial"--on related law of the sea issues (freedom of navigation)
  - Mil-to-mil dialogue on strategic issues is embedded in the S&ED process in May, 2011, such issues include nuclear strategy, missile defense, space, maritime security and cyber-security.
  - Both sides agreed that the two militaries should begin to cooperate on the least controversial areas such as "non-traditional" security challenges: UN peacekeeping, disaster relief, anti-piracy and protecting the sea lanes of communication.



- There are difficulties on each side in identifying accurately the strategy of the other side.
  - Many Chinese continue to believe that the U.S. is determined to contain China or, at least, to diminish its influence and power -- “soft containment.”
  - U.S. strengthening of alliances and partnership with, among others, Japan, ROK, India and Vietnam, causes China to conclude that the U.S. seeks to encircle China.
  - Americans countered that U.S. policy over the decades had emphasized contributing to China’s growth, including by strengthening trade and investment links between the two countries.





- China highlighted “three major obstacles” to improvement of U.S-China Military relations:
  - continued U.S. arms sales to Taiwan;
  - close-in U.S. surveillance and reconnaissance;
  - laws and regulations in the U.S. which prohibit mil-to-mil exchange and the sale of high-tech goods to China.



## 4. Regional and Global Security

- **Korea:**
- The U.S. and China retain a common interest in the denuclearization of North Korea. The North Korean nuclear program is moving forward, and
  - China is criticized for choosing to support Kim's regime, bail out Korea and hold up UN report on Iran and DPRK
  - Beijing's reaction to the North Korean shelling of South Korea's Yeonpyeong Island in 2010 was not reassuring. Nor was China's reaction to U.S.-ROK exercises in the Yellow Sea.



- **Taiwan**

- In order to avoid future tension over U.S. arms sales to Taiwan, both sides need to make progress in demilitarizing the cross-Strait relationship through parallel, mutually reinforcing confidence-building measures.
- China's views on U.S. arms sales to Taiwan are not sufficiently sensitive either to U.S. concerns and interests or to Taiwan's psychology?

- **US Presence in Asia**

- Chinese statements about the Obama Administration's reorientation toward engaging Asia are quite worrisome inasmuch as they suggest that the purpose of this so-called re-engagement is to constrain China.



## 5. Other Issues: Environment, Climate Change and Others

- The two countries need to reach a Framework Agreement on developing clean energy, an issue of critical importance to both sides. Many potential areas of cooperation are already included in the 2009 and 2011 Joint Statements and should be vigorously pursued.
- China is making a big effort to develop clean coal, natural gas from shale, nuclear power, and renewable sources of energy. In many of these areas, the U.S. has technology which China needs. In others, the U.S. is falling behind China due to the lack of action by the U.S. and subsidization by China.



## V. Observations: Lessons Learned

- “Words and deeds” in China’s Foreign Policy towards the U.S.:
- Although China insists on “Pi er bu fan, dou er bu po” (批而不反、斗而不破), e.g., “criticize the U.S. but not against developing a good relationship with it, fight over core interests but not break the relationship”, in recent years, new questions about China’s behavior have been centered on the following issues:



## 1. Who speaks for China?

- China's decision making process is changing: foreign countries need to decode China's more pluralist process in a more accurate way.

Example: China's foreign policy seems to reflect a greater voice for the Chinese PLA—the party still controls the gun? .

Example: Nationalistic voices (often sharp anti-American tone) appear to dominate Chinese media and blogs.



## 2. Changing Patterns of CFP Behavior?

- **Perceptual Change:**

China saw the U.S. as a role model for modernization in late 1970s and 1980s, even in 1989, some demonstrators at Tiananmen Square put up Statues of Liberty as a symbol for Chinese pursuit for democracy. After the Iraq War and the 2008 financial crisis, however, the U.S. has lost much of its institutional attractiveness to China

- Cases: The U.S. is the trouble maker who caused the crisis but now trying to pressure China on RMB issues



- **Behavioral Change:**

There is a fundamental strategic debate occurring in China, with some advocating a much firmer line towards the U.S.

- People speculate that China has given up “keeping low profile” style and try to draw a red line to warn the U.S.
- Two “core interests”: arms sales to Taiwan and territorial integrity, especially Tibet and Xinjiang





- **New Channel of Communication**

- 7 summit meetings betw President Hu and President Obama
- 60+ Dialogue Mechanisms (3 Rounds S & ED)
- People-to-People Diplomacy: 110 flights/week, 3 millions people/year

**Example: S & ED in May 2011**

- longer time on small group discussion
- mil-to-mil dialogue embedded
- launch of strategic security dialogue
- more CEOs and business participants



## VI. Policy Advice: Moving Forward to an Enduring, Cooperative Relationship

- The 2012 succession arrangements in China and the presidential election in the U.S. may cause each side to adopt a firmer line towards the other.
- The relationship will continue to be a mix of cooperation and conflict. The task is to make the mix as positive as possible.



- Both countries should strive for greater transparency, predictability and reliability.
  - The first and primary task is to prevent conflict or confrontation that neither side wants. There need to be rules of the road, especially regarding potential incidents at sea and in the air.
  - A second priority is to improve communication about future uncertainties on the Korean peninsula by signaling red lines and concerns, sharing assessments of developments and working to ensure that the two countries interests do not come into conflict.
  - Thirdly, mil-to-mil dialogue needs to be strengthened and not subjected to periodic interruption.



- Fourthly, China needs to become a more “responsible stakeholder” by working together with the U.S. in resolving pressing global and regional issues such as the struggle against terrorism, nuclear proliferation, reining in Iran and North Korea, improving stability in the Persian Gulf, getting agreements on climate change, and fighting piracy. It’s important that Chinese leaders make clear to their domestic audience that acting on these issues is in China’s self-interest and not a favor to the U.S. The U.S., in turn, needs to make clear that it welcomes China’s rise, including Chinese investment in the U.S.
- Fifthly, the two countries must continue to make progress in knitting the two societies together through people-to-people, educational and cultural exchanges, and exchanges of visits by local leaders.
- Finally, greater openness and rule of law in Chinese political reform—the longest journey is the journey inward.

Thanks !

