

U.S.-China Relations: Moving Beyond the Script

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INTRODUCTION

At the historic U.S.-China Summit in Rancho Mirage, California in June 2013, Chinese President Xi Jinping remarked, “At present, the China-U.S. relationship has reached a new historical starting point.”¹ Indeed, China’s dramatic rise in economic power and international clout over the past 40 years presents Beijing and Washington with the challenge of how to manage relations between a rising power and a status quo power, amid increasing bilateral interdependence, tension, and mistrust.

Less than four decades ago, the architects of the U.S.-China relationship began building what they hoped would develop into a sustainable and constructive bilateral relationship, through “a handshake across the Pacific Ocean.”² They could not have foreseen that in such short time, the U.S.-China relationship would become one of the most active, highest-profile, and important bilateral relationships in the world. Since formalizing bilateral relations in 1979, shared interests, strong vision and leadership in the U.S.-China relationship have persevered, delivering great benefits to the citizens of China, the United States, and beyond.

The inflexion point of relations that we face today will be no less challenging or significant than the one in 1979. In fact, history predicts that efforts to avoid destabilizing competition will ultimately be unsuccessful. However, both sides understand

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the stakes that rest on a strong U.S.-China relationship, the most consequential of any in the 21st century.

This paper outlines the necessary elements of a new approach to U.S.-China relations that can carry both sides peacefully through their next stages of development. It argues that Xi's proposed framework of a "new type of major country relationship" between the U.S. and China will require a new type of U.S.-China interaction — one that is open and candid; one that both presidents take ownership of; and one with a global agenda based on shared interests.

U.S.-CHINA RELATIONS: A LOOK BACK

Today, the media portrays the U.S.-China relationship as one mired in disagreement and destined for conflict. Narratives and issues are framed in zero-sum terms, in which any win for China is a loss for the United States, and vice versa. From Capitol Hill to the presidential campaign trail, the rise of China is described as a threat to U.S. predominance and its long-term objectives. In China, the United States' strategic rebalancing to Asia is primarily understood as part of a larger effort to contain China's rise.

In order to accurately analyze the current state of U.S.-China relations, it is important to evaluate where we have come from. For over three decades after WWII, our two countries had very little contact or exchange — whether in the context of business, academic, governmental, or otherwise. Until the period of Ping Pong Diplomacy and former U.S. President Richard Nixon's first secret visit to China in 1972, the leadership of the United States and China were forced to communicate and send official messages through third-party countries, such as Pakistan.

The U.S. and China normalized official relations only 34 years ago, on January 1, 1979. Today, nearly 10,000 people travel between China and the United States daily, and over 90 bilateral intergovernmental dialogues and consultation mechanisms have been created since that historic date.³ Approximately 194,000 Chinese students are currently studying in the United States. In 2010, U.S. Secretary of State Hillary Clinton launched the "100,000

Strong” initiative aimed at increasing and diversifying the number of American students studying in China (currently numbering 26,000).⁴ In 2012, Chinese foreign direct investment (FDI) in the United States reached \$6.5 billion, and two-way trade surpassed \$536 billion.⁵

There is no doubt this bilateral relationship has made great improvements. However, it has been filled with significant ups and downs: from the euphoria that accompanied then-Chinese Vice Premier Deng Xiaoping’s visit to the United States in 1979, which was the first official visit by a leader of the People’s Republic of China (PRC), to the accidental bombing of the Chinese embassy in Belgrade by a U.S. combat aircraft in 1999. The relatively short history of the relationship has experienced substantial periods of uncertainty, tension, challenges, and even crises. But through these trials, the two countries have managed to sustain constructive bilateral relations, and even improve upon them.

The U.S.-China relationship will continue to face tough challenges ahead. Chinese cyber hacking of U.S. trade and commercial secrets jeopardizes the recovery of the U.S. economy and bilateral commercial relations. Territorial disputes in the East and South China Seas threaten the security of U.S. allies and the flow of commerce. Deep-rooted mistrust has hindered military-to-military communication and cooperation. Real progress on global challenges that the two countries share — nuclear proliferation, terrorism, climate change, global economic recovery, and stability in the Middle East, to name a few — will require a new type of cooperation between Washington and Beijing.

But rather than focusing on specific flashpoints in this relationship, both sides must evaluate the performance of the U.S.-China relationship over the long-term similar to how the performance of a stock market is measured. Though there are high and low points, the overall

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trajectory is positive. Recently, Deputy Chief of Staff of the People's Liberation Army (PLA), Qi Jianguo, made a statement echoing this point:

One should take a long-term perspective in viewing the development of relations between great powers, in particular, there must be strategic foresight (*zhanlue yuanjian* 战略远见) for the development of Sino-U.S. relations. If we only stare at the issues at the forefront over the next three to five years, points of disagreement will exceed the points we have in common; if we focus on the next one or two decades, the points we have in common may exceed our points of disagreement; if our eyes can see a little further, we may find even more things in common.⁶

Indeed, the next model of U.S.-China relations can only continue to produce long-term gains by acknowledging that progress will be gradual and may meet significant setbacks. But in this age of globalization and increased interdependence, China and the United States' interests and destinies are deeply interconnected.

FORGING A NEW MODEL OF COOPERATION

Two thousand years ago, while examining the Peloponnesian War, the great Greek historian Thucydides wrote, "It was the rise of Athens and the fear that this inspired in Sparta that made war inevitable." Indeed, in 11 of 15 cases since 1500 in which a rising power challenged a status quo power, destabilizing conflict resulted.⁷

Recognizing the potential for the United States and China to fall into this trap, Chinese leaders have proposed the forging of a new strategic framework for the U.S.-China relationship, "a new type of major country relationship." In a speech during his visit to Washington, D.C. in February 2012, then-Chinese Vice President Xi urged both sides to concentrate this effort on four areas: mutual understanding and strategic trust; respecting each side's core interests; deepening mutually beneficial cooperation; and enhancing cooperation and coordination in international affairs and on global issues.⁸ However, the specific features that would make up this new strategic framework remain elusive.

The once-in-a-decade leadership transition that took place in Beijing from November 2012 through March 2013 helped accelerate the process of substantiating the new model of cooperation. Xi appears to be a more confident leader than his predecessors. Since taking power, he has publicly expressed his desire that China be respected as an equal on the global stage as to reflect its newfound international clout and economic power. In addition to the new type of major country relationship, Xi has introduced the concepts of a national rejuvenation and the Chinese Dream to address these aims for international respect and recognition that he shares with the Chinese people.

Yet, as experts and officials on both sides of the Pacific race to fill in the outline of a new type of U.S.-China cooperation, some are approaching Beijing's proposal with weariness and suspicion. Many in Washington are concerned that the concept is an effort to compel the U.S. to respect China's core interests, create Chinese spheres of influence, and get the U.S. to accommodate China's interests on Beijing's terms. This type of approach will not work, and making this a starting point for discussions on the new paradigm or expecting change on the two countries' long-standing and historical areas of disagreement — such as Taiwan, trade, or human rights — will only set this exercise up for failure. On many of these issues, including Taiwan, the United States and China have agreed to disagree since their first communiqué in 1972.

The differences on important issues between the two powers should be addressed head-on, not sidestepped. But neither side should expect the other to change its principles overnight. China and the U.S. have different histories and different political, economic, and social systems. Both countries are at different stages of development. But these divergences should not necessarily be causes for confrontation. As the new Chinese Ambassador to the U.S. Cui Tiankai has explained:

We can “seek harmony without sameness” and “seek common ground while shelving differences.” We can also step

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up coordination and manage these differences well so that they will not affect the mainstream of our relations. We can address these differences within the overall context of a healthy, stable and growing relationship. Some differences, such as the different development stage, could provide opportunities for cooperation.⁹

A healthy interaction between the leaders necessarily means that they talk about areas of cooperation as well as areas of disagreement and tension. These discussions should be done with respect for the other side's views and domestic political constraints and a realistic view of what can be accomplished. Progress in these areas will take time and patience.

China evidently feels it holds increased leverage in the U.S.-China relationship, especially since the 2008 financial crisis. Beijing wants to be treated as an equal partner by the United States on the global stage. For many leaders in the United States, this kind of relationship would be premature. But Americans need to be confident in the strengths of their own political, economic, and value systems, as well as their strong leadership position on the global stage. There is no choice but to engage with the Chinese and seek deeper cooperation if we want to make progress on some of the world's most pressing challenges. Additionally, this dynamic may also shift due to China's slowing economy, Chinese leaders taking painful steps to shift from a growth-at-all-costs economic model to one that is more sustainable, and the United States economy recovery.

Beijing has its own concerns about the new strategic concept, namely that by taking ownership of it at the start, it is responsible for ensuring that the proposal is more than rhetoric — that it creates tangible benefits or progress. Ambassador Cui has concurred that building a new model of relationship is, “not a slogan, but a shared responsibility, and a responsibility for the international community and the world.”¹⁰ As Xi consolidates his credibility and legitimacy among various groups at home in the lead up to the Chinese Communist Party's 18th Central Committee Third Plenum, he may find his foreign policy options constrained. If Xi is forced to demonstrate his diplomatic options and avoid compromising with the United States on important issues, this could discourage

Washington's participation and faith in the seriousness of the new model of cooperation. It will be important for officials in Washington to understand the domestic political environment in Beijing in the coming months as U.S. leaders work to enhance cooperation.

THE U.S.-CHINA SUMMIT AT SUNNYLANDS

In recognition of the above concerns, recent tensions, and strategic distrust besetting bilateral relations, Obama and Xi met in June 2013 at the Sunnylands Estate in Rancho Mirage California. The informal setting of the meeting offered a chance for the two leaders to begin building rapport, setting a tone for improved relations, and gaining a better understanding of each other's domestic, bilateral, and global visions. The California summit provided a valuable and necessary opportunity for our two presidents to speak candidly and openly with each other, and start developing the trust that can provide the foundation for an enduring and constructive U.S.-China relationship. If we are to make real progress going forward, our two presidents must take ownership of improving our bilateral relationship, identifying areas where the U.S. and China can cooperate, and setting an example for their bureaucracies. Only our top leaders can play this role.

At Sunnylands, Xi again put forward the idea of a new type of major country relationship between the U.S. and China. Despite reports and conclusions otherwise, Obama did not reject Xi's new framework. In fact, at a press conference held during the summit, Obama addressed Xi's proposal, explaining that the United States is willing to build a new model of state-to-state cooperation with China based on mutual benefit and respect. While the American leadership viewed this statement as a positive gesture indicating a willingness to explore this new type of major country relations concept, some in China saw it differently because Obama used slightly different language in his remarks.

Far from rejecting the concept, Obama and the senior U.S. leadership have signaled they accept the need to seriously and vigorously work toward reaching the goal of a new type of cooperation. But while many in China have favored focusing

narrowly on the specific phrase or definition that is agreed to before working to fulfill its implications, the U.S. primarily values the process taken and the cooperation achieved to reach the theoretical model. The United States is interested in determining how to turn this concept into a practical effort to enhance bilateral cooperation. Once China and the United States find avenues that produce healthy rather than destabilizing competition, and once our two countries are cooperating and communicating in ways that represent a new type of great power relationship, then a new definition is appropriate. After all, defining a new type of relationship is only useful if it actually achieves cooperation and prevents conflict. The process and tangible outcomes are the most important aspect, not the official definition.

This is not the first time that a dispute over a definition has hindered U.S.-China cooperation. In April 2001, a U.S. Navy EP-3 reconnaissance plane collided with a Chinese PLA naval F-8 fighter over the South China Sea. Beijing and Washington disagreed, among other things, over the cause of the incident, and whether the United States needed to apologize to China. For nearly nine days, diplomatic negotiations over the exact wording of the U.S. “apology” ensued. Finally, a middle ground was determined, which allowed the United States leadership to say it had not made an official apology, while the Chinese were able to claim the Americans had apologized.¹¹

Our two countries will need to use the creativity when building a new model of U.S.-China cooperation

This kind of creative diplomacy allowed China and the United States to resolve a crisis and move forward in relations, despite our different viewpoints. Our two countries will need to use similar creativity when building this new model of U.S.-China cooperation. If China insists on official acceptance of its specific phrase or definition before beginning to substantively work on a new type of cooperation, this strategic concept will be dead from the start. Obama should continue to express his willingness and endorsement of a new model of cooperation in language that conveys U.S. seriousness. This way, the Chinese can determine that the U.S. has

accepted their strategic framework, while the United States can focus on the practical process. Only once both sides can reach this point and convince their publics of the same can we begin to turn the idea into a reality.

The purpose of the Sunnylands Summit was not to produce major policy breakthroughs or new joint communiqués. Expectations of significant outcomes or immediate deliverables from the meeting were unrealistic. The most important consequence was that the two leaders had a chance to meet and talk about the U.S.-China relationship at a very high level; a “blue sky discussion” as Carnegie Endowment for International Peace Vice President Douglas Paal described.¹²

In many ways, the summit was a success. Both sides agreed that North Korea must denuclearize, that continuing to apply pressure on Pyongyang was important, and that addressing North Korean nuclear proliferation was an area for “enhanced cooperation.” If China follows through on its commitments, it would be a major accomplishment. China and the United States also made some progress on climate change, agreeing to discuss ways to reduce emissions of hydrofluorocarbons (HFCs).

Concerning the other issues discussed, disagreements between the two leaders remain. Xi called on Obama to end U.S. arms sales to Taiwan. He also reasserted China’s territorial claims and defended China’s control of its currency. No consensus was reached on the biggest issue looming over bilateral discussions — recent revelations of Chinese cyber hacking of American commercial and military secrets. While Obama warned about the destructive effect of cyberattacks on economic relations, China did not acknowledge culpability, reiterating that China strongly opposed hacking and cyber espionage and is itself a victim.

More importantly though, this type of meeting had a positive impact on the two bureaucracies in providing the foundation required to tackle common global and bilateral challenges, and begin to make more concrete progress in ways that bring mutual benefit to both the United States and China, and improve this important relationship. Both presidents reaffirmed the need and wish to enhance cooperation and continue talks. But the summit

represents only the first step toward getting the U.S.-China bilateral relationship on more solid footing.

A NEW TYPE OF U.S.-CHINA INTERACTION

The first stage of forging the new type of major country relationship between the United States and China that Xi has called for must involve developing a new type of U.S.-China interaction. The approach the two leaders take in their communication will be very important. In the past, the lack of good rapport or an open atmosphere at meetings, and limited time together, has resulted in exchanges dominated by scripted talking points. The formalities of official dialogue leave little time for true interaction.

Genuine personal diplomacy can lay the groundwork for the new type of major country relationship that Xi wants. But success depends on Obama and Xi moving beyond scripted talking points and openly discussing issues and concerns to find areas of mutual interest. This is where real progress is possible. Xi has taken steps to combat formalism at home. One of his first moves upon becoming general secretary of the Chinese Communist Party (CCP) last November was to discourage senior Chinese officials from reading scripts at meetings and instruct them to speak more directly and plainly. Chinese Premier Li Keqiang and Vice Premier Wang Qishan have echoed Xi's campaign by telling Chinese officials to speak without notes, summarize only key points and ideas, and think broadly about issues to allow more time for deeper discussions.

A similar approach could guide U.S.-China interaction toward more open, direct, and interactive exchange going forward. Both sides need to set aside their formal talking points and make time for open and interactive exchange. This would not show weakness or naiveté. In fact, it is essential to building trust and avoiding unhealthy competition — interests that both sides share.

CHINESE IDEAS AND INITIATIVE

Additionally, it will be important and necessary for Obama to draw out from Xi his personal views of the strategic and global

issues on which the United States and China can and should enhance cooperation, whether it be cyber-security, climate change, nuclear proliferation, intellectual property rights protection, or trade and investment. Consistent with his guidance domestically, Xi should be “plain and direct” with Obama and let him know what issues he feels are ripe for this type of cooperation.

In the past, U.S. leaders have come to their Chinese counterparts with long lists of proposals and ideas for cooperation that were built around the U.S. view of shared interests. Washington has been proactive and willing to put ideas on the table where it sees potential for cooperation. Unfortunately, while it is far from the truth, the Chinese have perceived this approach as the United States asking China for help on issues that are important to Americans. The Chinese have not viewed this the way the U.S. originally intended — as part of a sincere U.S. effort to develop a joint strategy to solve common problems — but rather as Washington wanting Beijing to be a sub-partner in a process that will ultimately benefit only the U.S. (or at least benefit the U.S. much more than China).

Only through open dialogue and offering up their own concrete proposals will Chinese leaders begin to take active ownership of cooperation with the United States and be able to sell the effort to their public as having been advanced by Beijing and pursued with Chinese interests in mind.

PUBLIC OPINION AND PRESIDENTIAL LEADERSHIP

In both China and the United States, there appears to be a difference between the leadership’s perception of the bilateral relationship and public opinion on the matter. There is often a disproportionate focus on the areas of tension in the relationship and where the two sides disagree. Obama and Xi have an opportunity to shape domestic perceptions and improve the context in which these issues are worked out. Given that the two leaders have completed their own political transition processes, both should be able to speak more plainly about the benefits of U.S.-China cooperation to their own citizens at home, and their administrations have already begun to do so.

As Cui has emphasized, our two countries must, “welcome each other’s success and try to find opportunities from the other’s success.”¹³ Xi can highlight the economic benefits Chinese have seen from U.S. investment and U.S.-secured sea and trading lanes. The Asia-Pacific region has enjoyed peace and stability for over sixty years, despite lacking a formal, overarching security structure. China and its neighbors benefited, rose, and prospered. The United States’ longstanding presence in the region has much to do with this, and the United States welcomes all of this. It was not a foregone conclusion.

When it comes to the economies, our two countries are increasingly interdependent. A strong and prosperous China is good for the U.S., and a strong U.S. economy is good for China. Last December, Chinese Premier Li Keqiang said that in terms of both powers’ interests, the areas of convergence are far greater than the areas of disagreement. These converging interests, he added, will continue to expand.

Obama can echo the sentiments of Chinese State Councilor Yang Jiechi’s editorial in *The Washington Post* prior to the 2013 U.S.-China Strategic and Economic Dialogue, which outlined how U.S.-China cooperation contribute to each country’s domestic economic prosperity and growth, as well as regional peace, stability, and development:

Chinese-U.S. cooperation has delivered real benefit to our peoples. Inexpensive and quality Chinese goods have proved popular with American consumers. The vast Chinese market offers great opportunities to American companies. In 2012, nearly 70 percent of the U.S. companies operating in China made profits.... Meanwhile, Chinese investment in the United States has helped boost the U.S. economy. The West Basin Container Terminal of China Shipping in California, for example, has created nearly 10,000 local jobs; some Americans have told me they regard it as the “greenest” port in the world.¹⁴

Obama can also stress, as he did prior to the Sunnylands Summit, that the United States welcomes the rise of China as a world power, and it is indeed in the United States’ interests that China continue on a path of success. The United States has long been a Pacific power. Xi’s leadership is needed in disclaiming the notion

of American encirclement or containment. During a visit in May 2013 by U.S. Joint Chiefs of Staff and General Martin Dempsey, his Chinese counterpart General Fang Fenghui told a press conference that China respects, “the legitimate right and interest of the United States in the Asia-Pacific region” and added, “the Asia-Pacific region should be a platform for China-U.S. cooperation.”¹⁵

A GLOBAL AGENDA

The U.S. and China have made a great deal of progress over the past 34 years of official relations to expand and enhance cooperation and understanding between the leaders and people, and develop the bilateral relationship. But in the past, both countries have focused for the most part on bilateral issues (issues that have only dealt with the two countries), and not included major global issues on the bilateral agenda. Today, however, U.S. and Chinese strategic interests are becoming increasingly global.

As Xi has identified, both countries are at a turning point in cooperation because China is growing in economic power and international influence, and is more influential on global issues. In the future, the major challenges and opportunities for the U.S.-China relationship will come in working together to address critical global challenges. The list of these global challenges is long, and getting longer. Today, it includes addressing critical nonproliferation challenges, including most urgently, the denuclearization and non-proliferation in Iran and North Korea; cybersecurity; working together to resolve major global and regional security crises such as Syria; working together to bring stability and growth to the international economic system; addressing climate change and other environmental challenges; ensuring adequate and secure supplies of energy; transnational crime; and counter-piracy efforts.

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The common global issues cannot be solved without the U.S. and China working together to make meaningful progress (in ways that benefit the U.S. and China).

working together to make meaningful progress (in ways that benefit the U.S. and China). Progress and cooperation has been elusive because of mistrust and lack of open communication. China must be more proactive in identifying areas and forming concrete proposals on global issues. Within a new framework aimed at increasing understanding and trust, we can begin to make progress on consequential global issues and score victories. When this happens, our leaders will be in a much stronger position to convey to their people that the U.S. and China are working together for the better of global good.

NORTH KOREAN NUCLEAR PROLIFERATION

China has manufactured unparalleled economic growth and development over the past three decades at a sustained pace that is unprecedented in modern history. The rest of the world has watched with great impression. A consequence of China's recently achieved prosperity is increased clout and influence on important international issues that affect people both near and far from Chinese borders. China now operates at a different level than in the past and naturally, its security interests and priorities are evolving. Xi has talked about the importance of enhanced Chinese leadership in the Asia-Pacific.

At the same time, North Korean behavior appears to be worsening. Pyongyang is becoming increasingly provocative, dangerous, and unpredictable. Over the last several months, North Korea's young (at 29 years old, Kim is the world's youngest head of state) and impetuous leader has embarked upon a series of destabilizing and provocative actions that have brought the region to the brink of war, highlighting the reality that China's own evolving interests — security and otherwise — are now being threatened in unprecedented ways. North Korea has continually defied China's wishes and has engaged in reckless behavior that threatens the very stability China most hopes to preserve.

The combination of a young and irresponsible leader in Pyongyang and the evolution of China's own security interests may be causing Beijing's calculus on North Korea to change.

China is unable to be the guarantor of Asia-Pacific security if it continues to tolerate, and even accommodate, North Korea's reckless provocations and dangerous proliferation breakthroughs. The Chinese leadership will find it difficult to take on more regional leadership if China is unable to rein in the irresponsible and reckless behavior of its unruly neighbor. China will not appreciate an enhanced U.S. security posture in the region or greater security cooperation between the United States and its key allies, South Korea and Japan that will inevitably develop if North Korean threats of preemptive nuclear attacks continue unchecked and its missile and nuclear capabilities continue to advance. And finally, Chinese leaders will find it challenging to raise China's soft power or to improve China's international image if North Korea's actions continue to defy China's pleas and damage Beijing's interests. All of this is happening when China has a new leadership that does not appear to be tied to longstanding areas of strategic policy interests, as past leaders have been.

The Chinese leadership appears to have little confidence in Pyongyang's new team, which may create an opportunity for the U.S. and China to work more closely and effectively on a common vital issue. For many years, China, as the Chair of the Six Party Talks, has seen its role in addressing North Korean nuclear proliferation as the arbitrator between the North Koreans on one side and the United States and its allies on the other. Now, many Chinese scholars are pointing to North Korea as an area of shared interests, where the United States and China can work together for the better of regional stability, security, and peace. These scholars stress, importantly, that China's calculus is changing not because of outside (meaning the United States) pressure, but because of China's own evolving interests and North Korea's increased defiance.

If China and the United States (and the other members of the Six Party Talks) can respond to North Korean provocation and reckless behavior in a unified manner, this would be an important first step in changing Pyongyang's behavior. China must signal its readiness to accept help from powers who are ready to wash their hands of the North Korea problem. By working together, China and the United States will be in the best position to achieve important

progress on one of the most serious threats to regional peace and stability. Progress will likely be gradual and will require enhancing mutual trust and transparency in intentions. But the stakes for regional security are too high to allow this window of opportunity to pass.

CONCLUSION

One of the key architects of the U.S.-China relationship thirty years ago was then-U.S. Secretary of State Henry A. Kissinger. In recent years, Kissinger has pushed back against notions that conflict between a rising China and a predominant U.S. is inevitable, and competition between the two must be zero-sum. While acknowledging our different philosophical differences and contrasting beliefs of exceptionalism, Kissinger has argued that we can transcend these challenges if we create a new “overarching concept for interaction.”¹⁶ This is why forging a new type of U.S.-China *interaction* as described above is so essential to the success of any new strategic bilateral framework. The type of framework that Kissinger prescribes: “a consultative mechanism that permits the elaboration of common long-term objectives and coordinates the positions of the two countries at international conferences,” will require moving past scripted talking points and mistrust, and dealing candidly, cooperatively, and constructively with each other on global issues. Identifying these areas of cooperation where we can begin to make progress will be important to ultimately transforming the U.S.-China relationship from the largely bilateral relationship of the last 34 years to one in which the U.S. and China are contributing to progress on international public goods. This new form of cooperation will prove the most effective way to improve the U.S.-China relationship as a whole and ensure it continues on a positive trajectory.

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