“Well begun is half done,” Aristotle once said, meaning that beginning a project well makes it easier to do the rest. Yet, this may not be true of China–U.S. relations during Obama's presidency. Although the Obama administration secured a smooth transition from the George W. Bush years and attached high priority to relations with China during its first year in office, bilateral relations turned downward over the rest of Obama's first term, leaving a legacy of growing mutual suspicion and rising competition between the two countries, especially in the Asia–Pacific region. In spite of the November 2009 bilateral agreement to build a “positive, cooperative, and comprehensive relationship,” the two sides missed opportunities for more cooperation while mishandling and even misguiding bilateral ties on some points.

The next several years are crucial for China–U.S. relations. Beijing is now under a new leadership that is more self-confident and more attentive to its public opinion. The further narrowing of the power gap between China and the United States will inevitably generate more anxiety in Washington. The competition between the two countries in the Asia–Pacific may pick up momentum. At the same time, the world’s two largest economies will need to coordinate to promote global governance in an era when regional and global challenges are only getting more complicated. It is indeed high time to reset China–U.S. relations—for the long-term interests of both countries as well as the entire world.

There are definite opportunities as the Obama administration’s second term proceeds. China’s new leader Xi Jinping feels comfortable in dealing with...
China’s new leader Xi Jinping feels comfortable in dealing with Washington, striving for “a new type of major power relationship” with the United States. Xi first put forward this idea when he visited the United States in February 2012 as the Chinese Vice President. In May 2012 during the Fourth Strategic and Economic Dialogue (S&ED) held in Beijing, the Chinese side further elaborated on this concept to the U.S. interlocutors. Finally, in June 2013, President Xi fully expounded his optimism for building such a relationship to President Obama during their informal meeting in California—both sides have the political will to construct a new type of relationship between great powers; cooperation between the two countries over more than 40 years constitutes a solid foundation for the further cooperation between them; over 90 dialogue and communication mechanisms set up between China and the United States provide a guarantee for the pursuit of that goal; the robust exchanges and bonds forged between two societies and peoples have laid a profound foundation of public opinion favorable to the construction of such a relationship; and finally, there exists enormous space for further cooperation between China and the United States. Xi also stressed that the way to construct such a new great power relationship is to strengthen dialogue, enhance mutual trust, develop cooperation, and manage differences.2

From the Chinese perspective, the core elements of this relationship are “no conflict, no confrontation, mutual respect, and win-win cooperation.”3 Although the full policy implications have yet to be explored, the idea reflects an honest desire on the part of Beijing to avoid the tragedy of major power conflicts given the contemporary era’s rapid development of globalization and deepening interdependence among countries. The U.S. side was initially cautious and even dubious of the idea, but during the meeting in California, President Obama agreed to make joint efforts along with China to advance this goal. This agreement not only sends a good signal to the other side about their respective intentions, but also helps set a positive tone for internal policymaking on both sides.

It is quite common that U.S. presidents usually devote more time and energy to foreign policy in their second term, trying to establish their political legacy on major international issues. Without the pressure of getting reelected, President Obama can pay more attention to relations with Beijing and provide necessary leadership in his China policy. Fortunately, U.S. Secretary of State John Kerry understands China’s growing importance to U.S. interests as well as global affairs and supports the development of close and cooperative relations with China. From the Chinese perspective, his team appears more
credible than “the Clinton–Campbell axis” during Obama’s first term, which appeared to dislike China ideologically and oppose China strategically.

Since 2013, both sides have made serious joint efforts to get bilateral relations back on track. As mentioned, in June 2013 Xi and Obama held an informal meeting in Sunnylands, California. This unprecedented summit meeting, less formal but more substantive and candid, established a new type of interaction between Chinese and U.S. presidents, reflecting the overlapping expectation from both sides for better Sino–U.S. ties. With this positive tone set, the 5th S&ED, held in Washington, D.C. one month later, allowed diplomatic and economic teams from both countries to meet and make progress on a wide range of issues.

Despite these positive developments, both Beijing and Washington have room for growth as 2014 begins. As China is becoming a hub for regional economic links, it should also play a central role in regional security; therefore, Beijing needs to demonstrate both the willingness and capacity to work with others, including the United States, to effectively deal with security challenges to the region. Meanwhile, Beijing should also assure others that it can peacefully manage and resolve maritime disputes with some of its neighbors, just as it did over land territorial disputes with countries such as Russia and Vietnam during the past two decades.

For its part, the United States should treat China as an important global partner not just rhetorically and with diplomatic gestures, but in its actions. This will require Washington to adjust some of its long-held practices such as arms sales to Taiwan, the U.S. president's meeting with the Dalai Lama, and frequent and intrusive air and maritime surveillance on China in its vicinity. Moreover, U.S. policymakers should avoid responding to China's rising power and influence from a zero-sum perspective, where it aims to check China's growing capability and international clout, rather than fostering a mutually beneficial ascent.

**New Vision**

Forging a new model of relationship between China and the United States requires both new vision and new thinking. Without a new vision, both sides may lose direction in steering through an increasingly complex bilateral agenda. From a historical perspective, bilateral ties have experienced several major changes since Sino–U.S. reconciliation in the early 1970s. With Nixon's visit to China, Beijing and Washington became strategic partners with the aim of checking Soviet expansion. A generation later, with the end of the Cold War and acceleration of globalization, China sought to fully join the international economic architecture—and the United States welcomed and facilitated this
process. Now in the early 21st century, with developments such as China’s rapid rise amidst growing global challenges and multipolarization in international politics, Beijing and Washington are destined to become global partners in enhancing global governance, no matter the hurdles that must be overcome. This new vision of “global partners” provides the backbone to the new model of a major power relationship.

For China and the United States to become genuine global partners, both sides need to adjust their respective thinking. Given its history from World War II through the collapse of the Soviet Union, the United States’ perspective is saturated with realist thinking about things such as power balance, geopolitics, military alliances, and zero-sum games. Washington manifests a proclivity for overemphasizing national security concerns, seeking superior military might, and securing hegemony. It is this thinking and ensuing practices that have given rise to Beijing’s distrust of Washington. To be sure, the United States is an established power, yet it should not obsolesce by sticking to outmoded thinking and practices. Rather, it should cast itself as a progressive power, embracing the thinking commensurate with the international politics of the 21st century.

China has naturally more easily embraced such new thinking as it has emerged as a major power in the post-Cold War era, benefitting from economic globalization and international cooperation. Therefore, China values liberal ideals such as peaceful development, mutual trust, mutual benefit, equality and coordination. It repudiates forging military blocs and seeking military superiority as obsolete Cold War mentality.

On the other hand, as a country that has suffered at the hands of the Western powers and Japan in “the century of humiliation” dated from the Opium War in 1840 to the founding of the People’s Republic of China (PRC) in 1949, China carries a bitter legacy of the past and possesses a weak state mentality. As a result, Beijing has insisted on stricter adherence to the concept of sovereignty and the principle of non-interference in the internal affairs of others, which constrains its role in promoting regional and global governance. Also, as a traditional regional power rather than global power to date, China lacks real global thinking in its foreign policy and worldwide diplomatic activism. These limitations have from time to time frustrated Washington when its expectations of Beijing’s cooperation have gone unfulfilled. The challenge for China is that as its material power expands, so should its ideational power, thus allowing it to keep up with the times and play its role as a responsible global power.

An Agenda for a New Type of Relationship

Forging a new model for a major power relationship between China and the United States should start with expanding cooperation and managing
differences over a handful of key issues: the Korean issue, maritime disputes in East Asia, military-to-military ties, economic relations, and cyber security.

The Korean Issue
North Korea’s third nuclear test in February 2013 indicated that Pyongyang continues to develop its nuclear capability, and the denuclearization of the Democratic People’s Republic of Korea (or DPRK) thus becomes more urgent. However, the ultimate solution of North Korea’s nuclear issue depends on Pyongyang’s policy transformation on two fronts: domestically, from putting its military first to its economy first, and externally, from a posture of confrontation to one of reconciliation and cooperation. While external pressure may help prevent Pyongyang from conducting further nuclear tests aimed at enhancing its nuclear capability, denuclearization will only occur as a result of these transformations.

Evidence suggests that since Kim Jong Un’s accession to power, North Korea has been shifting its national agenda to economic development and improving people’s welfare. The recent execution of his uncle and ensuing political reshuffling might serve to consolidate Kim’s power rather than alter his current policy agenda. On the other hand, after the DPRK’s third nuclear test, the international pressure mounted as China emphasized the need for DPRK’s denuclearization and curtailed North Korea’s access to articles that may be used for its nuclear and missile program. As a result, Pyongyang has been softening its posture towards the Republic of Korea (or ROK) and the United States. At the same time, the new ROK President, Park Geun-hye, is pushing a process of trust-building on the peninsula. Under these circumstances, there seems to exist a good opportunity for Beijing, Washington, and Seoul to work together to facilitate Pyongyang’s policy transformation.

From 2003 to 2008, China hosted the Six-Party Talks (among China, Japan, North Korea, South Korea, Russia, and the United States) in an attempt to solve North Korea’s nuclear issue, yet it failed to prevent Pyongyang from developing its nuclear capability. Why? Because this approach didn’t effectively address North Korea’s core security concern. As long as hostility drags on between North Korea and South Korea as well as the United States, Pyongyang will remain concerned about its survival and will continue to develop its nuclear capability. It is time to try an alternative.

Instead of restarting the Six-Party Talks aimed at solving the DPRK nuclear issue, the four parties to the Korean War—China, the United States, and the
two Koreas—should restart the “Four-Party” process that ran from December 1997 to August 1999.\(^5\) Aimed at reducing tension and building a permanent peace mechanism on the Korean peninsula, the Four-Party Talks enhanced dialogue among the related parties over security issues and explored ways to address them. In fact, it was the Four-Party process that facilitated the summit between North and South in 2000 and the adjustment of U.S. policy towards the DPRK in the late Clinton years.

The reconstituted Four-Party Talks would restart the efforts to reduce the tension on the peninsula and replace the 1953 truce treaty with a formal peace mechanism. Such an instrument, formally terminating the state of war and renouncing the use of force to solve disputes on the peninsula in the future, would provide Pyongyang the incentive to adopt a more reconciliatory posture and abandon its nuclear program.

China and the United States have important roles to play in the process, from providing re-start initiatives to helping set the agenda to navigating the negotiations to finally signing the new peace treaty.\(^6\) Effective Sino–U.S. cooperation in solving the DPRK nuclear issue and burying the Cold War legacy in Northeast Asia will certainly contribute to forging a new model of major power relations between the two countries.

### Maritime Disputes

The flare-up of old disputes over the Diaoyu/Senkaku Islands between China and Japan in the East China Sea, and over the Nansha Islands among China, Vietnam, the Philippines, Malaysia and Brunei in the South China Sea, have posed challenges to Sino–U.S. relations. These will only continue. Some of the disputants, such as Japan and the Philippines, are U.S. allies—thus they expect U.S. support for their positions and have tried to drag the United States deeper into the disputes. Moreover, many observers suspect that, against the background of China’s growing sea power and more active naval activities in the Western Pacific as well as the Obama administration’s rebalance to Asia strategy, the United States may be tempted to make use of these disputes to check China.

However, Washington should understand the limits of its role in these disputes. As the United States is not a claimant to those islands/islets/reefs, it cannot get involved in the entanglements as a direct party, nor can it support the sovereignty claim of any side. But it also doesn’t want to see a military conflict over these islands. Therefore, the United States should help defuse the situation in the East and South China Sea and facilitate a peaceful solution by encouraging mutual restraint, dialogue, and creative diplomacy, while discouraging

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\(^{5}\) Wu Xinbo

\(^{6}\) Wu Xinbo
provocative rhetoric or actions as well as the use of force. Also, Washington has to be careful in extending support to the Philippines and Japan based on their alliance relations, as Manila and Tokyo may regard such support as a blank check that they can use to take a stronger or more assertive position in these disputes. The United States must also understand that the growth of China's naval power and the expansion of its activities do not mean China is competing with the United States for supremacy in the Pacific; therefore, Washington should resist the temptation to turn the East and South China Seas into a battlefield for Sino–U.S. strategic rivalry.

China has successfully solved most of its land border disputes through negotiation and has accumulated rich experiences in this regard. It should have the wisdom and capacity to prevent maritime disputes from escalating into conflicts with its neighbors. On disputes over Nansha Islands, Beijing should further clarify its sovereignty claims over the area with regards to the nine-dash line, which was drawn in the 1940s and laid the basis for China’s claim to rights in the South China Sea. It should also conduct more flexible and creative diplomacy; for instance, instead of insisting on dealing with other claimants only bilaterally, Beijing could engage in multilateral efforts to develop agreements conducive to managing and even solving the disputes. Even if such a multilateral approach may not ultimately work, it can still demonstrate Beijing’s willingness to find a peaceful and reasonable solution.

Before achieving such a solution, efforts should be made to calm the situation and avoid crisis. In this regard, Beijing’s agreement to start negotiation on a Code of Conduct (COC) with Association of Southeast Asian Nations (ASEAN) members in the South China Sea is a useful step in the right direction. COC is mandated to govern behaviors of China and ASEAN countries and prevent conflicts, accidental or deliberate, in the South China Sea. On the Diaoyu/Senkaku Islands dispute, as China continues to conduct regular boat patrols in the waters around the islands so as to assert its sovereignty claim, it should help reduce the risk of inadvertent conflict with Japan. Meanwhile, Beijing should work to secure an agreement with Tokyo that either re-freezes the disputes, or allows the two countries to pursue joint development of the islands and resources in adjacent water.

**Military-to-Military Ties**

Over the past several years, as Obama's rebalancing strategy has given more preeminence to the security dimension of U.S. Asia–Pacific policy and the
Pentagon formally adopted the Air–Sea Battle doctrine, which is designed to counter the People’s Liberations Army’s (PLA) growing missile and submarine capabilities (or so-called anti-access and area-denial (A2AD) capabilities) in the Western Pacific, the U.S. military posture in the Western Pacific has focused on China. Also, in the face of defense budgetary constraints, the U.S. military (Navy and Air Force in particular) is using China as a convenient pretext for securing resources. Meanwhile, as the PLA drives its modernization, dealing with U.S. military pressure in the Western Pacific has become a major task, which is partially reflected in the PLA’s pursuit of A2AD capabilities. As a result of these developments, military rivalry has grown in the Western Pacific in recent years. This bodes ill for the overall Sino–U.S. relationship.

Even though the two militaries are preparing for a worst-case scenario, a major military conflict between China and the United States is highly unlikely. First, the Taiwan issue—the most likely source of serious military confrontation between the two powers—is well under control as relations across the Taiwan Straits have improved since 2008. This is when the Kuomintang (KMT) came to power and adopted a new agenda for cross-strait relations, namely, forging closer economic ties with the Chinese mainland and building political trust with Beijing. Second, the economic interdependence between the United States and China is so high that neither side can afford a rupture in bilateral ties. Third, the two sides have the political wisdom to control the negative strategic dynamics and avoid a major conflict. Given this, the real challenge is how to secure more positive and cooperative bilateral military relations and reduce factors that give rise to distrust and frictions.

In an era when war between major powers is increasingly unlikely, the Chinese and U.S. militaries should devote more resources to providing international public goods—such as protecting sea lanes of navigation, offering disaster relief, and providing humanitarian assistance. Rising non-traditional security challenges like natural disasters, transnational crimes, and terrorism offer plenty of potential areas of cooperation between them. Once the PLA and U.S. Army pay more attention to expanding cooperation, rather than posturing for a conflict with each other, the mood between the two will surely improve.

Meanwhile, as the PLA expands its parameter of activities, its ships and aircraft will encounter those of the U.S. military more and more frequently. To reduce misjudgment and avoid inadvertent conflicts between two militaries, it is important and
urgent that they cultivate good habits of communication, establish effective mechanisms for consultation, and work out clear rules of interactions.

On another front, the lasting and frequent military surveillance on China by the United States from both air and sea in China’s vicinity stands as an irritant to bilateral military relations. The intensity of such surveillance, according to a Chinese source, has outrun that conducted by the United States against the Soviet Union during the Cold War years. For the Chinese, it is simply provocative and intolerable. In fact, it not only gives rise to the PLA’s suspicion of U.S. strategic intentions toward China, but also runs the risk of causing unintended incidents between the two militaries in the air or on the sea, as occurred in April 2001 when a U.S. spy plane collided with an intercepting Chinese jet fighter in the air close to Hainan island. U.S. political leaders should rethink whether they really need to conduct so many intrusive surveillances on China for the sake of U.S. national security interests, especially as Sino–U.S. military exchanges grow and increase the transparency surrounding China’s military development.7

Economic Relations
At a time when both China and the United States are working to secure robust and sustainable growth, cooperation between the world’s two largest economies is all the more important. To ensure that economic ties will steadily grow and continue to underpin the overall relationship, the next several years should address a couple of areas. In terms of trade, the Chinese side has long complained about the discriminatory treatment it receives in U.S. technology export control in areas such as high-fledged computers, numerical machines, and aerospace engineering. Although the Obama administration signaled its intention over the past several years to lessen controls of high-tech exports to China, so far there has been no real progress. Even though China is the United States’ third-largest export market, and also the fastest growing one, it is not treated on par with many other U.S. trading partners, such as India, in high-tech trade.

This suggests that Washington still views China as a strategic rival even though bilateral economic ties are only getting stronger and closer. At the 5th S&ED held in Washington in July 2013, the U.S. side committed to “give fair treatment to China during its export control reform process and to consider China’s concerns seriously by promoting and facilitating bilateral high-tech trade with China of commercial items for civil end uses and civil end users.”8
But how far and fast the Obama administration will move forward remains questionable. If Washington can deliver something substantive on this issue in the years to come, it will not only enhance U.S. exports to China and reduce the trade imbalance, but will send a positive signal to China that the United States is willing to address legitimate Chinese concern in the spirit of reciprocity. China, for its part, should do a better job in protecting intellectual property rights; hopefully, doing so will facilitate U.S. export control policy adjustments.

The second area of concern is investment. As Chinese direct investment in the United States grows, so does Beijing's concern over the political and security influence behind the U.S. opposition to Chinese investment, or so-called investment protectionism. From the failed bidding by China National Offshore Oil Company (CNOOC) for U.S. oil company Unocal in 2005, to the fuss over Chinese steel company Anshan Iron & Steel Group's investment plan in a U.S. steel plant, and to the failed attempt by Huawei (a Chinese telecommunications equipment manufacturer) to buy a small American company, the Chinese concern is only getting stronger. Such concern is further deepened not only by often unreasonable and irrational voices from Capitol Hill, but also by the lack of transparency of the review process of the Committee on Foreign Investment in the United States (CFIUS).

At the 5th S&ED, both sides agreed to start the negotiation for a Bilateral Investment Treaty (BIT), which should help address China's concerns. Yet this negotiation may take time, and before the conclusion of the BIT, Washington should do its best to avoid letting unwarranted security concerns block Chinese investment. Otherwise, it will not only discourage the inflow of Chinese direct investment, which is important to U.S. economic growth and job opportunities, but it will provoke Chinese retaliation against U.S. investment in China.

For the Chinese side, it is important to overcome local protectionism as well as the monopoly of state-owned enterprises, and further improve the environment for foreign direct investment. In this regard, the ambitious reform agenda unveiled at the Third Plenary Session of the 18th Central Committee of the Communist Party of China, held in November 2013, suggests that Beijing is determined to provide a more level playing field for both Chinese private sector investors as well as foreign companies, which means more opportunities for the U.S. business community in China.

The third focus is Sino-U.S. economic interactions in the Asia-Pacific. As the United States pushes the Trans-Pacific Partnership Agreement (TPP)—a regional free-trade arrangement that includes Australia, Brunei, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, the United States, and Vietnam but excludes China—while China promotes East Asian cooperation such as the Regional Comprehensive Economic Partnership (RCEP)—
regional free trade architecture that includes China, Japan, South Korea, 10 Southeast Asian countries, Australia, New Zealand, and India but excludes the United States—it seems the United States and China are engaging in geoeconomic competition in addition to their geopolitical rivalry in the region. Given their economic importance to each other as well as to the entire region, it is crucial that China and the United States pursue serious economic cooperation in the region, even while pushing separately for their respectively favored FTA arrangements. The Asia–Pacific Economic Cooperation (APEC) forum is the right venue for such cooperation, as it includes both China and the United States and advocates trans-Pacific, rather than just East Asian, cooperation.

Fortunately, at the 5th S&ED, China and the United States agreed to “further strengthen coordination and cooperation in the APEC forum, in order to jointly promote economic growth and prosperity in the Asia–Pacific region.” As China is going to host the 2014 APEC Economic Leaders Meeting, both sides committed to “seek a closer partnership” at the forum to promote trade and investment liberalization and facilitation, strengthen regional economic integration and coordination, and carry out capacity building. Should concrete and effective Sino–U.S. cooperation occur along these lines, it would send an encouraging message throughout the Asia–Pacific region, which has witnessed the most vibrant economic growth over the past several decades.

Cyber Security
The United States has long accused China of launching cyber attacks against its national security as well as commercial targets, while China has repeatedly denied such accusations and claims itself also a victim of cyber attacks from other countries, among which the United States ranks first. The Snowden revelation suggests that the U.S. National Security Agency (NSA) conducted many cyber attacks against Chinese targets, confirming Chinese complaints. While neither Beijing nor Washington would openly acknowledge their cyber espionage on each other, the Snowden episode could provide an opportunity to convert a cause for conflict into the basis for a dialogue that takes place on a more equal footing.

In July 2013, China and the United States held the first meeting of the bilateral Cyber Working Group. The two sides discussed issues of mutual concern and decided to take practical measures to enhance dialogue on international norms and principles in order to guide action in cyberspace, and to strengthen the Computer Emergency Response Team (CERT), a mechanism that deals with computer security incidents. With the first meeting of the Cyber
Working Group described as “candid, in-depth, and constructive,” the two sides agreed to hold sustained dialogue on cyber issues.\(^{13}\)

Given the fact that cyberspace is a new field in which international rules and an international oversight mechanism do not exist, many state and non-state actors have taken advantage of the situation to pursue their respective goals. This not only hurts the national interests of many countries, China and the United States alike, it also undermines the stability of cyberspace—a new but increasingly important global commons in the 21st century. It is therefore desirable that Beijing and Washington not only exercise self-restraint in their respective cyber activities, but also help promote the establishment of international rules and international oversight mechanisms, a vital public good that the great powers should provide in the era of information.

**New Opportunities**

As the rise of China is rapidly changing the power balance between China and the United States, relations between them have entered a decade of major transformation. The continuing evolution of this relationship affects not only the two countries, but also the Asia–Pacific region and the entire world. While Sino–U.S. ties are largely driven by their respective national interests, leadership in both countries also plays an important role in shaping their pace and direction of developments. It seems that both President Xi and President Obama have a good vision about this relationship, while the challenge is whether such a vision can be translated into effective actions on both sides. Given lost opportunities over the last several years, it is high time to grasp new ones.

It is worth noting that constructing a new great power relationship between China and the United States does not require this relationship to be restarted all over. Rather, what should be done is to increase the momentum for cooperation, reduce the dynamics for competition, and avoid the possibility of conflicts. Hence, this article focuses mainly on how to expand areas of cooperation while curtailing and eliminating elements that affect adversely bilateral ties. Although the above agenda may not guarantee that a new great power relationship will grow between Beijing and Washington, it can shape a positive posture of bilateralism at a crucial juncture and generate more benign momentum for its future development, thus laying a solid foundation for realizing the goal that both sides have committed to.

Needless to say, both China and the United States have a big stake in forging a new great power relationship—and both should make serious efforts, jointly or unilaterally, to enhance this goal. To be sure, due to the asymmetry of their respective positions and influences, the United States has more resources...
than China to shape bilateral ties. Therefore, Washington should take more initiatives and actions to positively guide relations with Beijing. China, as a rising power, should reassure the United States and others that it is willing to reasonably define and seek its national interest objectives, play by the rules commonly agreed upon, and exercise its growing power responsibly. Only by demonstrating that it is a new type of rising power—one that differs from many historical rising powers who pursued their interests through war and confrontation—can China work effectively with the United States to write a new logic about the relationship between a rising great power and an established great power.

Notes


11. Ibid.