Co-exploring and Co-evolving: Constructing a New Model of Major Power Relationship between China and the U.S.

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SIIS Project Team

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Chinese President Xi Jinping and U.S. President Barack Obama had a successful and informal summitry at the Annenberg Estate in California on June 7-8, 2013, during which the two leaders emphasized the importance of constructing a new model of major power relations (NMMPR) on the basis of mutual respect, cooperation and win-win results for the benefit 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 U.S. trip in February 2012. This mutual calling has already had a broad impact on the China-U.S. relations as well as in the Asia-Pacific region and the world as a whole. During the latest, the fifth round of Strategic and Economic Dialogue in early July 2013 in Washington, the two sides agreed to continue to work actively to promote the building of a NMMPR in an all-around way.

I. 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 with each other through 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, and rather preferred to wait for the new governments to proceed on.

The first five months of 2013 saw the two sides communicating and contemplating 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, cyber security 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 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 "from trans-Pacific handshakes to trans-Pacific cooperation". 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/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 goes that by initiating the NMMPR between China and the U.S., 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.[1]

Another popular argument observes that the trajectory of bilateral relations will continuously be constrained under the "neither enemy nor friend" approach, given two countries huge differences over political system, culture and values while maintaining an exceedingly interdependent economic ties, inter-societal 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. Therefore, the key challenge for the bilateral relationship should focus on managing bilateral competition/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.[2]

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 U.S. has been put into the framework of a rising power vs. an established power, and some people have begun to call China and the U.S. "the Athens and Sparta of today" and think the two would fall into the "Thucydides's Trap", namely the rising China and the established U.S. would inevitably go to conflicts, and even wars.

Another different version but with almost the same conclusion about the inevitable conflicts between China and the U.S. stresses the divergence of political ideology and institutions between two countries and regards it as a key variable and underlying source of friction.[3]

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 U.S. can develop a relationship that would avoid significant, sustained conflict and that would promote cooperation to solve shared and global problems.

1 See, for example, Peter Mattis, "Nothing New about China's New Concept," *The National Interest*, June 7, 2013; Brad Glosserman, " 'A New Type of Great Power Relations'? Hardly," *PacNet*, No. 40, June10, 2013.

2 See, for example, David Shamgbough, "Prospects for a 'New Type of Major Power Relationship'," *ChinaUsFocus*, March 7, 2013, 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, Vol. 30, No.2, Fall 2005, pp. 7-45.

II. Why Is a NMMPR between China and U.S.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 non-confrontation, 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 by 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 aiming at its centenary goals as its top agenda. The U.S. role, among others, as China's most important trading partners, the principal source of investment and technology innovations for China, one of the most promising markets for China's out-bound investment, will only be enhanced rather than reduced. China's rising as the world's second-largest economy and an 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, 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 U.S.

It is also true on the U.S. side. In the aftermath of the global financial crisis and economic meltdown since 2008, the U.S. itself has worked very hard to recover through various economic reform and adaptation despite huge difficulties. Today, the United States stands at the critical juncture of economic and societal transition by refocusing on the export-driven re-industralization. China has huge potential to contribute to America's economic restructuring by its consumption and investment capacity in the next 5-10 years. It is estimated that China will overtake Canada and Mexico as the largest importer of American goods.[4] 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

4 US-China Economic Relations in the Next Ten Years: Towards Deeper Engagement and Mutual Benefit, Hong Kong: China-United States Exchange Foundation, 2013, "Executive Summary," p. 26.

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 U.S. 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, non-proliferation and counter-international terrorism 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 the 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, culture, etc., 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 European Union (EU), 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, as the International Monetary Fund (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 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, inter-societal linkage as well as a 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 whose 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 inter-societal linkages. "[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)".[5]

Nevertheless, such an ever growing interdependent relationship is by no means stable. As the analysts across the Pacific have all observed that 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 a new relationship based on win-win cooperation at the transitional period of international systems and relations. At the beginning of President Xi's possible ten years of office and the first year of President Obama's second term, the two leaders are of farsightedness and broad vision for enhancing the China-U.S. relations 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.

5 David Shambaugh ed., Tangled Titans: The United States and China, New York: Rowman & Littlefield Publishers, Inc., 2013, p. 22.

III. What Is the NMMPR between China and the U.S.?

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 co-exploring and co-evolving relationship with major characteristics as respectful, cooperative, predictable and resilient.

"Respectful" should be the basic principle for both sides where either China or the U.S. should pay great attention and be sensitive enough to each other's vital interests and fundamental concerns, including respecting each other's choice of developmental road and political institution despite of their differences over political ideology. "Cooperative" is the spirit that China and the U.S. 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 cyber security, non-proliferation, maritime security, outer space, energy security, etc., 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 U.S., 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.-Japanese relations after the Cold War.

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

The stability of the relationship between the Soviet Union and the U.S. during the Cold War was achieved under the deterrent framework of nuclear mutual assured destruction (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.-Japanese 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 like 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 the American's. It does not and will not seek to export its ideology like what the Soviet Union did. So far China does not have the equal military strength as the U.S. does and will not in a long period of time either. More importantly, neither China nor the U.S. 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 the bilateral relationship.

The objective of this mechanism is not to delete the difference 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.

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

Secondly, 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 co-designing roadmap of coordination.

For the next ten years, the interaction between China and the U.S. 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 (WTO), as well as their interaction with regard to the Trans-Pacific Partnership (TPP) and the Transatlantic Trade and Investment Partnership (TTIP).
- The interaction between China and the U.S. in global economic governance, especially their joint efforts to push the G-20 being 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 U.S.
- The coordination and cooperation during the rule-making process for the global commons, such as cyberspace and the sea.
- The interaction between China and U.S. on the climate change and energy security.
- The institutionalization of the Cross-Straits relationship and the "One China Policy" of the United States.
- The situation on the Korean Peninsula and the security mechanism of Northeast Asia.
- The interaction between China and the U.S. in the East China 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.

Thirdly, with this mechanism, China and the U.S. are able to co-manage the different scenarios of power transition between themselves. In the process, there will be four scenarios of their co-evolving. 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 U.S. 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.

IV. What Are the Major Barriers to a NMMPR between China and the U.S.?

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, which are 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.6 Although the bilateral relationship had experienced a "honeymoon" in 2009 in 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, President Obama's meeting with the Dalai Lama and the like. 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. An ill-definition of mutual interests prevents the China-U.S. relations from acquiring new and more momentums.

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 susceptive to trade and investment protectionism and exclusive of each other when it comes to the multilateral framework such as TPP and 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 non-existent 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 gave vocal supports to the "same-boat spirit", the United States went all along with its quantity easing policy to dealing 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 cyber security, intellectual property rights and the "Edward Snowden Incident". In a word, 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.

V. How to Achieve a NMMPR between China and the U.S.?

The past 40 plus years of development of the bilateral relations 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 the 1980s, the Soviet Union was a threat for both China and the U.S. 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, counter-terrorism, together with economic interdependence, has become the two engines that kept momentum to the bilateral relations. Because the U.S. global war on terror has entered into the final stage, and the bilateral economic and trade relations have 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 U.S. 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 U.S. should seize the opportunity of a generation creating prosperity for the people of both countries as well as the world. The two

6 Kenneth Lieberthal and Wang Jisi, "Addressing U.S.-China Strategic Distrust," *John L. Thornton China Center Monograph Series*, Number 4, March 2012.

countries are at distinctly different stages of economic development. Even though the U.S. 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.[7]

According to China's 12th Five-Year Program (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 U.S., under President Obama, seeks to double its export by 2014. China and the U.S. can work together to promote U.S. exports to China as part of these efforts.[8]

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 U.S. 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.[9]

The second common interest is that China and the U.S. 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 and the United States, the representative of the developing countries and the emerging powers, and 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, like the one that has already taken place in 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 U.S. to address jointly. On the global level, climate change, energy security, nuclear non-proliferation and demographic changes are all the issues that need their strategic coordination and cooperation. On the regional level, a series of traditional and non-traditional 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 U.S. should increase mutual communication channels and expand people-to-people, city-to-city, province-to-state and military-to-military relations.

7 *US-China Economic Relations in the Next Ten Years: Towards Deeper Engagement and Mutual Benefit*, Hong Kong: China-United States Exchange Foundation, 2013, "Executive Summary," p. 28.
8 Ibid.
9 Ibid.

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 (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 up 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 U.S. in 2010. More than 157,000 Chinese students studied in the United States in 2011, or 22 percent of the total number of foreign students in the country.[10] 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 U.S. 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. relations and vulnerable to interruptions by other issues. Comparing with the bilateral political and economical relations, 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 cyber security, nuclear capabilities and doctrines can all be included in the dialogue.

3. China and the U.S. 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 inter-sector 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 had sparked concern in China, where officials and scholars asked whether the "pivot" policy was a part of the strategy that aimed at thwarting China's rise as a

10 "China Becomes World's Top Source of Overseas Students," *Caixin Online*, September 25, 2012, http://english.caixin.com/2012-09-25/100441943.html.

global power. The Obama administration then has spent quite 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 U.S. 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 U.S. have very different political systems and foreign policy decision-making processes. Though the 40 years plus interaction has accumulated quite rich experience, 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 traditions and strategic cultures 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 evaluation of the results. The S&ED has so far been the most important and senior mechanism for China and the U.S. 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 preparing 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 high right time that they had a thorough review of the implementation of the results. Another one is the interference of the "third factor" on the bilateral relations. It is no strange that the interaction between China and the U.S. 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 situation, both China and the U.S. could consider expanding their policy-level dialogue and coordination with the third party.

VI. Policy Recommendations

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

Both China and the U.S. 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 New Model of Major Power Relations (NMMPR). Firstly, both China and the United States could set up working groups for the development of norms and rules in the 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. Secondly, find an avenue (collaborative group) to coordinate their policies on major regional issues. The coordinative actions can start from their multilateral engagement in the Asia-Pacific, particularly in Southeast Asia. Both countries need to coordinate their policies on East Asia Summit (EAS) and ASEAN Regional Forum (ARF). China and the U.S. should connect other major powers to consult with for the purpose of adopting "the EAS Declaration of Principles on Strengthening Regional Security Cooperation in the Asia-Pacific". Thirdly, deepen their cooperation in economy and regional integration and pursue healthy economic competition. Since both Trans-Pacific Partnership (TPP) and Regional Comprehensive Economic Partnership (RCEP) are related to the 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. Firstly, enhance maritime security cooperation in the Asia-Pacific (or Indo-Pacific region). China and the U.S. have common maritime security concerns in the regional waters. Importance should be attached to free and secure trade and ensure freedom of navigation. Both sides need to take the responsibility in maintaining peace and stability in the maritime domain of Indo-Pacific region. China respects the U.S. as a Pacific country with its naval presence in East Asian waters. The U.S. needs to respect China's interests in the same region and stop naval reconnaissance activities within Chinese Exclusive Economic Zone (EEZ). Both sides can collaboratively seek to naval cooperation in such areas as humanitarian assistance and disaster relief, maritime domain awareness and civil maritime law enforcement. Secondly, crisis management in regional maritime security and safety is crucial to the peaceful, stable and resilient Asia-Pacific. Both China and the U.S. have the responsibility to encourage the strengthening of regional cooperation in maritime security through capacity building, exchange of experiences and sharing of best practices by utilizing existing arrangements in the region. Finally, persist in solving maritime disputes in the South China Sea through legal and diplomatic means without resorting to menace, intimidation, or the use of force. The U.S. needs to manage its allies and new partners to avoid any adventurism and any unilateral actions that stir waters into complicated situation. China is committed to implementing the DOC in a comprehensive and effective manner, including through mutually agreed joint cooperative activities and projects. China and ASEAN are to hold 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 (COC) on the basis of consensus.

3. Making win-win, effective and proactive efforts for global climate change and energy security.

China and the U.S. are both prioritizing the issue of climate change and energy security, the top non-traditional security challenges of the early 21st century. They are looking to energy efficiency as a primary means to reduce carbon emissions and as an area for new jobs and economic growth. Firstly, China and the U.S. should

demonstrate their global accountability and take all-round diplomatic efforts to make a breakthrough for the 2014 UN Climate Summit and the Post-2015 Durban Platform negotiations. China and the U.S. can shift the climate negotiation focus from mitigation to adaptation. Secondly, China and the U.S. are both faced with the unprecedented extensive business opportunities for win-win cooperation from energy efficiency, shale gas, clean coal-gasification to nuclear power stations. Both sides should encourage the burgeoning new energy and low carbon business which are attached importance in the Obama Climate Change Action Plan and China's 12th Five Year Program. Both countries should also highlight China-U.S. private sector partnership to develop smart-grid and solar P.V. technology, and make it essential for enabling both countries to introduce more renewable energy into their electricity mix. Thirdly, a low carbon society is both countries' common and progressive vision, and requires mutual support and concerted action. Both countries should strive for the upshot of concerted transition to low carbon society, particularly in clean projects, technology innovation and green education. Fourthly, it is high time that think tanks of the two countries focused issue-specific dialogues on climate change and energy security, and played a role in improving bilateral and multilateral coordination and shaping constructively the public opinion.

4. 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 is 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 quietly 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. Rule restructuring in trade, investment and finance through regional initiatives, such as TPP, TTIP, RCEP and 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.

5. 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 to maintaining and developing China-U.S. relations. The Annenberg Summit sets precedence that the top leaders of China and the U.S. 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 meetings 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. And 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 the Strategic & Economic Dialogue (S&ED). Since 2009 the two countries have convened five rounds with considerable achievements. However, looking forward, the S&ED need to be uplifted in more result-oriented and expanded in a wider scope. The once-a-year event should be reorganized into all-the-year-round events and it should also have more representation of the military and scientific and technologic circles.

6. Improving 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 cyber space, 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 for building up a NMMPR. "Crisis management" focuses on problem-solving but "opportunity management" works at creating positive results, which would improve the bilateral relations both atmospherically and substantially. "Opportunity management" asks both China and the U.S. 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 counter-terrorism and combating against financial crisis for moving their bilateral relations 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.

7. 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. As a matter of course this kind of diplomacy cannot solve all the problems inherited from 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 U.S. should have enough patience as well as wisdom to start with the non-traditional security issues with the third party and let the confidence-building process go as smoothly as possible. In reality, there are many ways to forge ahead with the "China+U.S.+X" diplomacy. For example, China and the U.S. could have trilateral dialogue with Japan on the East Asia security framework, while China, the U.S. 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 U.S. could also have dialogue with both India and Pakistan on the stabilization of Afghanistan and the regional situation in Central & South Asia after 2014. Other pairs of trilateral dialogues could include China, the U.S. and Russia as well as China, the U.S. and European Union.

8. Pursuing an effective management of their respective constituencies.

One challenge to building up a NMMPR between China and the U.S. 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 towards the other's constituency and it is helpful in shaping the other's perception. What they should do in the future is to enhance the effectiveness of the public diplomacy. More importantly both sides should move out of "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 interest.

9. Striving for more effective and integrated Second Track dialogues to explore the ways to construct a NMMPR between China and the U.S.

Second Track dialogues entrusted by both governments could explore the ways 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 inter-governmental 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 second track dialogues could cover topics like TPP and regional economic cooperation, non-proliferation and nuclear strategy, cyber governance and cyber security, transparency and confidence building measures in outer space, and so on. 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 inter-governmental efforts.

10. Both sides need to encourage more people-to-people interchanges.

People-to-people interchanges are one of the most important bases for the NMMPR between China and the United States. In the coming decade, China and the United States should make tourism, education and culture the focus of the people-to-people interchanges. **Tourism** can bring in enormous tangible and intangible benefits but needs such conveniences as visa granting, infrastructure improvement, human and property protection, cultural understanding and mutual tolerance. **Education** is of great significance for any country to develop and prosper. Investment in the young people is of farsightedness and rewarding. Therefore, China and the United States should work more systematically to define strategies, draw plans and move into actions. Continuing English and Chinese teaching is of great significance in further promoting China-U.S. NMMPR. Moreover, various kinds of young leaders programs are equally important. Culture is the undergirding and permanent factor in China-U.S. relations. Both sides should tap their potential into full and the two peoples more congenial each other.

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