

Center for American Progress



CHINA-UNITED STATES  
EXCHANGE FOUNDATION  
中美交流基金會



# U.S.-China Relations

Toward a New Model of Major Power Relationship

---

Edited by Rudy deLeon and Yang Jiemian

February 2014

Center for American Progress



CHINA-UNITED STATES  
EXCHANGE FOUNDATION  
中美交流基金會

# U.S.-China Relations

Toward a New Model of Major Power Relationship

---

Edited by Rudy deLeon and Yang Jiemian

February 2014

# Contents

## **1 U.S.-China High-Level Dialogue Participants**

## **3 Toward a New Model of Major Power Relations**

By John Podesta, C.H. Tung, Samuel R. Berger, and Wang Jisi

## **21 A New Model of Major Power Relations: Pivotal Power Pairs as Bulwarks of the International System**

Center for American Progress

## **71 Coexploring and Coevolving: Constructing a New Model of the Major Power Relationship between China and the United States**

Shanghai Institute for International Studies

# U.S.-China High-Level Dialogue Participants

September 10–11, 2013 • Beijing, China

*In September 2013, the Center for American Progress and the China-U.S. Exchange Foundation convened a distinguished group of American and Chinese experts for a high-level track II dialogue in Beijing, China, to discuss and explain the concepts raised in the papers included in this report.*

*The ideas discussed in this volume do not necessarily reflect the opinions of all the delegation members. However, each made significant contributions to the September dialogue.*

*Below is a list of delegation participants and their affiliations at the time of the September dialogue in alphabetical order.*

## U.S. delegation

- **Chair:** John Podesta, *Center for American Progress*
- Samuel R. Berger, *Albright Stonebridge Group*
- Leslie Dach, *previously Walmart Stores, Inc.*
- Rudy deLeon, *Center for American Progress*
- Dorothy Dwoskin, *Microsoft Corporation*
- David Finkelstein, *Center for Naval Analysis*
- Nina Hachigian, *Center for American Progress*
- Melanie Hart, *Center for American Progress*
- Robert Roche, *Acorn International, Inc.*
- David Sandalow, *Columbia University*
- Julianne Smith, *previously Office of the Vice President*
- Ken Sofer, *Center for American Progress*
- Andrew Stern, *Columbia University*
- Robert Tyrer, *The Cohen Group*

## Chinese delegation

- **Chair:** Tung Chee Hwa, *China-U.S. Exchange Foundation*
- Cai Penghong, *Shanghai Institute for International Studies*
- Chen Yonglong, *China Foundation for International Studies*
- Lawrence Lau, *Chinese University of Hong Kong*
- Lu Shumin, *China People's Institute of Foreign Affairs*
- Shao Yuqun, *Shanghai Institute for International Studies*
- Wang Jisi, *Peking University*
- Alan Wong, *China-U.S. Exchange Foundation*
- Wu Chunsi, *Shanghai Institute for International Studies*
- Yang Jiemian, *Shanghai Institute for International Studies*
- Yao Yunzhu, *People's Liberation Army Academy of Military Science*
- Yuan Peng, *China Institute of Contemporary International Relations*
- Zou Ji, *National Center for Climate Change Strategy and International Cooperation*



# Toward a New Model of Major Power Relations

---

By John Podesta, C.H. Tung, Samuel R. Berger, and Wang Jisi  
December 2013



# Background

In February 2012, during a Washington, D.C., visit, then Chinese Vice President Xi Jinping raised the prospect of “a new type of relationship between major countries in the 21st century.”<sup>1</sup> As State Councilor Dai Bingguo said about the concept, “China and the U.S. must create the possibility that countries with different political institutions, cultural traditions and different economic systems can respect and cooperate with each other.”<sup>2</sup>

A year later, President Barak Obama and President Xi Jinping conducted an informal, “shirt-sleeve” summit in southern California to establish a solid working relationship between the two presidents. Then National Security Adviser Tom Donilon described the challenge facing President Obama and President Xi at the summit as “turning the aspiration of charting a new course for our relationship into a reality and to build out ... the new model of relations between great powers.”<sup>3</sup>

We have been interested in the idea of a new model of major power relations ever since we attended the lunch in Washington when then Vice President Xi first raised it. We, along with our respective institutions—the Center for American Progress in Washington and the China-U.S. Exchange Foundation in Hong Kong—had already been engaged in track II high-level dialogue between Chinese and American scholars for several years by then. We were quite familiar with the challenge, as then Secretary of State Hillary Clinton put it, “to write a new answer to the age-old question of what happens when an established power and a rising power meet.”<sup>4</sup>

In conjunction with the initiative of the two presidents, we proposed that our track II focus on the very topic that engaged the leaders: building a new model of major power relations between the United States and China. To prepare for the dialogue, experts in Washington, California, Beijing, Shanghai, and Hong Kong drafted and exchanged papers, printed in this volume, on the U.S. and Chinese



perspectives on what a new model of major power relations would look like in practice; how the bilateral relationship fits into regional and international structures; what governing principles for the relationship could be; and how to take steps towards a positive, constructive relationship. The two sides discussed their approaches and findings in a series of video conference calls through the spring and summer of 2013.

In September 2013, we convened a distinguished group of American and Chinese experts to discuss the concepts raised in the papers. The group is listed with their affiliations at the beginning of this volume.

## Key Themes

Over the course of our meetings, several important themes emerged. First, as one expert noted, the very concept of a “new model of major power relations” changed the tenor of our track II discussions. Searching for a new model is an inherently positive framework, rejecting the debate over whether a rising power and an established power are destined to clash. It provides an aspirational goal for a long-term process of seeking a peaceful path. While we debated the many areas of policy where the United States and China do not agree, the group primarily focused on how we can cooperate together and make the relationship more flexible and durable, while seeking to manage the important areas where our interests do not coincide.

An additional theme that emerged was the interplay of the bilateral and multilateral aspects of major power relations. One of our contributors pointed out that what is “new” about major power relations is the international context of bilateral relations today—not only the many international institutions and rules that guide the United States and China, but also that progress on global and regional issues requires that we cooperate. Many other countries have a serious interest in a stable U.S.-China relationship—and their views are relevant. Neither they, nor the United States or China are interested in a G-2, but rather an inclusive framework. Finally, developing a new model of major power relations is not unique to the U.S.-China relationship. Both countries have vital relationships with other nations, as do many other key powers with one another. The United States and China have no monopoly on this endeavor.

Another key theme that emerged was that the process of cooperation sometimes leads to frustration just as much as the substantive disagreements between our two nations. For example, the United States often expects an answer on a proposal sooner than China is ready to offer one; alternatively, China has been frustrated not to receive timely responses to its requests.

Finally, the expert group addressed the imbalance in the Asia-Pacific regional dynamic that has become a major concern in both Washington and Beijing: the notion that the United States is the center of the security architecture in the Asia-Pacific region, whereas China is the largest economic player in Asia. At the same time, other influential players in the region have their own interests: Japan, South Korea, the Association of Southeast Asian Nations, or ASEAN, to name a few, serve as centers of economic and political activity. In addition, Russia is energetically developing its Asia policy, increasingly involved in energy and other economic projects in the Asia-Pacific region and showing a keen interest in regional security affairs. India is similarly engaged.

That interplay between security and economics poses real challenges for the future of bilateral relations. The United States is increasing its economic engagement in Asia to better match its security engagement, which has long been a significant side of the equation for the United States. The Obama administration's efforts with the Trans-Pacific Partnership, or TPP, are designed to deepen its economic integration with Asia while China is increasing its participation in multilateral security forums. Both countries are working to balance regional engagement, but the U.S.-China economic/security dynamic in the Asia-Pacific will continue to present leaders in both countries with ongoing challenges.

With these points in mind, we now turn to some recommendations for U.S.-China policy that arose from the track II dialogue. We seek to focus on concrete ideas that would help push the relationship forward. Not every one of the participants in our group necessarily agrees with each of the recommendations we discuss below, but they all share a deep interest in improving U.S.-China relations and believe that, as a whole, these ideas have merit. We divided them into three categories—international, regional, and bilateral—but the boundaries are somewhat fluid.

# Recommendations

---

## International

1. Along with other nations, the United States and China should continue to develop commonly accepted international rules and guidelines in areas where they currently are lacking, including in regional maritime relations, cyberspace, and outer space. In areas without shared guidelines, misunderstandings are more likely to surface. International standards on issues such as conduct in outer space and online could be important vehicles for reducing potential bilateral clashes. In the maritime domain, while there is already a robust body of international law, the United States should seek to ratify the U.N. Law of the Sea Convention, while China should make as rapid progress as possible toward developing a Code of Conduct with ASEAN. The United States and China should build on recent bilateral naval cooperation in the Gulf of Aiden and the 2014 Rim of the Pacific, or RIMPAC, invitation that was extended to the Chinese navy to foster deeper maritime cooperation and lay groundwork for new rules and guidelines for resolving disputes and avoiding crises.

2. The United States and China should work to strengthen the international architecture of institutions and rules. Both Washington and Beijing have a strong interest in an effective, robust set of international institutions and frameworks. They should strengthen the international architecture by using it, reforming it, and making sure emerging powers are adequately represented. The two countries should coordinate more effectively on reform of the United Nations and other existing international organizations and make common efforts to strengthen the G-20 and other burgeoning mechanisms in order to stabilize the global financial situation.

3. The United States and China should work together on an international consensus to phase down Hydrofluorocarbons, or HFCs, under the Montreal Protocol as soon as possible. HFCs are one of the fastest-growing and most-potent greenhouse gases in the world. Phasing down the global production and use of HFCs could avoid half a degree Celsius of warming by the end of the century. The most concrete outcome of the June 2013 U.S.-China presidential summit at Sunnylands in California was the agreement between President Obama and President Xi to

work together to phase down HFCs under some combination of the Montreal Protocol and the U.N. Framework Convention on Climate Change. That June 2013 climate agreement should be considered a model for a new model relations effort and a blueprint for proceeding on other more intractable issues. If that initial bilateral agreement leads to successful multilateral action on HFCs, it will serve as a concrete example of U.S. and Chinese leaders moving past historical divides and finding a new platform for our two nations to take a global leadership role on one of the most important global issues of the day.

---

## Regional

4. The United States and China should look for opportunities to coordinate regional activities. For example, the United States and China could develop regional mechanisms for coordinating better on development assistance. They should consider supporting a permanent multilateral hub in Asia for humanitarian assistance and disaster relief. That would provide opportunities for operational level cooperation and would greatly benefit the victims of disasters.

5. The United States and China should seek trilateral dialogues with India and Japan and perhaps other nations. Such forums could begin with working-level agencies and think tanks and could help illuminate intentions and build trust among nations across Asia. These forums could focus first on issues of clear economic common interest—such as a market framework for infrastructure to support regional natural-gas trading—and gradually take on more difficult topics where common interests are much harder to find and define.

6. The United States and China should acknowledge publicly that the best long-term outcome on trade negotiations would be a high-standard, region-wide free trade agreement that will open up new avenues of commerce in the Asia-Pacific region. Currently, the United States is working hard to realize the TPP, and China is working on the Regional Comprehensive Economic Partnership, or RCEP, that was initiated by ASEAN. The United States and China should assure each other that neither the TPP nor RCEP are intended to weaken the economic influence of the other side in the region. In the end, the best result will be a merger of these and other initiatives into a high-standards regional free trade framework based on mutual interests. Of course, the “high-standards” aspect of that merger will be key. Any future steps should take into consideration the pace of economic transformation of both the United States and China. No future trade regime should result in a move to the lowest common denominator of trade standards.

---

## Bilateral

7. Officials and experts in both countries need a more effective dialogue with their citizens on the importance of the U.S.-China relationship and what new-model relations exercise is designed to prevent and achieve. There are many positive stories of workaday Sino-American cooperation that do not make the mainstream press and are therefore not known to the public —and in some cases to key political leaders, particularly at the local level. For example, the American and Chinese Coast Guards cooperate frequently and effectively on an operational level, but that kind of operational cooperation is not as likely to attract media attention as bilateral flare-ups on sensitive issues. As one Chinese participant in our dialogues pointed out, we should seek to increase the attention paid to the positive attributes of the relationship that can shift the focus from “crisis management” to “opportunity management.”

8. Governments should monitor and report on Security and Economic Dialogue, or S&ED, commitments. The S&ED between the two governments has evolved into a practical and results-oriented forum that is playing an important role in expanding real opportunities for bilateral cooperation. To make the S&ED as effective as possible, the United States and China should develop a mechanism to monitor and publicly report on the progress made on the commitments generated at the annual S&ED meeting.

9. Washington and Beijing should engage in a dialogue on a nuclear-free Korean Peninsula. North Korea’s nuclear program is a major and mutual security challenge, and our ability to find a new-model approach to that challenge is hindered by mutual doubt and suspicion about U.S. and Chinese long-term interests and future intentions. There are significant areas of overlapping interests between our two nations on this issue and a focused dialogue on the future of the Korean Peninsula can advance a more stable and mutually beneficial security outcome. Participants in this dialogue may include not only diplomats but also those in charge of security and military affairs of the two governments. Such a dialogue would not be designed to seek a bilateral solution to the Korean nuclear deadlock but to work alongside the Six Party process and pave the way for a practical multilateral mechanism that will guarantee a peaceful and stable Korean Peninsula in the long run.

10. The U.S.-China relationship would benefit from creating more “communities of interest” to serve as a ballast for the relationship. While a growing number of people in both societies have various projects and engagements with their counterparts in the other people-to-people contact, many more do not and that gap is particularly acute at the subnational level. More work is needed to bring our subnational commercial and public spheres closer together. Local leaders in both nations are already working to develop state-to-province and city-to-city business networks, and we should promote those types of local-level commercial exchanges. We can supplement existing local initiatives, such as state-province trade initiatives, by pairing them with local-level educational exchanges. For example, exchanges between grade school teachers and other local-level community professionals in the United States and China—particularly if focused on second- and third-tier cities in the heartlands of both nations—would build deeper understanding of what types of cooperation can be mutually beneficial. The two societies should carry out the memorandum of understanding on U.S.-China High-Level Consultation on People-to-People Exchange, or CPE, agreed by the two governments in November 2013, to promote future cooperation in the fields of culture, education, science and technology, sports, and youth and women’s issues. The 100,000 Strong Initiative announced by President Obama in late 2009 to send 100,000 American students to China has already helped some 68,000 Americans study in China.<sup>5</sup> Meanwhile, the Chinese government has also provided scholarships to some 10,000 Chinese students to pursue PhD programs in the United States while inviting more than 10,000 Americans to China to visit or study.<sup>6</sup> We should highlight these productive exchanges when possible.

11. The United States and China should further encourage tourism, especially Chinese tourism to the United States. More tourism will create jobs and increase understanding, and Chinese tourists visiting the United States will also help address the trade imbalance. The United States should examine whether it can safely streamline further the processing of tourism visas. While great progress has been made, there may be other steps that the U.S. State Department can take to facilitate visa processing, shorten waiting times, and build goodwill without radically altering quotas or existing regulations.

12. Washington and Beijing should explore the potential for public-private partnerships to address difficult issues. For example, food safety is emerging as a major concern for U.S. imports from China and for Chinese consumers as well. Both nations would benefit from strengthening China's food safety system, and American companies could play a role in that process. American companies, well-versed in food safety and energy efficiency, could partner with Chinese government entities to streamline regulatory implementation in these areas and others.

13. The United States and China should make the Bilateral Investment Treaty, or BIT, negotiations a top priority. A high-standard BIT will make investing in each other's economies easier while still allowing both sides to continue to safeguard national security in procedures that should be as transparent as possible. It is notable that China agreed to "national standards" and "negative-list" conditions for future BIT negotiations, and Beijing should be commended for taking that important step. We should keep this momentum moving forward toward the establishment of a high-standards investment agreement that will serve the interests of both nations.

14. The U.S. military and the People's Liberation Army, or PLA, should consider further exchanges of military personnel. More frequent contact will lead to more understanding and a more mature relationship. American participants suggested that these exchanges should include low-ranking officers and students so participants can build trust as they move through their careers in their respective countries.

15. Officials should build bilateral and multilateral crisis-management mechanisms, especially with regard to maritime conduct. For example, the U.S. military and the PLA could set up a video link to connect senior military officials.





# The Path Forward

We propose to U.S. and Chinese policy makers and concerned leaders that the two countries work intensively on issues where mutual interests can be readily identified and cooperation can be practically substantiated. That will help demonstrate to the American and Chinese general public that building a new model of major power relations can bring immediate and direct benefits. These issues include:

- Further facilitating bilateral trade, investment, and tourism.
- Extending cooperation on such issues as energy development, climate change, environmental protection, public health, and food safety, which are directly related to people's welfare.
- Greater cooperation on the global commons, in particular cybersecurity and space security
- Reducing military tensions while expanding multilateral economic cooperation in the Asia-Pacific region.

Although our discussions centered on the U.S.-China relationship, domestic priorities of the two nations also surfaced. On the U.S. side, the Obama administration has been focused on budget, immigration, economic recovery, gun control, and climate change, as well as implementation of healthcare legislation. China is taking painstaking efforts to sustain the momentum of reform and opening. Expanding domestic consumption, protecting the environment, curbing official corruption, speeding up urbanization, and improving social welfare are priorities for China. A major conflict or confrontation between the United States and China would divert attention and resources from these endeavors and bring tremendous hardship to the Asia-Pacific region and whole world.

The policy discussion between the United States and China on the future of a new model of major power relations will be long-term, complicated, and at times con-

tentious, but it is critical in finding a successful path forward for our two nations. The United States and China have different histories and cultures, and our political and government structures are based on different concepts and traditions. But the needs of a deeply interconnected world with transnational challenges require a comprehensive, positive relationship between our two nations that allows us to work through differences and maximize opportunities. This is a relationship like no other in history, and it will require the continued dedication of both sides to build a new model.

---

## About the authors

**John Podesta** currently serves as Counselor to President Barack Obama. At the time of this report's writing, he was chair of the Center for American Progress, which he founded in 2003. Podesta previously served as White House chief of staff from 1998 to 2001 under President Bill Clinton and was co-chairman of the Obama transition team in 2008.

**Tung Chee Hwa** is the Founding Chairman of the China-U.S. Exchange Foundation and the Vice Chairman of the Eleventh National Committee of the People's Political Consultative Conference. He previously served as the first chief executive of the Hong Kong Special Administrative Region from 1997 to 2005.

**Samuel R. Berger** is Chair of the Albright Stonebridge Group. He served as national security advisor to President Clinton from 1997 to 2001. Prior to his service in the Clinton Administration, Berger spent 16 years at the Washington law firm Hogan & Hartson.

**Wang Jisi** is President of the Institute of International and Strategic Studies and professor at the School of International Studies at Peking University. Professor Wang is a member of the Foreign Policy Advisory Committee of the Foreign Ministry of China and is president of the Chinese Association of American Studies.

---

## Endnotes

- 1 Howard Schneider, "Xi calls for stronger trade relationship between China and U.S.," *The Washington Post*, February 15, 2012, available at [http://www.washingtonpost.com/business/economy/chinas-xi-jinping-addresses-business-policy-leaders/2012/02/15/glQArGctFR\\_story.html](http://www.washingtonpost.com/business/economy/chinas-xi-jinping-addresses-business-policy-leaders/2012/02/15/glQArGctFR_story.html).
- 2 Zhang Tuosheng, "How to Build a New Model of Major Power Relationship Between China and the United States" (Beijing: China Foundation for International & Strategic Studies, 2012), available at [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/236223/Zhang\\_Tuosheng\\_English\\_Final.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/236223/Zhang_Tuosheng_English_Final.pdf).
- 3 The White House, "Press Briefing By National Security Advisor Tom Donilon," Press release, June 8, 2013, available at <http://www.whitehouse.gov/the-press-office/2013/06/08/press-briefing-national-security-advisor-tom-donilon>.
- 4 William Wan, "Hillary Clinton, top Chinese officials air some differences," *The Washington Post*, September 5, 2012, available at [http://www.washingtonpost.com/world/hillary-clinton-top-chinese-officials-air-some-differences/2012/09/05/78487e86-f746-11e1-8253-3f495ae70650\\_story.html](http://www.washingtonpost.com/world/hillary-clinton-top-chinese-officials-air-some-differences/2012/09/05/78487e86-f746-11e1-8253-3f495ae70650_story.html).
- 5 Liu Yandong, "U.S. and China strengthen bonds people-to-people," *USA Today*, November 17, 2013, available at <http://www.usatoday.com/story/opinion/2013/11/17/us-china-relations-exchange-education-column/3619945/>.
- 6 U.S. Department of State, "Remarks at the Closing Session of the 2013 U.S.-China High-Level Consultation on People-to-People Exchange," Press release, November 21, 2013, available at <http://www.state.gov/secretary/remarks/2013/11/217937.htm>.





Center for American Progress



# A New Model of Major Power Relations

Pivotal Power Pairs as Bulwarks of the International System

---

Center for American Progress

February 2014





# Introduction and summary

During the Sunnylands summit in June 2013, the public learned that China and America were seeking to establish a new type of relationship. As President Barack Obama said at the meeting:

*Inevitably, there are areas of tension between our two countries, but what I've learned over the last four years is both the Chinese people and the American people want a strong, cooperative relationship, and that I think there's a strong recognition on the part of both President Xi and myself that it is very much in our interest to work together to meet the global challenges that we face. And I'm very much looking forward to this being a strong foundation for the kind of new model of cooperation that we can establish for years to come.<sup>1</sup>*

While new to the public, officials and analysts from the United States and China had been actively discussing the idea of a new model of relations for more than a year. Then-Vice President Xi Jinping introduced the concept of a “new model of major power relationship” (新兴大国关系) in February 2012 at a state dinner in his honor in Washington.<sup>2</sup> Later that year, then-Secretary of State Hillary Clinton noted that, “Together the United States and China are trying to do something that is historically unprecedented, to write a new answer to the age-old question of what happens when an established power and a rising power meet.”<sup>3</sup>

China's initiative to pursue a new model of major power relations, or a new model, with the United States has met with some skepticism among American analysts. Many of them, after reading early Chinese writings describing the idea, concluded that the new slogan is primarily an attempt by China to push for unilateral concessions.<sup>4</sup>

Though there may be some merit to this point of view, we believe that taking stock of the status quo and generating new ideas or concepts about how such a consequential relationship can develop is worthwhile, especially in light of a historical record replete with war between major powers. While we focus in this paper on the U.S.-China relationship, we believe this area of inquiry applies to all pivotal power relationships.

The search for a new model of major power relations is a facet of the broader question of what the global order should look like over the coming decades. An increasingly globalized economy and the cross-border networked information age are creating new opportunities and challenges as they draw countries around the world closer together. What happens in one nation now can affect what happens in others as never before. No one country can solve a global problem. These new trends could push nations closer together and create new opportunities for security and economic cooperation, or they could create new sources of conflict, or both.

A new line of inquiry will not magically resolve existing U.S.-China differences, or those of any other major power relationship, nor will it prompt either side to make concessions that it otherwise would not. But what it can do is serve as a stimulant for fresh thinking about pivotal power relations, remind us of the high stakes involved, and make officials in all capitals, including Washington, D.C. and Beijing, more sensitive to the ramifications of their actions.

This paper attempts to answer some of the key questions about the new model, including:

- What is prompting the United States and China to pursue a new model of major power relations?
- What are the characteristics of an ideal but realistic U.S.-China relationship in the near term?
- What is a plausible, positive vision of the U.S.-China relationship in 10 years?
- What can history and theory teach us about major power relationships?
- What is the relationship of other major powers in the region and elsewhere to the framing of the U.S.-China relationship? Can all major powers strive toward a new model of major power relationship?

- What is the relationship of the international system to constructive relationships between major powers?
- What principles should govern pivotal power relationships?
- What are likely sources of significant conflict between the United States and China now and in the future?
- What steps can the United States and China take to put the relationship on a stable path and build a positive and constructive partnership?

The remainder of this report explores in detail these provocative questions and provides answers and analysis informed by the scholarly and historical record.

Clearly a great deal has changed in the ensuing half decade since our 2008 report, titled “A Global Imperative: A Progressive Approach to U.S.-China Relations in the 21st Century,” when we urged the then-incoming Obama administration to “forge a new kind of relationship with China—more pragmatic, more cooperative, and ultimately more effective.”<sup>5</sup> The Obama administration has, through a variety of means, done exactly that. It has broadened and deepened channels of communication and found areas where cooperation could be expanded. The results are clear—from averting an even worse global financial crisis through the coordination of stimulus measures to battling pirates together in the Gulf of Aden, the United States and China are already working together in more arenas than before. The administration has also focused on helping Americans compete more effectively with Chinese businesses and others, through investing in education and scientific research. Meanwhile, in China, new leadership has taken the helm. President Xi Jinping and President Barack Obama showed their dedication to the relationship by the considerable time they were willing to invest together at Sunnylands.

Deeper communication, even by heads of state, cannot quickly dissipate the many profound differences that remain in the relationship. In 2014, those differences include cyber espionage, intellectual property protection, maritime safety, market access, and human rights. How the United States and China navigate their differences while maintaining and growing a constructive relationship remains the challenge for the future.



# What is prompting the United States and China to pursue a new model of major power relations?

The modern context for major power relationships is quite distinct from that of earlier centuries, and it remains in flux. The Cold War is long past, and while the United States remains the world's only superpower, the unipolar era is ending. New powers are emerging or re-emerging; some are not nations but instead are evolving groups of countries, such as the European Union. A large, complex international system of institutions, rules, and norms guides many aspects of big power relations as never before. The United Nations; World Trade Organization, or WTO; International Monetary Fund, or IMF; World Health Organization, or WHO; International Atomic Energy Agency, or IAEA; and many others are the forums through which nations often attempt to make progress on shared challenges.

Economic relationships between many pairs of major powers are very deep. And where once conquering another major power for territory made economic sense, it no longer does. Nevertheless, security concerns, some quite intense, persist between some major power pairs, as do territorial disputes. Furthermore, some competition between and among nations is a given—even between close allies. Big powers, however, also now share security challenges, such as global warming, pandemic disease, and terrorism, in ways they never have before. Only together can they address these challenges effectively. Their nuclear arsenals may ultimately provide a deterrent to major power conflict as well.

No other big power relationship is more consequential than that between the United States and China. From one perspective, there is no need to rethink the U.S.-China relationship. Despite many stops and starts, the relationship has continued to grow and provide benefits for both sides for more than four decades. American policy toward China has remained fairly consistent over that time period, as has China's toward the United States. America and China have successfully managed their competition and differences while continuing a robust economic relationship and occasionally cooperating on shared challenges. It could

be concluded that these powers are already pursuing a new model of major power relations in which deep economic interconnectedness and security interdependence exist alongside heated competition, sharp divides, and neuralgic disputes. A relationship similar to the modern day one between China and the United States has not existed before in history.

But because it is historically unprecedented, it exists in a world that is in constant flux, and U.S. and Chinese interests do diverge, no one can know for certain that the stability the relationship has enjoyed thus far will last. Adding to and because of this uncertainty, both nations share a decided unease about the relationship. As Kenneth Lieberthal and Wang Jisi, two long-time watchers of the relationship conclude, “strategic distrust” plagues the relationship:

*Strategic distrust ... means a perception that the other side will seek to achieve its key long-term goals at concerted cost to your own side's core prospects and interests. The major concern is that it appears as of 2012 that strategic distrust is growing on both sides and that this perception can, if it festers, create a self-fulfilling prophecy of overall mutual antagonism.<sup>6</sup>*

Many Chinese fear that, despite repeated and consistent American statements to the contrary, the United States is engaged in a containment strategy against China. Meanwhile, economic insecurity in the United States causes Americans to view China as more of a predatory, unstoppable economic engine than it is.<sup>7</sup> Jisi and Lieberthal point to history and ideology as especially potent sources of this distrust—and neither of those factors are easy to address.<sup>8</sup> Chinese media often reinforce the trope of America as a dangerous, defensive, and declining hegemon. Though the American media is growing more sophisticated in its coverage of China, some outlets have painted China's world domination as inevitable.

Uncertainty about the future hangs over the relationship because no state can know another state's intentions. A leader or diplomat can say whatever he or she wants, but it is impossible to know for certain what another state's leaders actually think about the relationship and what future leaders will decide to do. When uncertainty about intentions is combined with rising capabilities, especially military capabilities, states begin to assume the worst and tensions mount. This can, in turn, result in what political scientists refer to as the “security dilemma.” As the late preeminent political scholar Kenneth Waltz once explained, “the source of one's own comfort is the source of another's worry. Hence a state that is amassing instruments of war, even for its own defensive, is cast by others as a threat requiring a response.”<sup>9</sup>

Because of these lenses of insecurity, the very contentious issues between both sides, and constituencies in both countries that could benefit from conflict, it is not difficult to imagine a set of circumstances that triggers a spiral of mistrust and animosity that could derail the Sino-American relationship. For this reason, and given the historical precedent of great power relations, thinking rigorously and creatively about possible new paths or directions is worthwhile.





# What are the characteristics of an ideal but realistic U.S.-China relationship in the near term?

From an American perspective, an ideal but realistic U.S.-China relationship would be cooperative, flexible, resilient, respectful, mature, comprehensive, positive, mutually beneficial, predictable, and conducted according to international norms and rules. Strong lines of communication would exist at many levels of government, including among operational-level military personnel, and joint work could commence and proceed without the involvement of the most senior levels of government. Those lines of communication would operate effectively even during times of crisis, reducing the chances of miscalculation. Crises, disagreements, and conflicts in certain areas, even when intense, would not compromise progress in others. Both countries would pursue their own national interests vigorously, yet in a way that strengthens the international order of rules and norms, regional stability, and the bilateral relationship itself.



# What is a plausible, positive vision of a U.S.-China relationship in 10 years?

The United States and China have yet not articulated a clear understanding of how they could continue to coexist in peace a decade or two down the road. China's rise is a major geostrategic shift, and without a credible alternative, predictions for the interaction between a rising power such as China and an established power such as the United States tend to default to the historical pattern of inevitable violent conflict, as we discuss in detail below. Until the United States and China develop a shared vision for where they want the relationship to go, it is difficult to determine what mutually beneficial policy steps they should take now.

Here is one way to imagine a peaceful future: the United States and China, along with other major powers and all other nations alike, are deeply embedded in a matrix of laws, norms, and institutions. Bilateral lines of communication are even stronger than today, but both powers increasingly seek to cooperate and resolve their differences in a way that strengthens the international system—by using it, reforming it, and respecting it.

A more robust international architecture can continue to draw boundaries around the natural rivalry of nations. It can reassure less-powerful nations. When each side knows that the rules are fair and followed, competition need not be antagonistic. Processes for resolving disputes—such as in the WTO—can channel frictions. And collaboration will be easier when both countries know that they are shouldering a fair share of the burden along with other nations. Rules and norms make behavior more predictable, which is important for both sides. The current system of institutions and rules and the large degree to which they actually do influence country behavior is what is new in the new model of major power relations. No system of rules can make a country act against its own interests, but a robust set of norms can influence how nations conceive of their interests in the first place.

Some of the most worrisome issues in the current U.S.-China relationship are in areas that lack common rules and institutions, such as cyber espionage and outer space, where there are no established procedures or independent bodies to manage such disputes.

Chinese leaders should welcome a future where the United States is further bound by rules and the international community has a role in keeping both big powers honest. On the other hand, it is a commonly held view in China that the West uses international rules to keep China from being successful. For this reason, and because of its increasing influence and resources, China needs and will continue to have a seat at the table when the international community negotiates these rules. China's actions have shown that its inclusion cannot and need not come at the expense of an effective regime.

What is useful about this vision is that it can accommodate any future in the trajectories of nations. The fate of great powers is notoriously difficult to predict. Few foretold the collapse of the Soviet Union or Japan's recession in the 1980s. An effective regime of rules and norms will assist in moderating relationships among the major powers—whether China's economy continues to grow at a fast clip or falters; whether the United States experiences a tepid recovery or a robust one; whether India's gross domestic product, or GDP, one day outstrips China's; or Japan's economy surges again.

The challenge in implementing this future, of course, is that nationalists in every country resist being bound by any international rules or standards.

# What can history and theory teach us about major power relationships?

In analyzing the U.S.-China relationship, many look to history for lessons and fodder for predictions. Here we offer a brief, simplified analysis of a few of the examples of great power interactions from history that analysts often cite as precedent. We find that they do not foretell a clash between the United States and China.

---

## History's lessons

### Peloponnesian War: Sparta and Athens

The earliest recorded example of power transition comes from ancient Greece when coalitions led by Athens and Sparta fought what would eventually be known as the Peloponnesian War. As recorded by the Greek historian Thucydides, the Athenian state began to develop at a rapid pace after a series of reforms and was quickly approaching the level of power enjoyed by the dominant state at the time, Sparta.<sup>10</sup> As Thucydides wrote in his classic work, *The History of the Peloponnesian War*, “The growth of the power of Athens, and the alarm which this inspired in Sparta, made war inevitable.”<sup>11</sup> Or as renowned political scientist and foreign policy expert Graham Allison puts it, “threat and counter-threat produced competition, then confrontation and finally conflict.”<sup>12</sup>

On the surface, the case seems applicable to the U.S.-China relationship: China, similar to Athens centuries ago, is rising after a series of major reforms, while some would say the United States is relatively stagnant and experiencing a period of dysfunction in its political system, much like ancient Sparta. But whether these trajectories will continue is far from certain. Historians have a very poor track record of predicting the true paths of nations, and many fundamentals of U.S. power remain strong. Moreover, Athens and Sparta were part of two major coalitions. China has few allies, whereas the United States is allied with many of the world's most powerful nations. Also, it is important to remember that diplomacy matters. Political philosopher Laurie Bagby writes, “Thucydides ... discusses

the importance of individual character when it comes to wars” and “obviously believed that statesmanship or the lack thereof could change history.”<sup>13</sup> The history of great powers and rising powers is littered with wars, but in each case, we can see specific points of miscalculation and mistakes made by leaders on both sides. The skilled diplomats of today must strive to do better.

## World War I: Great Britain and Germany

Following the Franco-Prussian War in 1871, the German states formally unified, and the country embarked on a remarkable buildup of both economic and military resources.<sup>14</sup> By 1914 and the outbreak of World War I, Germany was the premier power in continental Europe and began to rival even Great Britain as a world power. As German power grew, its actions became increasingly worrying for Great Britain, France, and Russia. In his famous “Crowe Memorandum,” British diplomat Eyre Crowe wrote in 1907 that Germany’s actions gave an impression that it wanted to change the status quo. Further, Crowe wrote, Germany’s assurances of benign intent could not be believed because German diplomats at the time could not actually know what Germany would want in the future when it was stronger, and if Germany did have ambitious designs, it would not openly proclaim them.<sup>15</sup> Most worrisome for Great Britain was Germany’s challenge to its control of the seas. Germany was developing a large navy because it viewed Great Britain as a possible threat to its ability to trade freely.<sup>16</sup> Additionally, a powerful navy was a statement about Germany’s status; it indicated that Germany had arrived. Ironically, shortly before World War I broke out, Germany actually saw itself as the declining power and feared the rise of Russia.<sup>17</sup> As it turns out, Germany’s leaders grossly overestimated Russian capabilities, but this fear was at least one reason why Germany eagerly went to war when the opportunity arose.<sup>18</sup>

Former Secretary of State Henry Kissinger points out that all of the concerns about German intentions voiced by Crowe exist in the U.S.-China relationship today. Even if China has risen peacefully thus far, American policymakers can point to increasing aggressiveness in the past few years as evidence that China’s intentions will change as it grows more powerful. This is where the reaction of Germany to Russia is also instructive. Because Germany vastly overestimated Russia’s power—even if it was growing—it saw war as the preferable option. It is important to remember that while China’s military power is increasing, it is doing so in a rather predictable manner that is largely focused on modernization.<sup>19</sup> In addition, much of the fear surrounding China is based on linear extrapola-

tion of its current rate of economic and military growth, which can often lead to overblown predictions. To underscore the point, recall the title of Professor Ezra Vogel's 1979 book, *Japan as Number One*.<sup>20</sup>

According to Avery Goldstein, a professor of global politics and international relations at the University of Pennsylvania, "China is ... more like Bismarck's Germany, a nationalist rising power whose interests sometimes conflict with others', but one that so far lacks a thirst for expansion, let alone domination, strategic purposes that would pose a serious threat to international peace."<sup>21</sup> Furthermore, William Wohlforth, acclaimed Dartmouth College political scientist, points out that "[Wilhemine] Germany chafed under the very status quo that abetted [its] rise."<sup>22</sup> Thus far, and for the most part, China has not done the same, making clear that it wants to rise within the current international system while also adjusting that system to meet its needs.

## World War II: United States and Japan

Japan began its rise to power following the advent of the Meiji Restoration in 1868, which was an ambitious modernization drive started by Japanese elites to avoid Western domination.<sup>23</sup> After successful wars against the decaying Chinese empire in 1894 and Russia from 1904 to 1905, Japan was the only non-Western major power in the world.<sup>24</sup>

At the dawn of the 20th century, American and Japanese interests were roughly aligned. President Theodore Roosevelt mediated the Russo-Japanese War and problems over Japanese immigration to the United States seemed to be solved through the so-called "Gentlemen's Agreement of 1907."<sup>25</sup> After World War I, there were a number of naval treaties signed between the United States, Japan, and Great Britain, with each power agreeing to a set ratio of warship tonnage, though these varied over time. Despite these understandings, U.S. policymakers generally saw Japan as the greatest rising military threat. Heavily militarized and looking to expand its influence and territory, Japan had the potential to threaten U.S. colonial possessions in Asia and the profitable China trade. Japan continued to advance rapidly but was hampered by a reliance on imported goods, especially oil, that eventually drove it to achieve economic security by invading and occupying its neighbors. The Japanese drive to create what they called a "Greater East Asia Co-Prosperity Sphere," a block of Asian nations free of Western powers, put Japan in direct competition with the United States and Great Britain, both of which



eventually cut off the export of oil and iron ore to Japan in response to Japanese colonialism.<sup>26</sup> Eventually, the Japanese were faced with a choice: either give up on their expansionist foreign policy or drive the Americans and British out of Asia. They chose the latter.

Although Imperial Japan was a rising Asian power much like China is today, there are many more differences than similarities between the two. China has not shown any tendency toward aggressiveness remotely close to the level of Imperial Japan. In the past, China has also shown a willingness to solve border disputes through negotiation rather than resorting to force, though some actions it has taken recently in the South and East China Sea could signal a new assertiveness. While China has become a major importer of resources similar to Japan, it is not as wholly dependent on those imports. Moreover, oil has become a global commodity and an embargo of it, and of many other important resources, is virtually impossible.

We conclude that while these historical examples can provide us with valuable lessons, they do not point to inevitable hostility in the U.S.-China relationship. Moreover, the modern era is different in important ways. Nuclear weapons in the arsenals of most major powers provide a deterrent. Economic interdependence is far deeper than at any time before. Threats such as climate change are shared, and gaining territory is not the key to economic success to the degree that it was in earlier times.

---

## Theory's lessons

In the United States, three major schools of international relations theory—realism, liberalism, and constructivism—offer different approaches to the relationships between rising and existing powers.

### Realism

Undergirding all realist thought is the idea that the international system is anarchic, with no overarching law or enforcing authority to govern state relations. How powerful a state is—measured by a variety of factors, including economic and military variables—essentially determines its standing in the world. States are rational actors that have survival as their main goal. Much of realist thought on great power transitions stems from hegemonic stability theory, which suggests

that the international system is more likely to be stable with the presence of one world power, the hegemon, and feature a corresponding lack of stability when the hegemon declines or outright loses power. Building off of hegemonic stability theory is power transition theory, which suggests that the possibility of serious conflict emerges when a rising power and declining power approach a crossover point in terms of national strength, though how this is measured is up for interpretation.<sup>27</sup> The rising power becomes frustrated that the status quo is biased toward the declining power, while the declining power sees its window of opportunity to check the rising power closing.<sup>28</sup> For this reason, the chance of war increases when the states have roughly similar, but not necessarily equal, capabilities.<sup>29</sup>

China is obviously rising both economically and militarily, and it is likely that friction with the United States and other major powers will persist as it continues to expand. Some offensive realists, such as John Mearsheimer, believe that this will make conflict with the United States inevitable, unless America is willing to step aside.<sup>30</sup> Randall Schweller, professor of political science and social behavior at Ohio State University, believes that, though China has worked within the current international system to regain its great power status, it will be difficult to further integrate into the world order because of the “insular and defensive character of Chinese politics and nationalism.”<sup>31</sup>

Other adherents of realism such as Cornell University Professor Jonathan Kirshner, however, suggest that China will not necessarily challenge the United States and conflict is not inevitable.<sup>32</sup> Chinese policymakers can learn from the lessons of previous rising powers and, contrary to the view of Mearsheimer and others, conclude that achieving regional hegemony carries unacceptable levels of risk.

## Liberalism

As opposed to realism’s emphasis on anarchy and power being the sole determinant of relations between countries, liberal internationalists discuss other factors that influence state behavior, such as international organizations and economic interdependence. Liberal internationalists believe that international organizations, such as the United Nations and World Bank, provide a forum for dispute resolution and negotiation that has a positive impact on conflict levels and increases cooperation between states. Political scientists Sara Mitchell and Paul Hensel show that international institutions have a very positive effect on mediation, even on the thorniest issues such as conflicts between states.<sup>33</sup> Liberal international-

ists also believe that economic interdependence reduces the chance of conflict by increasing the costs of conflict—a country is less likely to attack another if in so doing it will harm its own economy.

In addition to economic interdependence, there is also the idea of security interdependence. Similar to economic interdependence, security interdependence has become more profound in the era of globalization. As Center for American Progress Senior Fellow Nina Hachigian wrote previously, “Newly virulent threats profoundly affect pivotal power relations. Terrorists and pathogens represent big challenges that must be faced globally by all.”<sup>34</sup> While the interactions between states when working on these challenges can encourage further cooperation, there is always the risk of states freeloading off the investments made by others.<sup>35</sup> International institutions, however, not only encourage cooperation and make communication between states easier, they also introduce enforcement mechanisms as a way of preventing freeloading, though these obviously vary from institution to institution.

Economic interdependence has created strong incentives for both sides of the U.S.-China relationship to search for ways to reduce tension and conflict when problems emerge. Bilateral trade rose from around \$8 billion in 1985 to \$536 billion in 2012, and those numbers only continue to increase.<sup>36</sup> As scholars have pointed out, Chinese membership in international institutions has increased dramatically since Chairman Mao Zedong’s death.<sup>37</sup> China has also refrained from attempts to significantly change institutional rules and continually stated its desire to rise within the current international system, albeit with adjustments for its enhanced stature.

## Constructivism

Advanced most notably by political scientist Alexander Wendt, constructivism holds that it is possible for states, through repeated interactions, to form collective identities and interests.<sup>38</sup> In addition to interactions between states, the rise of common “others”—issues or threats that cannot be faced by one state alone, such as climate change—reduce states’ ability to act unilaterally and encourage cooperation.<sup>39</sup> Over time, this leads states toward greater degrees of collective identity and reduced conflict. Of course, the inverse is also possible. Just as repeated interactions of a positive nature can lead to collective identities and interests, repeated negative interactions and preconceived negative images breed hostility, mistrust, and possible conflict.

Many constructivists believe that China's increasing participation in international institutions will eventually lead to shifts in strategic culture, behavioral norms, and conceptions of national identity that preclude conflict with the United States.<sup>40</sup> Constructivism, however, also suggests that negative frames of the opposing side can create hostility that the facts of the relationship do not justify.

As with the history of great power interaction, international relations theory can help us think through important factors in great power relations, but it is also not conclusive.



# Can all major powers strive toward a new model of major power relationship?

The idea of a new model of major power relations should apply to all pivotal powers. All pairs or groups of major powers should endeavor to avoid the fate of past major power conflict and should contribute to the ideas that can form the basis of a peaceful future. Even when the U.S.-China relationship is stable and constructive, neither country will be able to fully reap the benefits of that success if at the same time, for example, the China-Japan relationship is confrontational or the U.S.-Russia one is troubled. The ties between all are so thick that a frayed bilateral relationship of any pivotal power pair is ultimately detrimental to the well-being of all.

Other countries, particularly neighbors in the Asia-Pacific region, want a functional, stable, and positive U.S.-China relationship that can solve problems and contribute to security and prosperity in the region. These countries do not want to choose between good relations with the United States and good relations with China. They want both.

Though some observers in the Asia-Pacific describe a simple dichotomy of China being good for the economy and the United States being good for security, the reality is that the United States is a major trading partner with many Asian nations and China's military-to-military relationships are also beginning to strengthen—for example, with South Korea.<sup>41</sup> Statements from regional leaders make it clear that they want good relations with both powers. In Australia, one of the closest U.S. allies, a recent defense white paper noted: “The government does not believe that Australia must choose between its longstanding alliance with the United States and its expanding relationship with China.”<sup>42</sup> Malaysian Prime Minister Najib Razak echoed these sentiments in 2011, stating that, “China is our partner and the U.S. is also our partner. ... It's not about taking sides.”<sup>43</sup> And a Congressional Research Service report on U.S.-Singapore relations points out that, “Maintaining strong relations with both China and the United States is a keystone of Singapore's foreign policy.”<sup>44</sup> As Kissinger writes, the policy

approach taken by countries in the Asia-Pacific region in relation to China and the United States was best summed up by “a senior Indonesian official, [who told] an American counterpart: ‘Don’t leave us, but don’t make us choose.’”<sup>45</sup>

Other countries want the United States and China to get along, yet they do not want a Group of 2, or G-2. The U.S.-China relationship is only one link, though an influential one, in a global network of many bilateral and multilateral nodes, all of which are of critical importance to the overall peaceful global order.

# What is the relationship of the international system to constructive relationships between major powers?

Bilateral major power relationships exist in the context of a robust global and regional architecture of rules, institutions, and norms. That is what is especially new in major power relations compared to decades or centuries past. These laws, norms, and institutions—such as the United Nations, IMF, WTO, IAEA, and WHO—are key to solving global problems. They can spread out the burden of cooperation, ensure transparency in the problem-solving process, give stakeholders a voice, help nations develop habits of cooperation, provide a forum for dispute resolution, remind powers of their interdependency, and attach a cost to breaking the rules. And only central nodes can coordinate dozens of countries acting at once.

Thus, a key element of the new model is the ability of pivotal powers to work with other countries and within the international system as responsible stakeholders. The existence and health of such a system is not a given—it has to be nurtured. Violators have to be punished, lessons must be learned, new frameworks have to be adopted, and capacities must be strengthened. Major powers are important stewards of the international system. In turn, the international system has had and can continue to have a positive impact on major power relations.

To the extent that China has joined the system of rules and norms, adheres to them, and seeks to strengthen the system, those actions offer reassurance to the United States and others that Beijing is acting in the best interest not only of itself but of the system as a whole. To the extent that Beijing is not following and implementing international norms, or not doing its share to contribute to the international system, this sows distrust. The unavoidable quandary of public goods is how to get all who enjoy them to contribute. Every country will be tempted to free ride. China is too big for that now.



The United States and China have a special responsibility as actors with systemic influence. Imagine how powerful and far reaching the possibilities if the United States and China could work together as catalysts to motivate other major powers to act in concert and through the international system to address global challenges.

The United States agrees with China that the international system needs reform. The actors and issues are changing faster than the bureaucracies are able to keep up. For instance, there were no routine, high-level leadership summits that included all major powers until 2008. The Group of 8, or G-8, excluded China and India. The U.N. Security Council excluded Japan and India. The establishment of the Group of 20, or G-20, in 2008 as a major global leaders' forum has filled that void. The G-20 has played a key role in bringing existing and emerging powers together to discuss the most pressing economic issues of the day. Through it, China and the United States have played significant roles in stemming the global financial crisis and implementing banking reforms, among other accomplishments. The G-20 provides a setting in which leaders can try to assign responsibility for reform to every major economy in a fair way that allows progress to continue. Because of its early success, expectations of what the G-20 can accomplish often outstrip what it can deliver. Yet it remains a key fire station for crisis management and addressing global economic challenges, as well as a steady reminder to capitals that their individual actions affect the globe.

The G-20 has also served as an agent for change at the IMF. Building off political support at the 2009 meeting of the G-20, 2010 saw the IMF reach agreement for a shift of around 6 percent voting share from over-represented to under-represented countries, with the major beneficiaries being China, Brazil, India, and Russia.<sup>46</sup> China will go from having the sixth-largest voting share to third largest, behind the United States and Japan.<sup>47</sup>

The WTO is another forum that has helped the United States and China mediate some of their economic disputes. Since China joined the WTO in 2001, both nations have been able to bring trade disputes to a relatively neutral arbiter instead of employing domestic trade enforcement mechanisms that are more likely to trigger harmful tit-for-tat cycles of trade retaliation. To be sure, China still has a way to go in its efforts to abide by WTO requirements. On subsidies, for example, China has not yet fulfilled its commitments to submit regular reports on subnational subsidy programs. Chinese trade regulators, however, are increasingly using the WTO as a forum to file trade disputes. That is a positive development because

it lends Chinese trade complaints more international validity and makes the process more predictable for its trading partners, including the United States.

There are many other international organizations—the U.N. Security Council, WHO, IAEA, and more—through which the United States and China have cooperated to solve problems that plague both countries and the larger community of nations.

At the regional level, as the Asia-Pacific region shifts from an area that is based on the hub and spokes of bilateral alliances—a 19th- and 20th-century concept—to a multifaceted networked approach, institutions that are open, inclusive, functional, and able to solve real-world problems will play a key role in dampening tensions and addressing regional challenges. While alliances will continue to be critical to American policy in the region, there are many regional security and economic challenges—such as human trafficking, maritime security, disaster response, pandemic disease, and terrorism—that would best be addressed by pooling capacity through multilateral arrangements.

There is no shortage of forums in the region, including the Association of Southeast Asian Nations, or ASEAN; ASEAN Regional Forum, or ARF; ASEAN Plus Three; ASEAN Defense Ministers Meeting, or ADMM; ADMM-Plus; East Asia Summit, or EAS; Asian-Pacific Economic Cooperation, or APEC; Trans-Pacific Partnership, or TPP; Regional Comprehensive Economic Partnership, or RCEP; and more. The challenge is how to make these pieces fit together without unnecessary overlap and ensure that they actually solve problems while guaranteeing that Asia's subregions are knit together in the process. The United States and China, along with other key players, have a duty to help establish and harmonize the structures that will coordinate cooperation and provide public goods that the region needs. In return, these organizations can provide a forum for pivotal power cooperation. China and the United States have fruitfully cooperated for years through APEC, and now that Washington has wisely joined the EAS at the leader level,<sup>48</sup> this presents another forum for the discussion of critical issues such as energy, disaster relief, cybersecurity, maritime matters, and how to expand commerce, among others.<sup>49</sup>

On trade, two major regional efforts are currently underway. The United States has been working on the expansion of the TPP, an ambitious project started by Brunei, Chile, New Zealand, and Singapore in 2005 to create a high-standards trading regime.<sup>50</sup> With the recent addition of Japan, the 12 members of the

TPP, which represent 40 percent of global GDP, are currently negotiating what the United States and others call a “comprehensive and high-standard” free trade agreement, which aims to liberalize trade in nearly all goods and services and includes commitments beyond those currently established in the WTO.<sup>51</sup> Importantly, it will set standards for labor practices, environmental stewardship, and intellectual property protection, among other areas. This is an arrangement that we hope China will one day choose to join. At the same time, China is involved in negotiations of RCEP, an ASEAN initiative. Its 16 nations account for 40 percent of world trade.<sup>52</sup> Some nations are in both TPP and RCEP negotiations, and the two regimes are not incompatible. In the future, it is possible that they could both be folded into a high-standards regional trade agreement that could support the global trade regime.

It is the areas and issues that lack institutions, or where there is not a set of common rules, that are often the most contentious and vulnerable to misunderstandings and disputes.

Outer space is one such realm. Concerns over China’s anti-satellite program grew following a successful test of its capabilities in 2007, which created thousands of pieces of space debris that still linger.<sup>53</sup> A year later in 2008, the United States tested its own capabilities on a defunct satellite, albeit at a lower altitude, which meant that the debris from the U.S. test burned up harmlessly in the atmosphere. These two tests show that there are dangerous possibilities of escalation and that potential harm can come about even from testing these capabilities. But there seems to have been some progress in recent months. It was welcome news that space has played an increasing role in security talks between the United States and China and even better to read reports that China may have agreed to talks on an international “space code of conduct.”<sup>54</sup> While these discussions are apparently still in the early stages, a senior State Department official remarked that on space issues, the Chinese “have displayed more transparency than they have in the past.”<sup>55</sup>

Maritime issues are similarly vexing and, if not addressed, could lead to very destabilizing incidents. China is embroiled with a number of countries in the region in disputes over sovereignty of land formations in the South China Sea. For the first time in its 45-year history, ASEAN did not issue a communiqué describing the content of the discussion after a July 2012 meeting of foreign ministers in Phnom Penh, reportedly because China pressured Cambodia to refuse to include language on the group’s discussion of maritime issues.<sup>56</sup> China insists that these territorial questions are matters for bilateral negotiations only. This break in

protocol was a troubling development and a striking contrast to the group's ideals of unity, leading some observers to conclude that, "China has decided that a weak and splintered ASEAN is in its best interests."<sup>57</sup>

Still, China's more-recent openness is encouraging. At the 2013 ASEAN Regional Forum in July, the 10-member association and China issued a statement that said the parties "aim to reach a conclusion of a Code of Conduct in the South China Sea, which will service to enhance peace, stability and prosperity in the region."<sup>58</sup> This is a very promising development, as a workable code of conduct between ASEAN and China will help to reduce the tension that has developed in recent years in the region. The pace of negotiations, however, has been disappointingly slow to date. Similarly, diplomatic progress on the Senkaku and Diaoyu Islands issue has been stalled, and Japanese and Chinese ships and planes are shadowing each other in the area around the disputed islands that both countries claim.<sup>59</sup> The potential for an accident to quickly lead to an escalation in the situation cannot be dismissed.

China and the United States also have disagreements on issues such as surveillance in China's Exclusive Economic Zone, or EEZ. The fact that the United States has not ratified the U.N. Convention on the Law of the Sea, or UNCLOS, is unfortunate, though America does abide by the rules of the treaty as they mirror customary international law.<sup>60</sup> The United States seeks to preserve open access to sea-lanes to encourage free trade, and it has maintained a large naval presence in the Pacific for this reason. The Chinese military, however, sees this U.S. presence as a potential threat.<sup>61</sup> For this reason China has significantly built up its naval forces and concentrated on anti-access/area-denial systems that could potentially limit how close to China the United States can operate.<sup>62</sup> There are signs that a classic security dilemma is developing here, which could lead to a destabilizing regional arms race if allowed to fester.

Cybersecurity also has major implications for both America and China in the economic and security realms. The U.S. government sees Chinese cyberhacking as a major and still growing national security threat but has been careful to draw a distinction between traditional espionage—such as the U.S. activities revealed in the recent National Security Agency, or NSA, scandal—and corporate espionage. U.S. intelligence agencies strongly believe that they have solid evidence that China's military and intelligence services engage in corporate espionage, whereby they obtain information from U.S. private-sector enterprises and pass that information on to Chinese companies to give them a competitive edge. This differs

markedly from normal intelligence operations aimed at securing government or military secrets or preventing attacks on domestic or allied targets. For this reason, the cyber realm is almost certain to be a key point of tension going forward and could feed mistrust between the China and the United States. As then-National Security Advisor Tom Donilon put it when relaying President Obama's message to President Xi at the Sunnylands summit, "if it's not addressed, if it continues to be this direct theft of United States property, that [cybersecurity is] going to be very difficult problem in the economic relationship and [is] going to be an inhibitor to the relationship really reaching its full potential."<sup>63</sup>

Both sides, however, also have overlapping concerns in cyberspace, including reducing the incidence of cybercrime by nonstate actors. As President Obama stated at the Sunnylands summit, "What both President Xi and I recognize is that because of these incredible advances in technology, that the issue of cybersecurity and the need for rules and common approaches to cybersecurity are going to be increasingly important as part of bilateral relationships and multilateral relationships."<sup>64</sup> Cybersecurity was also a major topic at the Strategic Security Dialogue, held alongside the recent Strategic and Economic Dialogue in Washington, D.C. in July 2013.<sup>65</sup>

Finally, there are regional issues that attention from outside major powers can help to solve. Chief among these is the Middle East. Given China's and the United States' status as the largest and second-largest oil importers, respectively, both have a major interest in peace and stability in the region. There are four areas in particular on which America and China both must find common ground to help find a solution. The first is the Iran nuclear crisis. Both China and the United States want to avoid the sort of regional instability that could arise as a consequence of Iran acquiring a nuclear weapon, whether due to airstrikes on Iranian facilities or an arms race with Iran and its neighbors. Another area is the Israeli-Palestinian peace process in which China, with U.S. encouragement, has been playing a greater role in recent months, with the former hosting both Israeli Prime Minister Benjamin Netanyahu and Palestinian President Mahmoud Abbas in May 2013.<sup>66</sup> President Xi's four-point plan for peace, which he released after those meetings, shows that China and the United States are largely on the same page with regards to the framework for a solution.<sup>67</sup> A third area is the ongoing crisis in Syria. The United States and China must take mutual actions to promote an end to the civil war that has already killed more than 130,000 Syrians.<sup>68</sup> And finally, the United States and China should find ways to promote investment and economic development in Egypt, as well as the development of an inclusive society, to reduce tensions and help get Egypt back on track.

# What principles should govern pivotal power relationships?

We suggest the following 10 principles to guide major power relations in the modern era. In them, we do not reference core or vital interests. While major powers should certainly be aware of each other's critical national interests and try to respect them, we believe that the idea of mutually exclusive core interests among nations is increasingly anachronistic. Those issues in which China has a core interest could well be issues in which the United States and other nations have a stake, and vice versa.

Major powers should:

1. Commit to treat each other with respect
2. Pledge to seek mutually beneficial cooperation
3. Resolve to cooperate, along with others, to solve global challenges
4. Commit to abide by international law and norms and work through the international system and regional groups to solve problems
5. Resolve to renew a robust and effective regional and international order of rules, norms, and institutions that reflect universal values
6. Pledge to make every effort to resolve differences and regional crises peacefully, through international law and mechanisms
7. Resolve not to impose unilateral changes to the status quo when it comes to territorial disputes
8. Commit that economic relationships occur on a level playing field that gives all nations and enterprises an equal chance at success, based on their individual commercial abilities
9. Commit to be as transparent as possible about future strategic intentions and military capabilities
10. Resolve to be inclusive in regional arrangements

These principles, if followed, would not only ease tensions in the bilateral relationship but simultaneously build up the regional and international matrix of rules and institutions that can help channel and contain major power frictions.



# What are likely sources of significant conflict between the United States and China now and in the future?

While it is difficult to predict the specific nature of future disputes between the United States and China, there is no shortage of possibilities. In every realm—economy, security, and ideology—America and China have different interests and perceptions based on different geographies, histories, ideologies, and political systems. On the economic front, while the relationship has brought great benefits to both sides, the United States has been and continues to be concerned that China is not playing according to a set of common rules on a fair and level playing field. Whether it is theft of intellectual property, copyright and trademark infringements, the unfair privileging of Chinese businesses, currency manipulation, or any number of other specific grievances, the overall theme on the American side is that China is not abiding by international fair trade norms, including many specific rules and principles that China committed to when it joined the WTO. Individually, these concerns are manageable, but taken together, they breed distrust and erode China's international credibility.

On the security front, there are no issues between China and the United States that are purely zero-sum in nature, but some could lead to conflict nonetheless. With respect to Taiwan, a variety of peaceful futures could satisfy peoples on both sides of the Taiwan Strait and therefore the United States. Yet the possibility of conflict cannot be ruled out as China and the United States have very different perspectives and priorities on the issue.

Disputed territory and maritime rights are another potential source of conflict. While the United States does not take a position on the outcome of regional territorial disputes, Washington does want them to be resolved peacefully, without coercion and according to the rule of law. The United States has a stake in freedom of navigation, the unimpeded flow of commerce through sea-lanes, and adherence to international law. Tensions with Japan, current and future, are particularly



worrisome. China and Japan are the two largest economies in Asia, and Japan is a long-standing treaty ally of the United States. A conflict between Beijing and Tokyo would be truly destabilizing.

As discussed above, new realms of interaction such as cyber and space, and others yet to be discovered, are particularly vulnerable to conflict because common rules do not yet govern them. Additionally, we cannot rule out the ever-present possibility that mistakes, accidents, and/or misperceptions can trigger a dispute. The time for action is now, before such an incident occurs. More robust military-to-military communications, as we discuss below, can help prevent unintentional clashes.

Finally, the United States and China must address the set of issues involving values and human rights. Americans continue to be concerned with China's lack of enforcement of its own guarantees of individual justice and the treatment of lawyers, writers, bloggers, protestors, and others seeking to make China a better place. These concerns are generally not a direct source of conflict, but it is not difficult to imagine that a particular case could become contentious. As President Obama said in April 2012, "We want China to be strong and we want it to be prosperous, and we're very pleased with all the areas of cooperation that we've been able to engage in. But we also believe that that relationship will be that much stronger, and China will be that much more prosperous and strong as you see improvements on human rights issues."<sup>69</sup>

There are less-quantifiable factors that could magnify a dispute over a substantive area. Distrust, paranoia, and the desire for status have all played a role in pushing great powers of the past away from cooperation and toward conflict. Because states are concerned for their survival and security, they are more likely to view the actions of others in the worst possible light. As can be seen from the case of Great Britain and Germany in World War I, both sides believed that advances made by the other necessarily hurt them—they were essentially playing a zero-sum game. Many have pointed out that a state's quest for security can sometimes actually make it less secure. Miscalculation due to misperception is already affecting the U.S.-China relationship.

One factor contributing to distrust on the American side is China's lack of decision-making transparency. The more open a nation's domestic and foreign policymaking processes to external scrutiny, the more other nations can trust that they understand and can predict what that process is likely to generate in future. As a nondemocratic country with a relatively closed decision-making

process, China will face growing transparency pressures. Going forward, Beijing should consider implementing new mechanisms to reassure other nations of its peaceful rise. China's defense white papers, which it has been releasing since 1998, are one such mechanism.

The desire for status—to be known and recognized as a great power—can also lead to tension. In the example we discussed above, Germany desired all of the trappings of being a great power, including a mighty naval fleet and colonies, as well as a greater say in regional affairs. These were all seen by Great Britain as direct threats to its status as an imperial power. China has been a bit more circumspect since the reform era began, but it also sees itself as returning to a natural position of great influence. While not directly threatening American leadership or the Western order, China has called for a greater say and acted more assertively to defend its national interests in recent years. An increasingly nationalistic Chinese public cheers on many of these actions. On the U.S. side, while Americans themselves are not troubled by the idea of a stronger China per se, they are concerned about China's growing military capabilities.

What we need to note here is that, with some exceptions, the United States and China do not pose a direct threat to the security, prosperity, or values of the other country's people now and are unlikely to do so in the future. Quite the opposite: Both peoples have a strong stake in the success of the other.



# What steps can China and the United States take to build a positive and constructive partnership?

We have divided our policy recommendations into three categories: those for international and regional institutions; those involving rules for the global commons; and those that involve primarily the United States, China, and individual countries—what we term mechanisms for bilateral and trilateral cooperation and communication.

---

## International and regional institutions

### G-20

CAP and the China Institutes of Contemporary International Relations, or CICIR, conducted a joint study, entitled “The US-China Study Group on G-20 Reform,” and produced a variety of recommendations to strengthen the G-20 as an institution. As noted in that study: “With greater cooperation through the G-20, there is an opportunity for China and the United States to further strengthen both that forum and their bilateral relationship. Such cooperation can contribute to the development of a new type of major power relationship.”<sup>70</sup>

We continue to think the recommended reforms in that study are worthwhile, including: requiring a written justification for adding new topics to the agenda; preserving informal time for leaders to discuss the issues of the day; allowing “Yaks”—the assistants to the chief negotiators, also known as Sherpas—to negotiate parts of the final communiqué; and pooling administrative capacity so that the G-20 can have a permanent website with all the relevant documents in a variety of languages. See the study group’s final report for further detail.<sup>71</sup>

## International Monetary Fund

Member states pledged to accept a revision in the quota system, discussed above, that would give far more weight to China. This has yet to be approved by the U.S. Congress.<sup>72</sup> We would recommend that the Obama administration push this forward as quickly as possible, as it is another demonstration that the current international order is fair and embraces emerging powers. For its part, China should help empower the IMF to monitor issues of currency—a critical task in a global economy. China should also continue to carry out its plans to move to a market-determined floating exchange rate, reduce controls on portfolio capital flows, liberalize foreign direct investment in financial services, and liberalize interest rates.

## Asia-Pacific architecture

We very much support the Obama administration's commitment to engage robustly in Asian regional forums and trust that successor administrations will do the same. There are now a multiplicity of forums in which the United States and China engage with their neighbors, as discussed above. Starting from the principle of inclusiveness, it might be a good time to consider some adjustments in these various bodies to reduce overlapping administrative costs and time. At the same time, there are some areas for cooperation that are not yet underway. Pandemic disease could benefit from the creation of region-wide infrastructure under the auspices of the WHO. Regional actors, including China, the United States, Japan, and Australia, could also do more to coordinate on development assistance so that scarce monies are well spent in complimentary ways, not on competing projects that are at cross-purposes with overall regional development goals.

The United States and China, along with Japan and other key Asian actors, should also consider establishing a permanent multilateral outpost for humanitarian assistance and disaster relief. Such a center would become a concrete symbol of cooperation and could greatly assist in coordinating actors in the region, both civilian and military, when disaster strikes.

---

## Rules for the global commons

In the areas of outer space, oceans, and cyberspace, the United States and China must work with the rest of the international community toward a common set of

rules that can guide behavior. Transparency is crucial. By being straightforward about their plans and activities in these areas, both the United States and China will help overcome strategic tensions between the two sides.

On cybersecurity, it is clear that, at a minimum, a common set of guidelines is needed to prevent cyber concerns from derailing interstate commerce. If companies around the world perceive a high risk that their proprietary intellectual property and other internal data could be stolen by government actors conducting international cyber espionage and handed over to their competitors, this will negatively impact global research, investment, and commerce. Every nation shares the responsibility to provide a modicum of security and investigate offenses within their own borders. That responsibility should include providing cybersecurity for private companies and individuals that are either operating within their borders or being targeted by actors operating within their borders. If companies in the United States have solid evidence of illegal cyber intrusions originating from China, the Chinese government should have mechanisms in place to review and investigate those claims. Likewise, the United States should have mechanisms in place to address complaints from Chinese companies.

As the world's largest economic powers, it is in U.S. and Chinese interests to address these cyber economic concerns before they further damage our bilateral economic relationship and the global economy more broadly. To do that effectively, China and the United States will need to forge some type of common understanding about what types of practices are not acceptable and develop common institutions for addressing those problems in a mutually agreeable fashion. Given the scope of these challenges, multilateral approaches will be needed, but as the United States and China are the world's economic leaders, bilateral dialogue is also critical.

On territorial disputes and maritime conduct, China and ASEAN should continue their work toward a code of conduct in as rapid a timeframe as is possible. The United States needs to ratify UNCLOS; unfortunately, given the political dynamics in Congress, this may prove difficult. The United States will also continue to encourage China and Japan to reduce tensions and establish means of communication so that minor skirmishes do not escalate to something more serious.

The United States and China should explore the idea of a multilateral maritime security partnership in East Asia. As other nations, including China, build up their naval capacity, it is only fair that they should help in collectively securing sea-lanes that are as vital to them as they are to the United States.<sup>73</sup> As a U.S.

Navy report suggests, “Maritime forces will be employed to build confidence and trust among nations through collective security efforts that focus on common threats and mutual interests in an open, multi-polar world.”<sup>74</sup> The multilateral effort would not only have a positive effect on combating nonstate actors, such as terrorists and drug smugglers, but also could potentially reduce Chinese suspicions of American maritime activities. Furthermore, it would give China a greater share in the cost of protecting sea-lanes, which the United States has largely been responsible for up until now.<sup>75</sup> Among other things, participation in the maritime security partnership would be contingent on agreeing to settle maritime territorial and resource disputes peacefully.

---

## Mechanisms for bilateral and trilateral cooperation and communication

### Military-to-military relations

Creating additional, consistent forums for regular dialogue between military officials, especially at lower levels and including military academies, should be a major goal in the near future.

There are many areas of cooperation that could be expanded, including counterpiracy efforts; U.N. peacekeeping operations, or UNPKO; joint humanitarian, disaster-relief, and search-and-rescue exercises; multilateral military exercises or exercises hosted by third countries; professional military educational exchanges; maritime law enforcement; fisheries protection; taking steps to counter nuclear proliferation; and international terrorism.<sup>76</sup>

Humanitarian assistance and disaster relief especially present ready opportunities for further expansion. U.S. and Chinese forces have already participated in a number of dialogues and activities dealing with humanitarian assistance, including disaster-management exchanges held in Beijing, Kunming, and Chengdu, as well as a joint indoor war game to practice humanitarian rescue and disaster relief in case of an earthquake and consequent nuclear leaks, which was held in Chengdu.<sup>77</sup> Using robust exchanges along these lines could build momentum for further cooperation on other areas. Counterpiracy and search-and-rescue exercises are other areas ripe for cooperation. The recent counterpiracy exercise in the Gulf of Aden is a good foundation to build upon. China should continue to join other multilateral military exercises.

Maritime, space, and cyber issues all need more consistent, deeper discussions between defense officials. The United States and China need to come to an understanding about following rules of behavior on maritime activities, many of which already exist.

Just as important may be establishing a dialogue on nuclear weapons, which China has been reluctant to do to date.<sup>78</sup> Even the United States and the Soviet Union, mortal enemies during the Cold War, were able to have regular dialogues on nuclear forces and strategy.<sup>79</sup> One possible confidence-building measure when it comes to space is the United States and China notifying each other of certain satellite launches. Greater transparency on China's military budget would also help the relationship.

### Investing in each other

America and China should both continue to take down barriers to job-generating investment in each other's countries. America must continue to provide more guidance about how Chinese firms can navigate the American regulatory system, as we discuss below. For its part, China needs to continue to reduce barriers to market entry, particularly in services. Having more individuals with stakes in each other's economies is stabilizing. Concluding a high-standards Bilateral Investment Treaty will be an important step.

### Trilateral forums

Trilateral security dialogues involving China and the United States could also help to broaden economic opportunity and address security tensions. Trilateral frameworks involving critical regional partners—such as a Japan-China-U.S. dialogue and an India-China-U.S. dialogue—are worth considering. A Japan-China-U.S. dialogue on energy and climate change, for example, could prove fruitful for all three nations. In the aftermath of the Japanese nuclear disaster, Japan is facing new challenges to meet its energy and climate needs, and that could open new opportunities for trilateral cooperation on issues such as clean energy deployment, nuclear safety, and natural gas trading. Any such trilateral discussions would have to be very carefully managed and well-prepared but could create new networks for understanding and stability.



## Bilateral structures

The United States and China already have a rich network of bilateral mechanisms and projects, but the focus is overwhelmingly on the challenges and opportunities of the moment, not on forging a shared vision of the future. As China enters a new development phase and the United States fine-tunes and furthers its Asia-Pacific rebalancing strategy, they should begin strategic talks on how each country sees the future of the Asia-Pacific region and their respective roles in it. Can the United States and China agree on a common vision for a peaceful and prosperous Asia-Pacific? A shared vision could provide new roadmaps for addressing the challenges of today and help establish the mechanisms that the two countries will need to take the opportunities and avoid the potential pitfalls of tomorrow.

The Strategic Security Dialogue is an important forum that brings civilian and military leaders from both sides together to discuss particularly neuralgic issues and should also be continued. But actually implementing projects together should also be the focus now. The United States and China share many security concerns, such as the Korean peninsula, pathogens, climate change, energy, humanitarian assistance, sea-lane security, disaster response, drug trafficking, and cybersecurity. If America and China work together more closely and concretely on these discrete challenges, they may be able to develop what we call tactical trust. Perhaps tactical trust can evolve into strategic trust over time.

Some of the most significant opportunities for tactical cooperation lie beyond the Asia-Pacific region. The just-completed second round of joint U.S.-China anti-piracy exercises in the Gulf of Aden is a prime example. Other avenues for beyond-the-region cooperation could include global sea-lane policing, an issue of great concern to both nations and for the global energy market more broadly. Closer to home, the United States and China could work together on joint projects related to climate security, such as building more resilient infrastructure to protect local communities from sea-level rise, which is an increasing concern in both nations. The two countries should also expand the mechanisms for U.S.-China cooperation on short-lived climate forcers—such as hydrofluorocarbons, or HFCs; black carbon; and methane—and work together on the research and development of alternatives to global warming substances. Moreover, there is now the opportunity for the United States and China to work together to establish and implement environmental best practices for shale gas development.

Second, both nations need to find ways to be more transparent about their policies and intentions toward the other. China, for example, could be more forthcoming about its military doctrines and plans, something the region will want as China's military capacity grows. America could find ways to be more transparent on policy toward inward foreign direct investment, for example. The Committee on Foreign Investment in the United States, or CFIUS, process serves an important national security role, but there are opportunities for increasing the transparency and predictability of that process. President Obama's SelectUSA initiative, which offers a single contact for foreign entities seeking to invest in the United States, is a helpful step. In our view, China has more work to do here, since the United States has a more open political process. Closed decision making does not reassure other nations or contribute to bilateral and multilateral understanding about intentions.

One way to improve bilateral transparency is to expand and deepen the bilateral institutions that create a predictable and transparent framework for interactions between both nations and also create platform for resolving disputes. The U.S.-China Bilateral Investment Treaty currently under negotiation is one example of this type of framework. The Bilateral Investment Treaty negotiation process shows how hard this is to accomplish when countries have different values and political systems, but the United States and China should be trying to create such mechanisms where both can.

As Washington and Beijing examine bilateral frameworks, both countries should pay particular attention to ministerial-level and subnational opportunities for cooperation. The current relationship between the United States and China is quite dependent upon connections between very high-level leaders. While a strong rapport at the highest levels is critical and highlights dedication to the relationship by both countries, the bureaucracies must also be able to make progress on their own. CAP would like to see cabinet-level officials on both sides deepen cooperation. That can be difficult on issues involving multiple bureaucracies with conflicting interests. Climate policy, for example, can involve up to eight different administrative agencies on the Chinese side, and leadership involvement is often required to break through ministerial-level logjams.

At CAP, we would also like to see more regional agreements, such as the recent climate agreement signed<sup>80</sup> between California and Chinese province of Guangdong, which was based primarily on shared local needs rather than national-level political guidance. We could foresee similar agreements on energy issues being of particular interest to local governments in both nations, such as

green-job training, clean energy investment incentives, energy-efficiency incentives, building more resilient infrastructure to protect local communities from sea-level rise, or hydraulic-fracturing safety. Forums where mayors and governors could meet would facilitate this type of cooperation. Overall, the United States and China need to reach a next phase of the relationship whereby cooperation becomes even more routine.

Leaders in both countries should also continue to remind their citizens that each country is deeply invested in the success of the other. Each country needs the other to help solve problems both face. Moreover, the U.S.-China relationship is a permanent feature of our world. Neither country is going anywhere. Both sides need to be patient, be willing to compromise, and have reasonable expectations about the other.

## Conclusion

The U.S.-China relationship is perhaps the most complex and consequential of the relationships among major powers. As we said in our 2008 report, “A Global Imperative: A Progressive Approach to U.S.-China Relations in the 21st Century”:

The United States cannot determine China’s future; that task belongs to the Chinese people. But the United States can forge a relationship with China that delivers on American interests and the global common good by working with China to tackle our shared global problems, addressing our areas of difference in a sober and practical way, and facing up to our own challenges. Peacefully integrating China into the international order will embed this rising power in the web of norms and responsibilities that come with being an active participant in the world stage.

Working on our bilateral cooperation while embedding this relationship within the international framework of rules and institutions offers a promising path toward a more peaceful future for major powers.

---

## Acknowledgments

The National Security and International Policy team at the Center for American Progress authored this paper in preparation for the September 2013 CAP-CUSEF High Level Dialogue in Beijing, China. The team would like to acknowledge contributions by Senior Vice President Rudy deLeon, Senior Fellow Nina Hachigian, Senior Policy Analyst Melanie Hart, Policy Analyst Ken Sofer, and intern Luke Herman on this report. We would also like to thank intern Melody Wu for her able research support.

---

## Endnotes

- 1 The White House, "Remarks by President Obama and President Xi Jinping of the People's Republic of China Before Bilateral Meeting," Press release, June 7, 2013, available at <http://www.whitehouse.gov/the-press-office/2013/06/07/remarks-president-obama-and-president-xi-jinping-peoples-republic-china->.
- 2 "Model" in this phrase can also be translated as "style" or "type"; "major" can also translate to "great" or "big."
- 3 William Wan, "Hillary Clinton, top Chinese officials air some differences," *The Washington Post*, September 5, 2012, available at [http://www.washingtonpost.com/world/hillary-clinton-top-chinese-officials-air-some-differences/2012/09/05/78487e86-f746-11e1-8253-3f495ae70650\\_story.html](http://www.washingtonpost.com/world/hillary-clinton-top-chinese-officials-air-some-differences/2012/09/05/78487e86-f746-11e1-8253-3f495ae70650_story.html).
- 4 As Michael Chase puts it, the new model "appears to require Washington to accommodate China's interests and to do so largely on Beijing's terms—apparently without reciprocal adjustments," see Michael Chase, "China's Search for a 'New Type of Great Power Relationship,'" *China Brief* 12 (17) (2012): 12–16. Stephanie Kleine-Ahlbrandt goes even further, saying that Beijing sees the idea "as an opportunity for increased benefit without greater costs" and the concept should be "rejected as a non-starter;" see Stephanie Kleine-Ahlbrandt, Susan Shirk, and Wang Yizhou, "Does Promoting 'Core Interests' Do China More Harm Than Good?," China File, May 2, 2013, available at <http://www.chinafile.com/does-promoting-core-interests-do-china-more-harm-good>. Andrew Nathan largely agrees with Kleine-Ahlbrandt, saying that the new style of great power relationship is "Chinese code for the U.S. preemptively yielding to what China views as its legitimate security interests," see Andrew Nathan, comment on "What Should Obama and Xi Accomplish at Their California Summit?," China File, comment posted May 30, 2013, available at <http://www.chinafile.com/what-should-obama-and-xi-accomplish-their-california-summit>. Other scholars, such as David Shambaugh, have not gone quite as far but say that while developing a new type of relationship is desirable, aiming for managed competition between the two sides is more realistic, see David Shambaugh, "Prospects for a 'New Type of Major Power Relationship,'" China-US Focus, March 7, 2013, available at <http://www.chinausfocus.com/foreign-policy/prospects-for-a-new-type-of-major-power-relationship/>.
- 5 Nina Hachigian, Michael Schiffer, and Winny Chen, "A Global Imperative" (Washington: Center for American Progress, 2008), available at <http://www.americanprogress.org/issues/china/report/2008/08/13/4817/a-global-imperative/>.
- 6 Kenneth Lieberthal and Wang Jisi, "Addressing U.S.-China Strategic Distrust" (Washington: John L. Thornton China Center at Brookings, 2012), p. 5, available at [http://www.brookings.edu/~media/research/files/papers/2012/3/30%20us%20china%20lieberthal/0330\\_china\\_lieberthal.pdf](http://www.brookings.edu/~media/research/files/papers/2012/3/30%20us%20china%20lieberthal/0330_china_lieberthal.pdf).
- 7 Nina Hachigian, "Managing Insecurities Across the Pacific" (Washington: Center for American Progress, 2012), pp. 2–3, available at [http://www.americanprogress.org/wp-content/uploads/issues/2012/02/pdf/china\\_paranoia.pdf](http://www.americanprogress.org/wp-content/uploads/issues/2012/02/pdf/china_paranoia.pdf).
- 8 Lieberthal and Wang, "Addressing U.S.-China Strategic Distrust," pp. viii–ix.
- 9 Kenneth Waltz, "The Origins of War in Neorealist Theory," *Journal of Interdisciplinary History* 18 (4) (1988): 619.
- 10 Thucydides, *The History of the Peloponnesian War* (CreateSpace Independent Publishing Platform, 2009).
- 11 Ibid.
- 12 Graham Allison, "Thucydides's trap has been sprung in the Pacific," *Financial Times*, August 21, 2012, available at <http://www.ft.com/intl/cms/s/0/5d695b5a-ead3-11e1-984b-00144feab49a.html - axzz2XKiu6Hsf>.
- 13 Laurie M. Johnson Bagby, "The use and abuse of Thucydides in international relations," *International Organization* 48 (1) (1994): 131–153.
- 14 Wilfried Feldenkirchen, *Werner von Siemens: Inventor and International Entrepreneur* (Columbus, OH: Ohio State University Press, 1994), available at [https://ohio-statepress.org/Books/Complete PDFs/Feldenkirchen Werner/03.pdf](https://ohio-statepress.org/Books/Complete%20PDFs/Feldenkirchen%20Werner/03.pdf).
- 15 Eyre Crowe, "Memorandum on the Present State of British Relations with France and Germany (Foreign Office, January 1, 1907)." In G.P. Gooch and Harold Temperley, eds., *British Documents on the Origins of the War, Vol. III: The Testing of the Entente* (London: H.M. Stationery Office, 1928).
- 16 Barbara W. Tuchman and Robert K. Massie, *The Guns of August* (New York: Presidio Press, 2004).
- 17 Christopher Clark, *The Sleepwalkers: How Europe Went to War In 1914* (London: Allen Lane – Penguin Books, 2012), p. 332.
- 18 Crowe, "Memorandum on the Present State of British Relations with France and Germany."
- 19 U.S. Department of Defense, *Annual Report to Congress: Military and Security Developments Involving the People's Republic of China* (2013), available at [http://www.defense.gov/pubs/2013\\_china\\_report\\_final.pdf](http://www.defense.gov/pubs/2013_china_report_final.pdf).
- 20 Ezra Vogel, *Japan as Number One: Lessons for America* (Cambridge, MA: Harvard University Press, 1979).
- 21 Avery Goldstein, *Rising to the Challenge: China's Grand Strategy and International Security* (Honolulu, HI: East-West Center, 2005), p. 210.
- 22 G. John Ikenberry, Michael Mastanduno, and William C. Wohlforth, *International Relations Theory and the Consequences of Unipolarity* (Cambridge: Cambridge University Press, 2011), p. 37.
- 23 George M. Wilson, "Plots and Motives in Japan's Meiji Restoration," *Comparative Studies in Society and History* 25 (3) (1983): 407.
- 24 Rotem Kowner, "The Impact of the Russo-Japanese War," *Journal of Japanese Studies* 34 (2) (2008): 512.
- 25 U.S. Department of State, "Japanese-American Relations at the Turn of the Century, 1900–1922," available at <http://history.state.gov/milestones/1899-1913/JapaneseRelations> (last accessed January 2014).
- 26 James H. Herzog, "Influence of the United States Navy in the Embargo of Oil to Japan, 1940–1941," *Pacific Historical Review* 35 (3) (1966): 317.

- 27 Goldstein, *Rising to the Challenge*, p. 83.
- 28 Woosang Kim and James D. Morrow, "When Do Power Shifts Lead to War?," *American Journal of Political Science* 36 (4) (1992): 898.
- 29 *Ibid.*, p. 907.
- 30 John Mearsheimer, "The Gathering Storm: China's Challenge to U.S. Power in Asia," Fourth Annual Michael Hintze Lecture in International Security, August 4, 2010, available at <http://mearsheimer.uchicago.edu/pdfs/T0008.pdf>.
- 31 Randall L. Schweller, "Managing the rise of great powers: history and theory" In Alastair Iain Johnston and Robert S. Ross, eds., *Engaging China: The Management of an Emerging Power* (New York: Routledge, 1999), p. 26.
- 32 Jonathan Kirshner, "The Consequences of China's Economic Rise for Sino-U.S. Relations: Rivalry, Political Conflict, and (Not) War." In Robert Ross and Zhu Feng, eds., *The Rise of China: Theory and Practice* (Ithaca, NY: Cornell University Press, 2008).
- 33 Sara McLaughlin Mitchell and Paul R. Hensel, "International Institutions and Compliance with Agreements," *American Journal of Political Science* 51 (4) (2007): 721–737.
- 34 Nina Hachigian and Mona Sutphen, *The Next American Century: How the U.S. Can Thrive as Other Powers Rise* (New York: Simon & Schuster, 2008).
- 35 See Geoffrey Heal and Howard Kunreuther, "Interdependent Security: A General Model." NBER Working Paper (2004); Arthur A. Stein, "Coordination and collaboration: regimes in an anarchic world," *International Organization* 36 (2) (1982): 299–324.
- 36 Bureau of the Census, "2013: U.S. trade in goods with China," available at <http://www.census.gov/foreign-trade/balance/c5700.html> (last accessed January 2014).
- 37 Alastair Iain Johnston, "Is China a Status Quo Power?," *International Security* 27 (4) (2003): 5–56.
- 38 Alexander Wendt, "Anarchy is what states make of it: the social construction of power politics," *International Organization* 46 (2) (1992): 391–425.
- 39 Alexander Wendt, "Collective Identity Formation and the International State," *The American Political Science Review* 88 (2) (1994): 384–396.
- 40 Aaron Friedberg, "The Future of U.S.–China Relations: Is Conflict Inevitable?," *International Security* 30 (2) (2005): 7–45.
- 41 Chosun Ilbo, "S.Korea, China Pledge to Expand Military Cooperation," June 5, 2013, available at [http://english.chosun.com/site/data/html\\_dir/2013/06/05/2013060501135.html](http://english.chosun.com/site/data/html_dir/2013/06/05/2013060501135.html).
- 42 Hugh White, "America or China: one day, we will have to choose," *The Sydney Morning Herald*, May 28, 2013, available at <http://www.smh.com.au/comment/america-or-china-one-day-we-will-have-to-choose-20130527-2n7a0.html#ixzz2XqkkQUb>.
- 43 *The Jakarta Post*, "Malaysia: Asia shouldn't choose between US, China," June 3, 2011, available at <http://www.thejakartapost.com/news/2011/06/03/malaysia-shouldnt-choose-between-us-china.html>.
- 44 Emma Chanlett-Avery, "Singapore: Background and U.S. Relations" (Washington: Congressional Research Service, 2013), available at <http://www.fas.org/sgp/crs/row/RS20490.pdf>.
- 45 Henry Kissinger, "The Future of U.S.–Chinese Relations," *Foreign Affairs* 91 (2) (2012): 2.
- 46 International Monetary Fund, "G-20 Ministers Agree 'Historic' Reforms in IMF Governance," October 23, 2010, available at <http://www.imf.org/external/pubs/ft/survey/so/2010/new102310a.htm>.
- 47 International Monetary Fund, "Illustration of Proposed Quota and Voting Shares" (2010), available at [http://www.imf.org/external/np/sec/pr/2010/pdfs/pr10418\\_table.pdf](http://www.imf.org/external/np/sec/pr/2010/pdfs/pr10418_table.pdf).
- 48 Jackie Calmes, "Obama and Asian Leaders Confront China's Premier," *The New York Times*, November 19, 2011, available at [http://www.nytimes.com/2011/11/20/world/asia/wen-jiabao-chinese-leader-shows-flexibility-after-meeting-obama.html?pagewanted=all&\\_r=0](http://www.nytimes.com/2011/11/20/world/asia/wen-jiabao-chinese-leader-shows-flexibility-after-meeting-obama.html?pagewanted=all&_r=0).
- 49 *Xinhua*, "Obama says maritime issues to dominate East Asia summit," March 13, 2013, available at [http://news.xinhuanet.com/english/world/2013-03/13/c\\_124450319.htm](http://news.xinhuanet.com/english/world/2013-03/13/c_124450319.htm).
- 50 William Cooper and others, "The Trans-Pacific Partnership Negotiations and Issues for Congress" (Washington: Congressional Research Service, 2013), available at <http://www.fas.org/sgp/crs/row/R42694.pdf>.
- 51 *Ibid.*
- 52 Murray Hiebert, "ASEAN and Partners Launch Regional Comprehensive Economic Partnership," Center for Strategic and International Studies, December 7, 2012, available at <http://csis.org/publication/asean-and-partners-launch-regional-comprehensive-economic-partnership>.
- 53 Joan Johnson-Freese, "China's Anti-Satellite Program: They're Learning," *China-US Focus*, July 12, 2013, available at <http://www.chinausfocus.com/peace-security/chinas-anti-satellite-program-theyre-learning/>.
- 54 Colin Clark, "Landmark' Space Policy Shift As China, Others Agree To Space Code of Conduct Talks," *Breaking Defense*, July 23, 2013, available at <http://breakingdefense.com/2013/07/23/landmark-space-policy-shift-as-china-others-agrees-to-talk-about-space-code-of-conduct/>.
- 55 *Ibid.*
- 56 Patrick Barta and Carlos Tejada, "Sea Dispute Upends Asian Summit," *The Wall Street Journal*, July 23, 2012, available at <http://online.wsj.com/news/articles/SB1001424052702303919504577524133983292716>.
- 57 Ernest Z. Bower, "China reveals its hand on ASEAN in Phnom Penh," *East Asia Forum*, July 28, 2012, available at <http://www.eastasiaforum.org/2012/07/28/china-reveals-its-hand-on-asean-in-phnom-penh>.
- 58 Katie Hunt, "Tensions easing in the South China Sea?," *CNN*, July 1, 2013, available at <http://www.cnn.com/2013/07/01/world/asia/china-asean-code>.
- 59 Kiyoshi Takenaka, "Japan scrambles jets after China plane flies by southern islands," *Reuters*, July 24, 2013, available at <http://www.reuters.com/article/2013/07/24/us-china-japan-scramble-idU.S.BRE96N0GS20130724>.

- 60 Sean D. Murphy, "Senate Testimony regarding U.S. Adherence to Law of the Sea Convention," *The American Journal of International Law* 98 (1) (2004): 173.
- 61 David C. Gompert, *Sea Power and American Interests in the Western Pacific* (Santa Monica, CA: RAND Corporation, 2013), available at [http://www.rand.org/pubs/research\\_reports/RR151](http://www.rand.org/pubs/research_reports/RR151).
- 62 U.S. Department of Defense, *Annual Report to Congress: Military and Security Developments Involving the People's Republic of China*.
- 63 Fox News, "Obama presses Chinese leader on cybersecurity," June 8, 2013, available at <http://www.foxnews.com/politics/2013/06/08/obama-chinese-president-xi-jinping-begin-2-day-summit-at-california-desert/>.
- 64 The White House, "Remarks by President Obama and President Xi Jinping of the People's Republic of China After Bilateral Meeting," Press release, June 8, 2013, available at <http://www.whitehouse.gov/the-press-office/2013/06/08/remarks-president-obama-and-president-xi-jinping-peoples-republic-china->.
- 65 U.S. Department of State, "U.S.-China Strategic and Economic Dialogue Outcomes of the Strategic Track," Press release, July 12, 2013, available at <http://www.state.gov/r/pa/prs/ps/2013/07/211861.htm>.
- 66 Sui-lee Wee, "Israel's Netanyahu, Palestine's Abbas head to China," Reuters, May 4, 2013, available at <http://www.reuters.com/article/2013/05/04/us-china-israel-palestine-idUSBRE94302620130504>.
- 67 *Xinhua*, "Chinese President makes four-point proposal for settlement of Palestinian question," May 6, 2013, available at [http://news.xinhuanet.com/english/china/2013-05/06/c\\_132363061.htm](http://news.xinhuanet.com/english/china/2013-05/06/c_132363061.htm).
- 68 Stephen Kalin, "Anti-Assad monitoring group says Syrian death toll passes 130,000," Reuters, December 31, 2013, available at <http://www.reuters.com/article/2013/12/31/us-syria-crisis-toll-idUSBRE9BU0FA20131231>.
- 69 Ewen MacAskill and Jonathan Watts, "Obama urges China to improve human rights record amid dissident row," *The Guardian*, April 30, 2012, available at <http://www.guardian.co.uk/world/2012/apr/30/obama-china-chen-guancheng>.
- 70 China Institutes of Contemporary International Relations, Center for American Progress, and Stanley Foundation, "US-China Study Group on G-20 Reform: Final Report" (2013), available at <http://www.americanprogress.org/issues/china/report/2013/02/13/52548/us-china-study-group-on-g-20-reform-final-report/>.
- 71 *Ibid.*
- 72 Lesley Wroughton, "Global finance leaders to discuss IMF voting power reforms," Reuters, April 17, 2013, available at <http://www.reuters.com/article/2013/04/18/us-imf-voting-idU.S.BRE93H04520130418>.
- 73 Gompert, *Sea Power and American Interests in the Western Pacific*, p. 193.
- 74 U.S. Navy, "Maritime Strategy at a Glance," available at <http://www.navy.mil/maritime/display.asp?page=strglance.html> (last accessed November 2013).
- 75 Gompert, *Sea Power and American Interests in the Western Pacific*, p. 193.
- 76 See Scott W. Herald, "Expanding Contacts to Enhance Durability: A Strategy for Improving U.S.-China Military-to-Military Relations," *Asia Policy* 16 (2013): 113–114.
- 77 People's Daily Online, "China, US conclude post-earthquake simulation drill," December 3, 2012, available at <http://english.peopledaily.com.cn/90786/8042272.html>.
- 78 Ralph Cossa, Brad Glosserman, and David Santoro, "Progress Continues, but Disagreements Remain," *Pacific Forum CSIS Issues & Insights* 13 (6) (2013), available at [http://csis.org/files/publication/issuesinsights\\_vol-13no6.pdf](http://csis.org/files/publication/issuesinsights_vol-13no6.pdf).
- 79 Jeremy Page, "U.S.-China Nuclear Silence Leaves a Void," *The Wall Street Journal*, April 13, 2013, available at <http://online.wsj.com/article/SB10001424127887324695104578416960963213342.html>.
- 80 Office of Governor Edmund G. Brown Jr., "Governor Brown Commits To Expanding Cooperation On Trade, Investment And Climate Change With China's Largest Provincial Economy," Press release, April 15, 2013, available at <http://gov.ca.gov/news.php?id=17999>.







# Coexploring and Coevolving

Constructing a New Model of the Major Power  
Relationship between China and the United States

---

Shanghai Institute for International Studies  
By Yang Jiemian, Shao Yuqun and Wu Chunsi  
February 2014



# Introduction

The Chinese President Xi Jinping and U.S. President Barack Obama had a successful and informal summit at the Annenberg Estate in California on June 7–8, 2013. During the summit, the two leaders emphasized the importance of constructing a new model of major power relations, or NMMPR, on the basis of mutual respect, cooperation, and win-win results for the benefits of the people of the two countries, as well as the world. It is the result of positive interaction between the Chinese and U.S. governments after the concept of NMMPR was proposed by the then Vice President Xi Jinping during his trip to the United States in February 2012. This mutual calling has already had a broad impact on the China-U.S. relations, as well as in the Asian Pacific region and the world as a whole. During the latest 5th round of the Strategic and Economic Dialogue in early July in Washington, the two sides agreed to continue to work actively to promote the building of a new model of major country relationship in an all-around way.



# What are the initial conceptualization and reception of the NMMPR in both countries?

Since the NMMPR was first proposed in February 2012, the governments and think tanks of the two countries are gradually matching up each other by dialogues and discussions. The year of 2012 witnessed mostly the Chinese developing and conceptualizing of the NMMPR. This was done by the then Vice President Xi Jinping's speech in the United States, the then President Hu Jintao's remarks at the fourth round of China-U.S. Strategic and Economic Dialogue in early May 2012, and at the sideline meeting of the G-20 with President Obama in mid-June 2012. Generally speaking, the American side adopted an open attitude and expressed their agreement in having a new U.S.-China relationship. However, because both countries were undergoing governmental changes, they did not go into detailed discussion, rather preferred to wait for the new governments to proceed on.

The first five months of 2013 saw the two sides communicate and contemplate on the concept of NMMPR. Mainly, they were focusing on the following three subjects. First of all, both countries concurred in avoiding the head-on collision between the rising power and established power. Secondly, China and the United States expressed their respective emphasis on the NMMPR. China's view was both principle driven and issue oriented whereas the United States stressed the applicability to such issues as economic interdependence, military-to-military relations, cybersecurity, and the nuclear issues of North Korea and Iran. Lastly, both countries agreed to further explore the possibilities of building up a NMMPR at the would-be summit.

With the two sides' efforts, Presidents Xi Jinping and Obama decided to move up their meeting from September at the Asia-Pacific Economic Cooperation, or APEC, Summit to June 2013 by holding an informal but substantive Annenberg Summit, at which the two leaders succeeded in defining and refining the NMMPR.

The NMMPR has since received more positive responses by the governmental sides than the academic ones. Generally speaking, the Chinese side is more enthusiastic about publicizing the NMMPR, and Chinese think tanks mostly hail the advancement of the China-U.S. relations under the new leaderships. Some even compared the Annenberg summit to the Mao Zedong-Nixon meeting by the phrase of “from trans-Pacific handshakes to trans-Pacific cooperation.” Some other officials and scholars pointed out that the Chinese would like to apply the NMMPR to its relations with other traditional powers, emerging powers, and regional and middle powers. They further elaborated that the NMMPR would usher in a new era of China’s global strategy and foreign policy based on peace, development, and win-win cooperation.

The U.S. government is more careful in talking about the NMMPR. At the present stage, it would rather confine it to the U.S.-China relationship. Moreover, American senior officials would prefer to use various expressions to describe the new relationship unless it was absolutely necessary to use the term NMMPR. This indicates that the American side would not elevate the NMMPR to such a height as the Chinese do.

Meanwhile, there are still doubts across the Pacific over whether and how China-U.S. relations can evolve into a NMMPR. Along the skepticism’s spectrum, one argument by some American observers contends that by initiating the NMMPR between China and the United States, Beijing attempts to push Washington to accommodate China’s interests on Beijing’s terms, and Washington’s acceptance of this concept is a matter of *de facto* “unilateral concession” to China, so argues this school of thinking.<sup>1</sup>

Another popular argument observes that the trajectory of bilateral relations will continuously be constrained under the “neither enemy nor friend” approach, given the two countries’ huge differences over political system, cultural, and values while maintaining an exceedingly interdependent economic ties and intersocietal exchanges, as well as huge amount of global challenges in common. The “competition” or “competitive coexistence” illuminates the thematic pattern of the China-U.S. relationship in the foreseeable future, so goes this school of thought. Therefore, the key challenge for bilateral relationship should focus on managing bilateral competition and disputes rather than making up a lofty but hollow concept such as the NMMPR so that the balance of competition and cooperation in this relationship could be maintained in the latter’s favor.<sup>2</sup>

The most extreme but also fairly popular thinking is that the rapid emergence of any new power would disrupt the status quo when the rising power approaching parity with the established power is the most unstable and prone to conflict. Thus the relationship between China and the United States has been put into the framework of a rising power versus an established power. And some people have begun to call China and the United States “the Athens and Sparta of today” and think the two would fall into the “Thucydides’s Trap,” namely the rising China and the established United States would inevitably go to conflicts and even wars.

A different version but with almost the same conclusion about the inevitable conflicts between China and the United States stresses on the divergence of political ideology and institutions between two countries and regards it as a key variable and underlying source of friction.<sup>3</sup>

The above-mentioned representative schools of thinking—while not exhaustive of all those suspicions held across the Pacific—do point to some fundamental questions regarding the future bilateral relationship and need to be addressed seriously if both Beijing and Washington are genially attempting to work out a NMMPR based upon the mutual respect and win-win cooperation. The central question is how China and the United States can develop a relationship that would avoid significant, sustained conflict and that would promote cooperation to solve shared and global problems.





# Why is a NMMPR between China and the United States both desirable and possible?

There are concerted endogenous and exogenous forces driving this new vision of bilateral relationship. First and foremost, the China-U.S. relationship based upon the new pattern of nonconfrontation, mutual respect, and win-win cooperation are in the fundamental interests of both countries when both of them are in their respective reform and adaptation in the years ahead. Each has a high stake in other's success.

China is endeavoring to meet the Dual-Centenary Goals—namely to complete the building of a moderately prosperous society in all respects by the 100th anniversary of the Communist Party of China by 2021 and to turn China into a socialist modern country that is strong, prosperous, democratic, culturally advanced, and harmonious by the centenary of the People's Republic of China in 2049. The focus of the government is to move forward the domestic reform, which includes, among others:

- Keeping relatively high economic growth while conducting economic restructuring.
- Uplifting people's living standard while narrowing the gap between the rich and the poor.
- Increasing the popularity of the government through anti-corruption campaign and administrative reform.

China's new government is committed to continuous reform and opening up, with the centenary goals at its top agenda. The U.S. role—as China's most important trade partner, the principal source of investment and technology innovations for China, and one of the most promising markets for China's out-bound investment, will only be enhanced rather than reduced. China's rise

as the world's second-largest economy and its increasingly important role in global and regional affairs after four-decade efforts has been reaping the benefit of a stable and cooperative bilateral relationship with the U.S.-Beijing's strategic priority. Therefore, China's rise is not to challenge the American primacy or drastically change the status quo of the current international system but to keep stable and favorable environments for its modernization program by building up a healthy and stable cooperative relationship with the United States.

This is also true on the U.S. side. In the aftermath of global financial crisis and economic meltdown since 2008, the United States itself has worked very hard to recover through various economic reform and adaptation despite of huge difficulties. Today, the United States stands at the critical juncture of economic and societal transition by refocusing on the export-driven and reindustrialization. China has huge potential to contribute to America's economic restructuring by its consumption and investment capacity in the next 5 to 10 years. It is estimated that China will overtake Canada and Mexico as the largest importer of American goods.<sup>4</sup> China's investment in the U.S. market is also poised to grow, and its huge potential will be unlocked if bilateral investment treaties could be sealed in the near future. In economic terms, China is and will be an irreplaceable engine helping creating more high-quality jobs for America's recovery.

To build up a NMMPR is also in the common interests of regional and global order in transition. Both China and the United States are two key players with systematic influence on the international order in transition. A constructive bilateral relationship is the foundation of effective cooperation on both regional and global levels. On the one hand, if these two countries are able to work together, they can play a leading role in global and regional governance through coordinated policies on climate change, economic and financial governance, energy security, anti-global poverty and sustainable development, nonproliferation and international counterterrorism, and other global and regional challenges. On the other hand, neither bilateral confrontation nor G-2 would be welcomed by the international community as other members will either have to choose the side or worry about their respective national interests that would be jeopardized. For the collective interests of international community, a stable and healthy China-U.S. relationship based upon mutual respect and win-win cooperation could contribute to peace, security, and prosperity around the world.

Calling for a NMMPR is neither a mirage nor a prospect of a house building upon the sand. On the contrary, both the international setting and the contemporary China-U.S. relationship have already laid down some important foundations for a new pattern of major power relationship.

On the one hand, with the continuing technology boom and growing flows of investment, trade, finance, migration, and culture, most members of the international community are closely connected in a globalized world. While the United States is still considered the world's only superpower, other major powers—China, the Europe Union, India, Russia, and even Brazil and South Africa—seek to strengthen the roles they play on the global stage. They have been working vigorously and largely through present international institutions to make it more in line with their own interests and visions, starting with the economic institutions, such as the International Monetary Fund, or IMF, and World Bank. At the same time, a host of shared and new global challenges have made the United States unable to act alone but required to work with other major powers to find solutions. Although it does not necessarily mean that the absolute power of the United States has been declining, it illustrates that the power transition and distribution has undergone in an unprecedented way.

Thus the major power relations in the era of globalization are defined by new elements of major power status, as well as the dynamics of interaction between the emerging powers and the established power. Unlike the historical major power competition when conquering, colonization by military means were the prevailing statecrafts, the concerted effect of exceedingly economic, security interdependence, intersocietal linkage, as well as huge amount of global challenges, have generated multifold and unprecedented binding effect on all those major countries, help ameliorate the disputes and tension out of differences while constraining if not preventing conflicts between and among major countries. More significantly, a large number of global and systematic challenges and threats confront all major powers, and their resolutions require collective actions in spite of their difficulties.

On the other hand, the current China-U.S. relationship has already featured an embryonic form of NMMPR. Despite their huge difference over political ideology, history, and culture—as well as stage of economic development—the China-U.S. relationship is also historically unprecedented in their extraordinarily economic interdependence and intensified political interactions. As some analysts observed, the China-U.S. relationship tied together through growingly dense webs of bilateral and multilateral interactions, intergovernmental mechanism, and

intersocietal linkages. As American scholar David Shambaugh describes, “[T]he institutionalization at the bilateral and multilateral levels provides an important foundation and buffer against ‘strategic shocks’ and episodic disruption to the relationship” even if sometimes “deep interdependencies can also spawn frictions (particularly in the economic realm).”<sup>5</sup>

Nevertheless, such an ever-growing interdependent relationship is by no means stable. As the analysts across the Pacific have all observed, competitive and even conflicting elements are on the rise in parallel to the expanding list of existing and potential cooperation between the two sides. If not managed under a mutually acceptable strategic and visionary framework, those competitive—particularly those unregulated and negative competitions—and conflicting current will be either drifting or even overwhelming the whole relationship by sapping the cooperative momentum. Equally significant is the sense of urgency that both sides should also address the anticipation in both countries that a China-U.S. rivalry that might become a self-fulfilling prophecy.

This is exactly what both the Chinese and American governments want to avoid. Both governments want to move out of this “historical doom” and build out a new relationship based on win-win cooperation at the transition period of international systems and relations. At the beginning of President Xi’s possible 10 years of office and the first year of President Obama’s second term, the two leaders have farsightedness and broad vision for enhancing the China-U.S. relation to a new height. The new pattern of major power relationship, if being carried out in real earnest, will surely advance the bilateral relationship with the benefits to the region and the world.

# What is the NMMPR between China and the United States?

While the concept of NMMPR is still evolving, they can be understood in the following four perspectives:

**1. The two countries should learn to develop a coexploring and coevolving relationship with major characteristics as respectful, cooperative, predictable, and resilient.**

“Respectful” should be the basic principle for both sides where either China or the United States should pay great attention and be sensitive enough to each other’s vital interests and fundamental concerns, including respecting each other’s choices of developmental roads and political institutions despite their differences over political ideology. Cooperative is the spirit that China and the United States should work with each other despite the difference or even disputes over some areas of interests. In other words, both sides need to commit themselves to forging and accumulating the cooperative habit and keeping it as a thematic feature of the bilateral relationship. Predictable means that the two sides have basic mutual strategic trust and restrain themselves from challenging the other’s red line. Resilient shows the strong vitality of the bilateral relations when both sides consolidate the foundation of the bilateral relationship to such a level that no single dispute would derail the overall relationship.

**2. Related to the above four features, both China and the United States should develop and share some common ideas, principles, and visions either regarding the global and regional order or the trajectory of the bilateral relationship in the foreseeable future.**

If both sides are able to converge on some basic understanding of mega trends of global and regional order, particularly on the principles governing the global and regional order in transition, and on the responsibility each side should take during this transition, it would be relatively easier for Beijing and Washington to explore the cooperative areas and specific roadmap for policy collaboration

between themselves. Likewise, if both sides are able to engage in a genuine and fruitful strategic dialogue and form a wide range of overlapping understanding of strategic trends and threat analysis over a wide range of key strategic issues—including cybersecurity, nonproliferation, maritime security, outer space, and energy security—and are reassured to each other’s strategic intention and long-term interests by committing to working out mutually acceptable norms and rules governing those areas, it would help greatly ameliorate the strategic distrust between the two sides.

For the purpose of expanding the list of shared visions of mega trends, mutually acceptable norms governing the strategic realms, stable and predictable assessment of each other’s long-term interests, and strategic intention between China and the United States, it is imperative to forge “epistemic communities” between the two societies, involving not only wide layers of two governments, but also the communities of opinion leaders, such as scholars, professionals, entrepreneurs, and others. To some extent, whether and how China-American epistemic communities are conversant on such same concept as NMMPR will largely determine whether and how the concept of NMMPR would evolve in the future.

### **3. The uniqueness of China-U.S. relations allows no simple analogies.**

People should be very wary of using the historical analogies to analyze this bilateral relationship, which does not look like the Anglo-American relations before World War II, the U.S.-Soviet Union relations during the Cold War, the U.S.-EU relations, or the U.S.-Japan relations after the Cold War.

The relative smooth power transition between the United Kingdom and the United States from the end of 19th century to the beginning of World War II was mainly due to the reason that their conflicts of interests were overshadowed by their conflicts with Germany and Japan. The same historical root and cultural background is also an important factor that the United Kingdom and the United States did not go to war with each other.

The stability of the relationship between the Soviet Union and the United States during the Cold War was achieved under the deterrent framework of nuclear mutual assured destruction, or MAD, because of the equal military strength, especially the nuclear capabilities of the two countries. Meanwhile, the Soviet Union tried to export its ideology and subvert the international system and had little economic and trade relations with the United States.

The U.S.-EU relationship and U.S.-Japan relationship after the Cold War have been military alliances based on same ideology and values. The role of the United States in these two bilateral relations has been more as a security provider than an equal partner.

Therefore no abovementioned relations could be fitting analogies for China-U.S. relations. China's ideology and strategic culture are very different from America's. It does not and will not seek to export its ideology as the Soviet Union did. So far, China does not have the equal military strength as the United States does and will not in a long period of time either. More importantly, neither China nor the United States wants a "cold" stability and peace with containments, sanctions, and small-scale wars. Going beyond the negative stability under the "balance of terror" is in line with the interests of the two countries.

**4. Last but definitely not least, both sides should learn to develop a reliable and workable mechanism to manage the cooperative and competitive aspect of bilateral relationship.**

The objective of this mechanism is not to delete the differences and disputes occurring from time to time as they have become a noticeable feature of this bilateral relationship. Rather, such a mechanism should have a three-fold objective.

First, it should have the capability to keep the differences and disputes under the control, including a strong crisis-prevention and management capacity, so that no single area of differences and disputes should derail the overall architecture. An optimal balance between cooperation and competition and conflicts should be maintained in favor of cooperation.

Second, it should have the capability to identify and acknowledge additional common interests that can be translated into more concrete and fruitful policy collaboration either by respective action or codesigning a roadmap of coordination.

For the next 10 years, the interaction between China and the United States on the following issues would decide the prospects of this bilateral relationship. The issues are as follows:

- The cooperation and competition between the two countries in the World Trade Organization, or WTO, as well as their interaction with regard to the Trans-Pacific Partnership, or TPP, and the Transatlantic Trade and Investment Partnership, or TTIP.



- The interaction between China and the United States in global economic governance, especially their joint efforts to push the G-20 to be more effective in dealing with the economic recovery and development.
- The economic and trade relations, as well as the expansion of the Chinese investments to the United States.
- The coordination and cooperation during the rule-making process for the global commons, such as cyber, space, and sea.
- The interaction between China and the United States on the climate change and energy security.
- The institutionalization of the cross-strait relationship and the “One China Policy” of the United States.
- The situation on the Korean Peninsula and the security mechanism of the Northeast Asia.
- The interaction between China and the United States in the East Sea and the South China Sea.
- The bilateral coordination and cooperation on political, diplomatic, security, and development issues within the framework of the United Nations.
- The political, economic, and social reforms in each country and their impacts on each other.

Third, with this mechanism, China and the United States are able to co-manage the different scenarios of power transition between themselves. In the process, there will be four scenarios of their coevolving. The first is that both countries achieve stable economic progresses and social stabilities, thus in a forward-looking approach to deal with each other. The second is that China keeps rising while the United States goes downward. The third is that China’s economy encounters problems and stagnates while the American economy keeps growing. The fourth is that both countries face great problems in economic development and social management. In any case, China and the U.S. have to go through the process together and co-evolving is the key word for their bilateral relationship.

# What are the major barriers to a NMMPR between China and the United States?

## **1. The issue of mutual distrust of long-term intentions, or strategic distrust, is a central concern in China-U.S. relations.**

There are three fundamental sources of growing strategic distrust between the two countries according to related research: different political traditions, values, and cultures; insufficient comprehension and appreciation of each other's policymaking processes and relations between the government and other entities; and a perception of a narrowing gap in power co-relation between China and the United States.<sup>6</sup> Although the bilateral relationship experienced a "honeymoon" in 2009 while combating the global financial crisis, it then slipped down when the two countries confronted with their different explanations of the U.S. rebalancing policy in the Asia-Pacific, along with such incidents as the U.S. arms sales to Taiwan and President Obama's meeting with the Dalai Lama. In the following three years, unfortunately, the interaction between the two countries on the South China Sea and the Diaoyu Islands, among many other issues, has deepened mutual strategic suspicion.

## **2. Poor definition of mutual interests prevents the China-U.S. relations from acquiring greater momentum.**

China and the United States have already passed the stage where their mutual interests are economy-focused and bilateral in nature. If the two countries define their mutual interests in a narrow sense, they could not shed off the straitjackets of the Cold War and zero-sum game mentalities. China and the United States are susceptible to trade and investment protectionism and exclusive of each other when it comes to the multilateral framework such as TPP and Regional Comprehensive Economic Partnership, or RCEP. Besides, the two countries have yet to work together for mutually inclusive frameworks for security and military cooperation. Therefore, the two countries need to adapt to the changed and still-changing environments both internally and externally and adopt the new approaches for win-win cooperation.

### **3. Lack of overall and long-term strategies constitutes another important barrier.**

While the two countries look forward to cooperation and partnership in a general way, they do not have well-designed and long-effective strategy to make it come into being. Contrarily, the two sides are often busy dealing with on-and-off incidents while losing strategic visions. Additionally, both governments are somewhat inward-looking, thus making it very difficult for them to make necessary compromises and accommodations, especially when it comes to the issues of economic interests and China's major concerns over sovereignty and territorial integrity. Finally, in the absence of a broad picture, the operational level often takes piecemeal dealings for strategic planning, which means the concrete cooperation is unable to be translated into strategic trust.

### **4. Insufficient or even nonexistent consultations on major strategy and policy changes result in mutual suspicions and blaming.**

Although there are plenty of communication channels between China and the United States, the two countries' consultation and coordination on major strategies and policies are far from enough. Here are two typical examples. One is related to U.S. economic policy. While the two countries vocally support to the "same-boat spirits," the United States went all along with its quantitative easing policy to deal with the financial crisis, which China thought itself being victimized. The other is related to U.S. security policy. Since the beginning of 2010, the Obama administration spared no efforts to implement its rebalancing or pivoting in the Asia-Pacific with the enhanced military deployment around China and strengthened security ties with China's neighbors. For such important strategic, policy, and concrete movements, China complained that it is being circumvented politically, diplomatically, and militarily. Likewise, the United States complained that China did not live up to its words of cooperation on such matters as cybersecurity, intellectual property rights, and the Edward Snowden Incident. In summary, China and the United States have a long way to go in consultation and coordination on strategies and policies before, during, and after changes and readjustments.

# How to achieve a NMMPR between China and the United States

The past 40-plus years of development of the bilateral relationship have shown that the common interests have brought the two sides together and though there have been difficulties and crises, the two sides can always seek common ground and go through all the ups and downs. During the 1970s and 1980s, the Soviet Union was a threat for both China and the United States, and to work against it had been their common strategic foundation. After the Cold War, the development of economic interdependence has instead become their new common strategic foundation. After the September 11 attacks happened in 2001, counterterrorism, together with economic interdependence, has become the two engines that kept momentum to the bilateral relationship. Because the U.S. global war on terror has entered into a final stage, and the bilateral economic and trade relationship has become more competitive since both countries have been going through economic structural reforms domestically, a new common strategic foundation is urgently needed for this bilateral relationship.

## **1. China and the United States should find common interests in the new stage of bilateral relationship.**

In general, the two countries can expand their common interests in the following three areas. The first common interest is that China and the United States should seize the opportunity of a generation creating prosperity for the people of both countries, as well as for the world. The two countries are at distinctly different stages of economic development. Even though the United States and the Chinese economies are the two largest in the world in terms of GDP and total international trade, they are as different as they come. However, complementarity between them arises precisely because they are so vastly different. And the benefits of economic exchange and cooperation between them are the greatest when they are the most different—that is, when their comparative advantages have the least overlap.<sup>7</sup>

According to China's 12th Five Year Program in 2011–2015, China aims to transform its development mode from export-driven to domestic demand-driven and from input-based to innovation-based, as well as to balance its international trade. This implies that the Chinese government will be promoting domestic aggregate demand, including both investment and consumption. Moreover, it will also be facilitating imports. The United States, under President Obama, seeks to double its export by 2014. China and the United States can work together to promote U.S. exports to China as part of these efforts.<sup>8</sup>

Other shared economic interests include reduction of the downside risks of a systemic failure of the world economy and maintaining and sustaining full domestic employment. As the two largest energy producers and consumers in the world, China and the United States have the responsibility to jointly lead in contributing to the amelioration of the risks of climate change. They should also jointly provide the stability and sustainability that the world economy needs to continue to grow.<sup>9</sup>

The second common interest is that China and the United States should lead the transformation of the international system together. The current international system has undergone significant changes and a strong leadership is needed during the unsettled times. China—the representative of the developing countries and the emerging powers—and the United States—the most developed country— have special responsibilities in rebuilding an international political and economic system, which is not only in accordance with their own interests, but also in line with the interests of most members of the international community and the trend of the times. The cooperation and coordination in G-20 has been a very good start, and more should be followed up in the rule-making process in the global commons, such as outer space, cyber and sea, as well as the reform of the international financial system, such as the one that has already taken place at the IMF and World Bank.

The third common interest is that there have been more issues on the global and regional levels for China and the United States to address jointly. On the global level, climate change, energy security, nuclear nonproliferation, and demographic changes are all the issues that need their strategic coordination and cooperation. On the regional level, a series of traditional and nontraditional security issues cannot be properly tackled without their coordination. These issues ask for more frequent and effective strategic coordination and cooperation between the two countries and could be the “growth engine” for the bilateral strategic and security sectors.

**2. China and the United States should increase mutual communication channels and expand people-to-people, city-to-city, province-to-state, and military-to-military relations.**

Since the two countries established diplomatic relations in 1979, there have already been numerous channels for mutual communication. Especially since the bilateral Security & Economic Dialogue, or S&ED, was set up in 2009, there have been dozens of mechanisms for the two governments to discuss the issues of mutual concerns. In addition to the central and federal government channels, China has encouraged more frequent exchanges at the provincial and city levels. The exchanges on these levels would not only speed the two-way economic and investment relations, but also enhance the exchanges among the two peoples.

The people-to-people exchanges have greatly helped the two countries understand each other. For example, the number of Chinese students studying in the United States grew so robustly that China became the biggest source of overseas students in the United States in 2010. More than 157,000 Chinese students studied in the United States in 2011, or 22 percent of total number of foreign students in the country.<sup>10</sup> In November 2009, President Obama announced the 100,000 Strong Initiative, a national effort designed to increase dramatically the number and diversify the composition of American students studying in China. The policies to support massive exchanges of students between China and the United States have already yielded plentiful and substantial fruits, and the bilateral relations will certainly continue to profit from this kind of people-to-people exchanges.

The military-to-military exchanges have been the weakest part of the China-U.S. relationship and vulnerable to interruptions by other issues. Comparing with the bilateral political and economical relationship, the bilateral military relations have lagged far behind. So their military relations have to catch up with the others if the two countries want to achieve the goal of NMMPR. Actually, the dialogue and communication between the two militaries can be very rich in content. The protection of sea-lanes, maritime search and rescue exercises, military think tank exchanges, space and cybersecurity, nuclear capabilities, and doctrines can all be included in the dialogue.

### **3. China and the United States should improve policy coordination both within respective governments and between them.**

The foreign policy of a major power normally has very close connection with its domestic politics and public policies. Thanks to the information technology and globalization, the interaction between foreign policy and domestic policies has been more frequent and faster. The decision-making and implementation process of the foreign policy within the government needs more effective cross-sector and intersector coordination and integration. China does not only take into account the more diversified and expanded interests of domestic key players, but also more effective and efficient coordination among all the related parties. For example, China has reformed its maritime law-enforcement agencies to avoid the long criticized situation of “too many cooks spoil the broth” and to improve its maintenance of maritime rights and interests. The United State faces the same challenge. For example, after the Obama administration announced its “pivot” to Asia policy, its defense department, among all the departments related to foreign policy, was the first one to move. The deployment of marines to northern Australia sparked concern in China, where officials and scholars asked whether the “pivot” policy was a part of the strategy that aimed to thwart China’s rise as a global power. The Obama administration then has spent much time and effort to convince China that its “pivot” policy or “rebalancing” strategy does not only have a military dimension, but also economic and political ones and its aim was not to contain China. The respective case shows that both China and the United States have to improve their policy coordination within their own countries.

Meanwhile, the two countries should also improve their coordination on the policy level. China and the United States have very different political systems and foreign policy decision-making processes. Though the 40 years plus interaction has accumulated quite rich experiences, the current status of the bilateral relations and the goal of achieving the NMMPR require a higher-level and more-skillful interaction. The two sides should try to avoid negative impacts from the following three areas. The first one is different ways of thinking, which have created frictions on the policy level. The Chinese usually takes a top-down approach, which should first have the principles set and then the procedures follow. The Americans, however, go from bottom to top and prefer to have confidence-building by accumulation of successes of individual cases. This kind of difference comes from their respective historical tradition and strategic culture that would not disappear in a short period of time.

The second one is that much emphasis has been put on the preparation of the S&ED but less on evaluation of the results. The S&ED has so far been the most important and senior mechanism for China and the United States to discuss the bilateral issues since its establishment. Because of its rich content and seniority, both governments spend a great deal of time and energy to prepare for this meeting annually. While preparation is very important, more attention should be paid to the evaluation and assessment of their results. The most recent round of S&ED was convened in Washington, D.C., in early July 2013. Perhaps it is the right time that they had a thorough review of the implementation of the results.

The third area is the interference of the “third factor” on the bilateral relations. It is not strange that the interaction between China and the United States would be related to the third party, since the implications of the bilateral relations are regional and global. For the past several years, however, it seems that quite some strategic mistrust between the two sides comes from the mutual interaction on “the third factor,” especially in the Asia-Pacific region. To avoid such a situation, both China and the United States could consider expanding their policy-level dialogue and coordination with the third party.





# Policy recommendations

## **1. Taking respective and collective steps to promote peace and development in the Asia-Pacific region.**

Both China and the United States are extremely important in this region and have a great part of their interaction there as well. Therefore, the two countries need to take concrete steps both respectively and collectively to ensure that their interaction is in the service of the establishment and advancement of the NMMPR. First, both China and the United States could set up working groups for the development of norms and rules in Asia Pacific. The common norms and rules are the foundation to build effective Asia-Pacific Regional institutions with mutually agreed guiding principles and roadmaps. As a first step, both sides should find a way as a benchmark for the region in military-to-military field to notify each other of major military activities and consult the rules of behavior for military air and naval activities in the Indo-Pacific region.

Second, find an avenue, or collaborative group, to coordinate their policies on major regional issues. The coordinative actions can start from their multilateral engagement in Asia Pacific, particularly in Southeast Asia. Both countries need to coordinate their policies on East Asia Summit, or EAS, and Association of Southeast Asian Nations Regional Forum, or ARF. China and the United States should connect other major powers to consult with for the purpose to adopt “the EAS Declaration of Principles on Strengthening Regional Security Cooperation in the Asia-Pacific.”

Third, deepen their cooperation in economic and regional integration and pursue healthy economic competition. Since both the TPP and RCEP are related to APEC, an effective regional economic architecture needs to be smoothly developed within the APEC framework. Both should strive to find ways to deepen discussions on regional cooperation for a successful combination of TPP and RCEP in a decade.

## **2. Working together to ensure maritime peace and stability.**

Maritime issues have increasingly obtained prominence in the China-U.S. relations, as well as in global affairs. The promotion of NMMPR provides an opportunity for both China and the United States to look at the maritime issues with new perspectives and new cooperation. First, enhance maritime security cooperation in Asia Pacific, or Indo-Pacific region. China and the United States have common maritime security concerns in the regional waters. Importance should be attached to free and secure trade and assure freedom of navigation. Both sides need to carry a responsibility in maintaining peace and stability in the maritime domain of Indo-Pacific region. China respects the United States as a Pacific country with its naval presence in East Asian waters. The United States needs to respect China's interests in the same region and stop naval reconnaissance activities within Chinese Exclusive Economic Zone, or EEZ. Both sides can collaboratively seek to build naval cooperation in such areas as humanitarian assistance and disaster relief, maritime-domain awareness, and civil maritime law enforcement.

Second, crisis management in regional maritime security and safety is crucial to the peaceful, stable, and resilient Asia Pacific. Both China and the United States have the responsibility to encourage the strengthening of regional cooperation in maritime security through capacity building, exchanging of experiences, and sharing of best practices by utilizing existing arrangements in the region. Finally, persist in solving maritime disputes in South China Sea with legal and diplomatic way without resorting to menace, intimidation, or seeking force. The United States needs to manage its allies and new partners to avoid any adventurism and any unilateral actions that stir waters into complicated situation. China committed to implementing the Declaration on the Conduct of Parties in the South China Sea, or DOC, in a comprehensive and effective manner, including through mutually agreed upon, joint-cooperative activities and projects. China and Association of Southeast Asian Nations, or ASEAN, held official consultations on a code of conduct at a meeting in Beijing in September 2013 in order to early conclude a Code of Conduct in the South China Sea, or COC, on the basis of consensus.

## **3. Exploring an incremental way to build out the NMMPR.**

Both sides should have enough strategic and political patience for the establishment of NMMPR. Therefore, it is advisable to work for some mutually agreed principles, some of which should be more procedural than substantial with the main aim of reducing mutual suspicion instead of seeking immediate answers to the current key

challenges. Considering the differences in development level of the two sides and the uncertainty of future trends, it is not easy now to reach a clear re-definition about the “common but differentiated responsibilities,” which are the common root cause for almost all the stalemate in key issues of both old and new, such as global trade and climate negotiations. A bottom-up and incremental approach is more acceptable for both sides. The new relations can only be nurtured rather than created. Besides, the establishment of NMMPR needs both soft principles and hard structures.

For both sides, mindset is the thing that needs to change most when the world economic structure has silently evolved. While healthy competition is needed, how the global supply chain is making national protectionist trade policies obsolete should be given serious and full considerations by both sides. Joint innovation and development is far more meaningful and necessary than ever before. Rule restructuring in trade, investment, and finance through regional initiatives—such as TPP, TTIP, RCEP, and the Chiang Mai Initiative Multilateralisation, or CMIM—should be transparent and inclusive in order not to elevate economic friction and mutual suspicion.

Furthermore, the establishment of NMMPR could start from the easiest to the hardest, from the areas that the two sides share most commonalities to the least. A reasonable order of priorities could be from climate change and energy issues to economic issues and then to traditional security issues. This is also a spillover approach the functionalism theory argues for.

#### **4. Continuing to strengthen the bilateral strategic dialogue at the top level.**

The history of bilateral relations shows that summitries with strategic visions have been essential in maintaining and developing China-U.S. relations. The Annenberg Summit sets precedence that the top leaders of China and the United States have not only exchanged views on international relations and bilateral relations, but also introduced their domestic policies and plans to each other. This kind of meeting greatly facilitates mutual understanding of domestic backgrounds of the other’s foreign policy. In the future, there should be more innovative forms and substances of the summitries. For example, the two leaders could have video conferences instead of telephone conversations.

The summits could also bring in leaders of their respective societies, such as business, media, and academia. Under the summitries between the two governments, there are now about 100 mechanisms, of which the most important one is

S&ED. Since 2009, the two countries have convened five rounds with considerable achievements. However, looking forward, the S&ED needs to be uplifted to be more result-oriented and expanded in a wider scope. The once-a-year event should be reorganized into all-year-round events, and it should also have more representation of the military and scientific and technologic circles.

#### **5. Improve the crisis management, as well as the opportunity management.**

Crisis management has been extensively discussed when various policy recommendations are offered to the development of China-U.S. relations. So far, it is still a useful concept in dealing with this bilateral relationship. Although some sorts of mechanisms dealing with the traditional security crises have already existed in areas such as cyberspace, outer space, and maritime security, they have not been fully established or functioned well. The two sides are still trying to figure out their counterparts in certain areas and the efficient way to solve the problems. While crises management still needs attention, opportunity management is more needed to build up a NMMPR.

Crises management focuses on problem solving, but opportunity management works to create positive results, which would improve the bilateral relationship both atmospherically and substantially. Opportunity management asks both China and the United States to look beyond their traditional obstacles and to grasp the opportunities created by new technologies, new resources, new research findings or even crises. Opportunity management can expand the common interests that make the foundation of the bilateral relations more solid. For instance, the two countries had cooperated to use the opportunities of counterterrorism and to combat against financial crisis for moving their bilateral relationship forward. At present, the two countries could translate the challenges in the global commons into new opportunities of cooperation. Furthermore, the two sides need to design and implement in a coordinated way.

#### **6. Carrying out the China+U.S.+X diplomacy in order to meet the new situation and challenges.**

Since “the third factor” has become a very sensitive one in China-U.S. relations, both sides could consider activating the China+U.S.+X diplomacy. This kind of trilateral dialogue and communication has the following advantages. It can avoid misunderstanding and misperception among all the relevant parties. It can also be a part of the endeavor to create a new security framework in the world

in general and in the Asia-Pacific Region in particular. Besides, it can decrease the worry that China-U.S. relations would be a G-2 model and a new kind of hegemony would dominate.

Of course, this kind of diplomacy cannot solve all the problems inherited from the history at once, and it is very likely that the start would be quite tough due to the profound differences among certain parties. China and the United States should have enough patience, as well as wisdom, to start with the nontraditional security issues with the third party and let the confidence-building process go as smooth as possible. In reality, there are many ways to forge ahead with the China+U.S.+X diplomacy. For example, China and the United States could have trilateral dialogue with Japan on the East Asia security framework, while China, the United States, and India could have dialogue on the term of Indo-Pacific, and more broadly, the strategic system that encompasses both the Pacific and Indian Oceans. China and the United States could also have dialogue with both India and Pakistan on the stabilization of Afghanistan and the regional situation in Central and South Asia after 2014. Other pairs of trilateral dialogues could include China, the United States, and Russia, as well as China, the United States, and the European Union.

#### **7. Pursuing an effective management of their respective constituencies.**

One challenge in building up a NMMPR between China and the United States is to manage their respective constituencies so they do not derail the entire relationship when some disputes come up. Currently, both governments are doing public diplomacy toward the other's constituency, and it is helpful in shaping the other's perception. What they should do in the future is enhance the effectiveness of the public diplomacy. More importantly, both sides should move away from "conspiracy theory" and "China threat theory" by building up more strategic trust. More importantly, the two governments need to create more tangible benefits, both politically and economically, to convince their people that better China-U.S. relations are in their own service.

#### **8. Strive for more effective and integrated track II dialogues to explore the ways to construct a NMMPR between China and the United States.**

Track II dialogues entrusted by both governments could explore implementation of a NMMPR ranging from strategic contemplation to conceptual convergence and practical policy recommendations. If possible, there should be such dialogues

before and after the important events so as to make a better and more effective coordination of intergovernmental efforts. Besides, the think tanks and other opinion leaders of the two countries should play a more active and positive role to secure more public supports to the NMMPR through, among others, traditional and new media. Last but not least, both governments should spend more resources to push for a robust exchange between the think tanks, including the ones from the military. The track II dialogues could cover topics such as: TPP and regional economic cooperation; nonproliferation and nuclear strategy; cyber governance and cybersecurity; and transparency and confidence-building measures in outer space; among others. If possible, there should be such dialogues before and after the important events, such as the S&ED, so as to make a better and more-effective coordination of intergovernmental efforts.

---

## About the authors

**Prof. Yang Jiemian** is Director of Academic Committee, Shanghai Institutes for International Studies, or SIIS. **Dr. Shao Yuqun** is Director for American Studies at SIIS. **Dr. Wu Chunsi** is Director of Institute for International Strategic Studies at SIIS.



---

## Endnotes

- 1 See, for example, Peter Mattis, "Nothing New about China's New Concept," *The National Interest*, June 7, 2013, available at <http://nationalinterest.org/commentary/nothing-new-about-chinas-new-concept-8559>; Brad Glosserman, "A New Type of Great Power Relations? Hardly" (Washington: Center for Strategic and International Studies, 2013), available at <http://csis.org/publication/pacnet-40-new-type-great-power-relations-hardly>
- 2 See, for example, David Shambaugh, "Prospects for a 'New Type of Major Power Relationship,'" *China-U.S. Focus*, March 7, 2013, available at <http://www.chinausfocus.com/foreign-policy/prospects-for-a-new-type-of-major-power-relationship/>.
- 3 Aaron L. Friedberg, "The Future of U.S.-China Relations: Is Conflict Inevitable?," *International Security* 30 (2) (2005), pp. 7–45.
- 4 China-United States Exchange Foundation, "U.S.-China Economic Relations in the Next Ten Years: Towards Deeper Engagement and Mutual Benefit" (2013), p.26.
- 5 David Shambaugh, ed., *Tangled Titans: The United States and China* (New York: Rowman & Littlefield Publishers, Inc., 2013), p. 22.
- 6 Kenneth Lieberthal and Wang Jisi, "Addressing U.S.-China Strategic Distrust," *The Brookings Institution*, March 30, 2012, available at <http://www.brookings.edu/research/papers/2012/03/30-us-china-lieberthal>.
- 7 China-United States Exchange Foundation, "U.S.-China Economic Relations in the Next Ten Years," p. 28.
- 8 Ibid.
- 9 Ibid.
- 10 Wang Qingfeng, "China Becomes World's Top Source of Overseas Students," *Caixin Online*, September 25, 2012, available at <http://english.caixin.com/2012-09-25/100441943.html>.

---

The Center for American Progress is a nonpartisan research and educational institute dedicated to promoting a strong, just, and free America that ensures opportunity for all. We believe that Americans are bound together by a common commitment to these values and we aspire to ensure that our national policies reflect these values. We work to find progressive and pragmatic solutions to significant domestic and international problems and develop policy proposals that foster a government that is “of the people, by the people, and for the people.”

---

Center for American Progress



CHINA-UNITED STATES  
EXCHANGE FOUNDATION  
中美交流基金會