

Toward a New Model of Major Power Relations

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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.”¹ 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.”²

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.”³

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.”⁴

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.⁵ 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.⁶ 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.

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Endnotes

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