



**US-China Relations:**

**Summit Provides Renewed Momentum for Better Ties**

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The highlight of the final months of 2014 was the summit between Presidents Obama and Xi Jinping, which produced agreements on visa extensions, military confidence-building measures, climate change, and information technology. Alongside progress, tensions persisted over China's activities in the South China Sea and its continued promotion of regional security architecture fashioned by Asian nations, with the US role unclear at best. The 25<sup>th</sup> Joint Commission on Commerce and Trade (JCCT) convened in Chicago in mid-December. The "Umbrella Movement" in Hong Kong introduced a new source of friction in the bilateral relationship as Beijing suspected Washington's instigation behind the scenes.

**Preparing for the bilateral summit**

In the last four months of 2014, the most noteworthy event in US-China bilateral relations was the summit between Presidents Barack Obama and Xi Jinping, which took place immediately following the APEC Economic Leaders Meeting in Beijing. In the run-up to the summit, officials from both nations invested significant time and energy to make the talks a success. In early September, Susan Rice made her first visit to China as national security advisor. Although well known among Chinese diplomats, Rice is not a familiar face in China, so perhaps few noticed when China's network *CCTV* broadcast images of George W. Bush's NSA and Secretary of State Condoleezza Rice by mistake.

In her meetings with Xi Jinping and other Chinese officials, Rice discussed global problems that Beijing and Washington might address together. Fighting the spread of the Ebola virus in Africa, combating Islamic State insurgents in Syria and Iraq, and punishing Russia for its incursions in Ukraine were on Rice's agenda. She also raised US concerns about universal suffrage in Hong Kong and human rights issues on the Mainland, as well as the importance of safety between militaries operating in close proximity in the air and at sea to avoid accidents. Chinese official media quoted Xi as emphasizing the need for joint efforts to build the new model of US-China "major country" relations, which he noted includes respecting each other's core interests and major concerns as well as properly dealing with differences.

Two weeks later, Chinese Foreign Minister Wang Yi attended and delivered a speech to the 69<sup>th</sup> session of the United Nations General Assembly (UNGA). On the margins of the session, he had breakfast with US Secretary of State John Kerry. Their discussion focused on a multitude of issues, including Syria, Iran, North Korea, South China Sea, human rights, and visas for US journalists. The two met again in Washington a few days later. Speaking to the media before their private talks, Wang spoke positively about US-China cooperation, saying that "there is an

increasing list of areas of cooperation between us, and I believe the list can go on.” Kerry told the media that he was encouraged by China’s commitment at the UNGA to deal with climate change and to combat Ebola in Africa.

At the White House, Wang discussed preparations for President Obama’s upcoming visit to Beijing and sought to promote cooperation on various regional and global issues, including Afghanistan, global health security, the Middle East, and North Korea’s nuclear program. According to an official readout of the meeting issued by the White House, Obama joined the meeting “to underscore his commitment to building a stable and constructive US-China relationship, including by strengthening cooperation on shared challenges, such as climate change, the Ebola epidemic, and countering the threat posed by terrorists, particularly ISIL.” The readout also noted that the president and NSA Rice raised concerns about the protests in Hong Kong opposing proposed reforms to the Hong Kong electoral system reached by the Standing Committee of China’s National People’s Congress in late August which only allows candidates for the territory’s Chief Executive in 2017 who were selected by a 1,200-member nominating committee. Obama and Rice “expressed their hope that differences between Hong Kong authorities and protestors will be addressed peacefully” and underscored US support for “the open system that is essential to Hong Kong’s stability and prosperity, universal suffrage, and the aspirations of the Hong Kong people.”

Presidential Senior Adviser John Podesta was actively engaged in discussions with the Chinese on climate change in advance of the Obama-Xi summit. Following preliminary talks about a possible deal at the July Strategic and Economic Dialogue, President Obama wrote a two-page letter to Xi Jinping in September addressing possible deliverables for his November visit that reportedly emphasized an agreement on climate change. Vice Premier Zhang Gaoli then conveyed a message from Xi to Obama at the UN Climate Change Summit in New York that a deal was possible. In the last week of October, Obama dispatched Podesta to Beijing to nail down an agreement. The Chinese tabled the outlines of a deal, the details of which were hammered out just days prior to the November summit.

Less than a week prior to President Obama’s departure for China, Secretary of State Kerry attempted to set the tone for the summit in a speech on US-China relations at the School of Advanced International Studies, Johns Hopkins University, in Washington. Kerry stressed that strengthening US-China relations is a key part of the US rebalance to Asia. He outlined areas of disagreement – cyber, maritime security in the South and East China Sea, and human rights – as well as numerous opportunities for cooperation where US and Chinese interests are aligned. The overall objective, Kerry stated, is “to demonstrate how a major power and an emerging power can cooperate to serve the interests or both, and in doing so, improve the prospects for stability, prosperity, and peace around the equator, from pole to pole, throughout this world we live in.”

Briefing the press a few days later, Senior Director for Asia and Special Adviser to the President Evan Medeiros also articulated his view of the goals of the upcoming Obama-Xi summit:

We see this trip as an important opportunity to define a forward-looking agenda for the U.S.-China relationship over the next two years, and to ensure that the U.S.-China relationship is defined for the most part by more and better and higher-quality cooperation on regional and global challenges, while also carefully managing the disagreements between the two countries.

Disagreements, areas of competition, are normal and natural, but we want to build a relationship that is not defined by them.

### **Obama-Xi summit delivers**

On the evening of Nov. 11, after the close of the APEC meeting, President Xi welcomed President Obama at the Zhongnanhai leadership compound. Xi greeted Obama in front of Yingtai, an imperial palace that was the former residence of several Qing Dynasty emperors. One of the reasons Xi chose Yingtai was to underscore that understanding China's history is imperative for understanding the aspirations of the Chinese people, including the Chinese Dream of national rejuvenation. Chinese sources say that Xi dominated the conversation, explaining China's past and its culture. He expounded on the country's history of invasion by foreign powers, which, he maintained, is the reason that sovereignty is a top priority for the Chinese people. He told Obama that China would follow its own style of democracy, which would not necessarily copy the Western-style democracy of "one man, one vote."

According to Chinese media, Obama characterized the discussion as "the most comprehensive, in-depth understanding of the history of the Chinese Communist Party and its idea of governance, which gave him "a better understanding of why Chinese people cherish national unity and stability." Including tea, walking around the grounds, and a dinner that included top advisors, the two leaders spent approximately 4½ hours in relatively informal conversation.

The official state visit took place the next day. It began with an opening ceremony, a smaller meeting with President Obama, Xi Jinping, and a few senior advisors, followed by an expanded meeting that included more officials from both nations along with the two presidents. Then Obama had a separate meeting with Premier Li Keqiang, which was followed by a joint press conference and a State lunch.

The Chinese side agreed only a few hours before the joint press conference that Xi Jinping would take a question from reporters. This was especially important to the US side because Obama had been criticized during his 2009 visit to China for caving in to Chinese demands that no questions be posed to the two presidents by the press. Xi displayed a dogmatic defense of Chinese policies, condemning the pro-democracy protests in Hong Kong as an "illegal movement," and insisting that the foreign press should "obey China's laws" and be introspective in order to understand why some journalists have been denied visas.

A White House fact sheet identified five global and regional challenges on which the two leaders agreed to expand cooperation: 1) fighting Ebola, 2) combatting terrorism, 3) battling proliferation threats, 4) promoting stability in Afghanistan, including through the establishment of a US-China-Afghanistan trilateral dialogue, and 5) stopping trade in illegal wildlife products. In addition, the fact sheet outlined three initiatives to strengthen bilateral relations: 1) reciprocal visa extension from one to 10 years for business and tourist visas, 2) military-to-military confidence-building measures (see below), and 3) expansion of law enforcement cooperation.

Two additional accords were reached on pressing matters of global consequence. The first, to expand the World Trade Organization's 1997 Information Technology Agreement (ITA), paves the way for increased trade liberalization. If adopted by the World Trade Organization, the

updated ITA will cut global tariffs on over 200 high-tech goods, including medical devices, video game consoles, and semiconductors. According to the White House, this could create as many as 60,000 jobs in the US and increase global annual GDP by \$190 billion. Analysts and policymakers in both China and the US are praising the new ITA as a win-win in the bilateral relationship. As US Trade Representative Michael Froman put it, “This is encouraging news not just for the US-China trade relationship. It shows that the US and China can work together to both advance our bilateral economic agenda but also to support the multilateral trading system.”

The second agreement signified a breakthrough in the fight against global warming. The plan calls for the US to cut its carbon emissions by 26-28 percent from 2005 levels before 2025, and requires China to peak its carbon emissions by 2030 and obtain 20 percent of its energy from zero-carbon emission sources that same year. The climate change deal was hailed by many policymakers in both countries as a great step forward in the US-China relationship, and notably marks the first time China has agreed to peak its carbon emissions. Like the ITA agreement, the climate change accord was widely viewed as evidence that despite friction on numerous issues, the US and China can work together where their interests overlap.

The climate change agreement was not without its critics, however. US Senate Majority Leader Mitch McConnell panned the deal stating, “This unrealistic plan that the president would dump on his successor would ensure higher utility rates and far fewer jobs.” Despite the internal debate in the US over the deal, most remain optimistic that the agreement will both provide a boost for the US-China bilateral agreement and put pressure on other nations to make their own commitments to reduce carbon emissions in advance of the United Nations Climate Change Conference in Paris in April 2015.

China’s authoritative central media provided unusually positive treatment of Obama’s visit. For example, an article published in the party’s flagship newspaper, the *People’s Daily*, signed by the penname “Zhong Sheng” or “voice of China,” which is widely believed to represent the views of the Chinese Communist Party (CCP) Central Committee, stated that while the two countries have “differences,” their “fields of cooperation are extensive and the potential huge.” The article forecast that as “mutual trust” increases, common interests will “continually expand,” and differences will “shrink.” The agreement to extend multiple entry visas from one to 10 years for citizens of both nations was especially applauded. The *People’s Daily* called the accord the “most historically meaningful step the two countries have taken since person-to-person exchanges began in 1972.” According to Chinese experts, many Chinese citizens viewed the deal as a sign of US respect for their nation’s emergence as a great power.

Disgruntlement about Obama’s sharp criticisms of China in his speech delivered at the University of Queensland, Australia a few days after the summit was voiced privately, but was not covered in the official Chinese press. In that speech, Obama touted the notion of universal human rights, which he said is a vision that the US and its allies and friends are working toward in the Asia-Pacific, and expressed support for free and fair elections around the world. He also backed freedom of assembly, freedom of speech, freedom of the press, and a free and open Internet. He explicitly encouraged China to abide by international rules in trade and on the seas.

## **Differences over regional security architecture**

Ever since Xi Jinping delivered his speech at the Conference on Interaction and Confidence-Building Measures in Asia (CICA) in May, the Obama administration has raised concerns with Chinese officials about Beijing's apparent attempt to create new security architecture. At that meeting in Shanghai, Xi criticized efforts to strengthen military alliances as "not conducive to maintaining common security." He also stated: "In the final analysis, it is for the people of Asia to run the affairs of Asia, solve the problems of Asia and uphold the security of Asia." To Washington's ear, this suggested that China seeks to exclude the US from Asian security affairs. Chinese officials denied this was the case, noting that Xi also said that "Asia is open to the world," and that it welcomes "all parties to play a positive and constructive role in promoting Asia's security and cooperation and work together to achieve win-win outcomes for all."

US concerns persisted, however, and President Obama pressed the issue when he met with Xi Jinping in Beijing. At the press conference following their talks, Xi related that he had told Obama that he proposed the Asian security concept at CICA "in order to encourage Asian countries to view common security in an inclusive and cooperative spirit." He then added: "At the same time, I also said that the Pacific Ocean is broad enough to accommodate the development of both China and the United States, and our two countries to work together to contribute to security in Asia." In their private conversation, Xi went even further, reassuring Obama that China does not intend to push the US out of Asia or to create a new Asian security architecture that excludes the United States.

Yet, nine days later, at China's Xiangshan Forum – a meeting organized by the PLA, which was upgraded for the first time to include defense officials from the Asia-Pacific region – Deputy Foreign Minister Liu Zhenmin delivered a speech that revived the "Asia for Asians" message. "Asian countries bear primary responsibility for the security of their region," he maintained. Like Xi, Liu said that China believes in Asia "being open," but the bulk of his speech focused on Xi's proposed Asian security concept, created by Asian nations based on common, comprehensive, cooperative, and sustainable security. In early December, when Liu traveled to Washington for the Asia-Pacific consultations, US officials highlighted the incongruity between Xi Jinping's assurances to President Obama and Liu's public speech.

A week prior to Liu's Washington visit, the National Security Council's Senior Director for Asian Affairs Evan Medeiros rebutted Xi's call for the establishment of a new security architecture by Asians. Speaking at the Washington office of the National Bureau of Asian Research at an event marking the rollout of the publication *Strategic Asia 2014-15: US Alliances and Partnerships at the Center of Global Power*, Medeiros characterized US Asian alliances as the "defining element of the regional architecture" and the centerpiece of the Obama administration's rebalancing policy. Moreover, he debunked the charges that alliances are Cold War institutions that are irrelevant to security today and inconsistent with multipolarity.

## **South China Sea tensions simmer**

China's activities in the South China Sea continued to be a source of friction in US-China relations. Obama administration attention focused on China's efforts to transform submerged

reefs into artificial islands and potentially use them for military purposes. In mid-November, *IHS Jane's Defense Weekly* released satellite images of reclamation work at Fiery Cross (Chinese: Yongshu). China's dredging has created a land feature larger than Itu Aba (Chinese: Taiping), the biggest natural island in the Spratly Island chain, occupied by Taiwan. According to *Jane's*, the newly created Fiery Cross is 3,000 meters long and more than 200 meters wide. It has a harbor big enough for large naval craft and can accommodate a long airstrip.

US military spokesman Lt. Col. Jeffrey Pool urged China "to stop its land reclamation program and engage in diplomatic initiatives to encourage all sides to restrain themselves in these sorts of activities." State Department spokesman Jeff Rathke told the media that "large-scale construction or major steps to militarize or expand law enforcement operations at outposts would complicate or escalate the situation." He called on China and other countries in the region to "avoid certain actions" during negotiations over disputes. China rebuffed the US call to halt its land reclamation activities. Foreign Ministry spokeswoman Hua Chunying stated that no country had "a right to make irresponsible remarks" about China's activities in the South China Sea. *Global Times* published remarks by Maj. Gen. Luo Yuan saying that China's construction was "completely legitimate and justifiable," and condemning the US for singling out China for criticism while ignoring military facilities constructed by the Philippines, Malaysia, and Vietnam in the Spratlys. In early December, the State Department issued an analysis of the legality of China's South China Sea claims through its Limits in the Sea series. While reiterating the US position of neutrality on the territorial dispute, the paper refutes the nine-dash line as a valid maritime claim, stating that it lacks "geographical consistency and precision." Two days later, China's Ministry of Foreign Affairs released a position paper laying out China's legal objections to the arbitration case brought by the Philippines under the UN Convention on the Law of the Sea's (UNCLOS) compulsory dispute mechanism.

Representatives from a significant number of nations attending the East Asia Summit in Nay Pyi Taw, Myanmar raised concerns about the situation in the South China Sea. In his intervention, Chinese Premier Li Keqiang stated that the South China Sea is on the whole stable, and the freedom and safety of navigation is ensured. He insisted that China and the ASEAN countries are engaged in close and effective dialogue on the implementation of the Declaration on the Conduct of Parties in the South China Sea (DOC) and are engaged in consultations about reaching a code of conduct at an early date. Li also reiterated China's "dual track approach" for dealing with the South China Sea, which calls for sovereignty disputes to be addressed through negotiations by countries directly concerned, and peace and stability in the region to be jointly upheld by China and ASEAN nations working together.

### **Forward strides in military ties**

Significant gains were scored in advancing US-China military-to-military ties. During the Obama-Xi summit, the US and China inked two memoranda of understanding (MOU) aimed at reducing strategic misjudgment and lowering the risk of unintended military accidents. The two MOUs are the first-ever US-China agreements on maritime confidence-building measures (CBMs), although discussions about such steps have been underway since 1998 when the bilateral Military Maritime Consultative Agreement was established.

The first accord pertains to rules of behavior for safe military encounters at sea and in the air. It includes an annex on surface-to-surface encounters between ships at sea that sets out guidelines for operators based on internationally recognized rules of navigation, including the Code for Unplanned Encounters at Sea (CUES) and the 1972 Convention on the International Regulations for Preventing Collisions at Sea (COLREGS). Significantly, the operational procedures for safe encounters apply wherever an encounter occurs, including inside China's 200nm Exclusive Economic Zone, despite Beijing's continued objections to US conduct of surveillance and reconnaissance activities near China's coast. To further their shared goal of enhancing safety, the US and China pledged to complete an annex on air-to-air encounters in 2015.

The second CBM agreement provides for the mutual notification of major military activities, including official publications and speeches related to defense policy and strategy, on a voluntary basis. To foster mutual understanding and transparency, the two sides agreed to engage in reciprocal observation of military exercises and activities. Both initiatives were proposed by President Xi Jinping in June 2013 when he met with President Obama in Sunnylands, California at their first "no-necktie" summit. Xi instructed the PLA to finalize the two MOUs in advance of Obama's November 2014 visit to China as part of a broader effort to build "a new type of military-to-military relationship" with the US.

The risk of accident between US and Chinese military forces was highlighted again this past August, when a Chinese *Su-27* fighter conducted dangerous maneuvers while intercepting a US *P-8* maritime patrol aircraft about 145 miles east of Hainan Island. During NSA Rice's visit to China in September she raised this incident with Central Military Commission Vice Chairman Fan Changlong and was told that PLAAF pilots had since been instructed to conduct intercepts safely in the future.

US-China military exchanges were active during the last four months of 2014. Pacific Air Forces Commander Gen. Hawk Carlisle hosted a delegation headed by Nanjing Military Region Air Force Commander Lt. Gen. Huang Guoxian in late September. Huang also visited Elmendorf Air Force Base, in Anchorage, Alaska, where he viewed an *F-22* fighter aircraft. In mid-October Under Secretary of Defense for Policy Christine Wormuth hosted Deputy Chief of General Staff Gen. Wang Guanzhong at the Pentagon for the 15<sup>th</sup> Defense Consultative Talks (DCT). Wang also met separately with Deputy Secretary of Defense Robert Work and Vice Chairman of the Joint Chiefs of Staff Adm. James Winnefeld. The same week, the US and China held the first Joint Staff Strategy Talks (JSST), co-chaired by Brig. Gen. David Stilwell (USAF), deputy director for Asia of the Joint Staff (J5), and Maj. Gen. Wang Weiguo, deputy director of the Strategic Planning Department of the PLA's General Staff Department.

In another breakthrough, US, Chinese, and Australian soldiers held the first-ever trilateral military exercise in October. The survival drill, called *Exercise Kowari 2014*, took place in the Australian outback. In mid-December, the US and Chinese navies held their third joint maritime antipiracy drill in Gulf of Aden. The guided-missile frigate *Yuncheng* and supply ship *Chaohu* of the PLA Navy's 18<sup>th</sup> escort flotilla participated in the drill with the *USS Sterett* missile destroyer. According to Chinese media accounts, the two-day exercise included practicing operational safety procedures under CUES, helicopter landings on each other's ship, taskforce movement,

artillery firing at sea, joint onboard inspection and seizure, and rescuing a hijacked merchant ship by force.

### **Joint Commission on Commerce and Trade**

The 25<sup>th</sup> Joint Commission on Commerce and Trade (JCCT) convened in Chicago, Dec. 16-18, co-chaired by Commerce Secretary Penny Pritzker, US Trade Representative Michael Froman, and Chinese Vice Premier Wang Yang. The US delegation included Secretary of Agriculture Tom Vilsack, Ambassador to China Max Baucus, and Trade and Development Agency Director Leocadia Zak. Senior Chinese officials from 19 ministries and agencies also attended the meeting. This year marked the first time the JCCT hosted a full-day private sector engagement with trade officials from both governments, which both sides lauded as a significant step forward in JCCT negotiations.

Both sides were enthusiastic about the long list of outcomes from this year's JCCT, with Secretary Pritzker calling the talks "very productive." Key outcomes were made in the areas of agricultural market access, intellectual property rights (IPR) protection, innovation policies, and competition law enforcement. A number of the accomplishments were based on agreements reached by Presidents Xi and Obama at their November summit, including an agreement by China to study and accelerate approval processes for US medical devices and pharmaceuticals. Pritzker said China's promises in this area "should lead to (an) increase in US exports and U.S. jobs in these two important sectors."

China's anti-monopoly law and IPR protection, both key US concerns, were once again prominent items on the JCCT agenda. In an important step forward, China promised to apply its anti-monopoly law equally to Chinese and foreign companies. It also committed to take specific steps to protect companies' trade secrets and to work on a new law to enhance protections. According to the State Department, these commitments "should benefit US businesses in a wide variety of industries ... as well as US holders of patents, trademarks and copyrights."

China continued to press the US to ease its restrictions on high-tech exports. According to Zhang Xiangchen, China's assistant minister of commerce, the US has agreed to look into lifting restrictions on oil and gas exploration equipment, and consider licensing for some items. The Chinese side was also pleased with a gain in railroad market access and law firms owned by Chinese nationals.

As part of the annual JCCT, the Paulson Institute co-hosted a roundtable discussion with 24 business leaders from the US and China. The main focus of the meeting was on the opportunities and challenges of bilateral investment between the two nations, including greater market access for US goods and services, protection of intellectual property, ways to promote an efficient and level playing field in both countries, and how to secure best practices in regulatory enforcement. As part of their negotiations on a Bilateral Investment Treaty (BIT), the US and China will begin negotiations in early 2015 on the "negative list," which denotes sectors and items barred to investment by the other side. From the US perspective, this list will be a key indication of how prepared China is to open up its markets and embrace economic reform. Former US Treasury Secretary Hank Paulson stated at the roundtable, "I can't overemphasize the importance of the



BIT.” Emphasizing the need for “stakeholders” who are actively promoting the bilateral relationship, Paulson said that a BIT “will give business something to rally around and be *for*.”

### **Hong Kong’s “Umbrella Movement”**

On Sept. 29, mass protests began in Hong Kong in response to the Chinese Communist Party’s decision to rule out fully democratic elections for the Special Administrative Region (SAR) in 2017. The movement was termed “Occupy Central with Love and Peace,” or “Occupy Central” for short, and later was dubbed the “Umbrella Movement,” after the umbrellas protestors used to protect themselves from tear gas and pepper spray.

Under Beijing’s “One Country, Two Systems” policy and the Basic Law, which serves as Hong Kong’s constitution, China promised universal suffrage as the “ultimate aim” for the selection of Hong Kong’s chief executive as well as for members of the Legislative Council. On Aug. 31, the Standing Committee of China’s National People’s Congress announced its decision regarding the upcoming elections in 2017, which would allow all citizens of voting age to cast a ballot, but would vest power to nominate the candidates for the chief executive position in a committee that is under Beijing’s influence. This arrangement effectively ensures that the position will be filled by a pro-China candidate. Protestors objected to the decision on the basis that it does not constitute true democracy. At the height of the protests, hundreds of thousands of students, activists, and ordinary citizens took to the streets in what was widely recognized as one of the most peaceful mass demonstrations in decades. The government in Hong Kong and on the Mainland treated the movement as illegal under Chinese law, and the local police initially reacted with pepper spray and tear gas in an attempt to disperse protestors, which encouraged larger numbers of people to take to the streets.

As the movement wore on, the Chinese government, including the authorities on Hong Kong, remained relatively restrained, with Beijing only labeling the movement “illegal” and “disruptive” and calling for its quick end. Chinese state-run media outlets repeatedly accused the US of financially backing the Umbrella Movement in an attempt to promote a “color revolution,” aimed at destabilizing China, which the US repeatedly denied.

Washington’s reaction to the protests in Hong Kong was measured but persistent, with the executive and legislative branches of government expressing their expectations that China will continue to respect the tradition of democracy as well as human rights in Hong Kong. Both chambers of the US Congress introduced resolutions in support of democracy and human rights for Hong Kong. The White House issued a statement on Sept. 30 in support of the Umbrella Movement, saying that “the United States supports universal suffrage in Hong Kong in accordance with the Basic Law.” On Nov. 20, the US Congressional-Executive Commission on China held hearings on “The Future of Democracy in Hong Kong.” US officials including Secretary of State Kerry and President Obama discussed their concerns regarding the protests with Chinese counterparts Foreign Minister Wang Yi and President Xi.

At the press conference after the November summit, President Obama indicated that he had explained to Xi Jinping that the protests in Hong Kong are entirely homegrown and that the US has no influence over them. He also maintained that the US would not shy away from airing its

views, saying that his nation would “consistently speak out on the right of people to express themselves, and encourage that the elections that take place in Hong Kong are transparent and fair and reflective of the opinions of people there.” In his remarks, Xi reaffirmed the belief that “Occupy Central is an illegal movement . . . Hong Kong affairs are exclusively China’s internal affairs, and foreign countries should not interfere in those affairs in any form or fashion.”

Testifying before the Senate Foreign Relations Committee on Dec. 3, US Assistant Secretary of State for East Asian and Pacific Affairs Daniel Russel made the strongest US statement thus far about developments in Hong Kong. “The legitimacy of Hong Kong’s Chief Executive will be greatly enhanced if the promise of universal suffrage is fulfilled... (in) an election that provides the people of Hong Kong a meaningful choice of candidates representative of the voters’ will,” Russel said. “This means allowing for a competitive election in which a range of candidates with differing policy approaches are given an opportunity to seek the support of eligible Hong Kong voters.”

Sporadic groups of protestors continued to demonstrate in Hong Kong well into December, but arrests became more frequent as the patience of authorities with the “illegal” movement waned. Police dismantled the remains of the protest camp in the Admiralty district on Dec. 11. Beijing’s calculation that the movement would gradually peter out was likely correct.

## **Looking Forward**

The US-China relationship ended the year on a relatively positive note, though friction persists on many issues and strategic competition is increasing as China’s power grows. Importantly, bilateral communication channels are being employed effectively to manage differences and leaders of both nations recognize the risks of conflict and confrontation, and have pledged to avoid such outcomes. Cooperation, which is essential to address regional and global problems as well as to ease strategic mistrust and offset competition, is beginning to expand in key areas such as climate change, terrorism, Ebola, and Afghanistan. Concerted efforts will be needed by both sides in 2015 to sustain this trend and build on the accomplishments of 2014. On the bilateral front, further progress in military-to-military ties is anticipated in 2015, including conclusion of an agreement on ensuring operational safety during air encounters. Another significant goal on the agenda is the signing of a BIT. Another leaders’ summit is also under consideration, which both sides view as helpful in managing disputes and sustaining forward momentum.

## **Chronology of US-China Relations\*** **September – December 2014**

**Sept. 2-3, 2014:** Taiwan Affairs Office Minister Zhang Zhijun visits Washington DC and meets Deputy Secretary of State William Burns to discuss Taiwan.

**Sept. 4-6, 2014:** US Assistant Secretary of State for Economic and Business Affairs Charles Rivkin visits China and meets Chinese CEOs.

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\* Chronology compiled by CSIS intern Lin Kim

**Sept. 9, 2014:** Susan Rice makes her first visit to Beijing since becoming national security advisor (NSA). She meets President Xi Jinping, State Councilor Yang Jiechi, and Chinese Military Commission Vice Chairman Fan Changlong.

**Sept. 16, 2014:** US Commerce Department announces it initiated anti-dumping duty and countervailing duty investigations against imports of boltless steel shelving from China.

**Sept. 17, 2014:** House Committee on Foreign Affairs Subcommittee on Asia and the Pacific holds hearings on US-China relations.

**Sept. 18, 2014:** Senate Armed Services Committee announces Chinese hackers associated with the government intruded on US military contractors. China denies this claim.

**Sept. 23, 2014:** In a meeting on the margins of the UN Climate Summit, President Barack Obama and Vice Premier Zhang Gaoli agree to promote bilateral cooperation on climate change.

**Sept. 23, 2014:** Secretary of State John Kerry says Washington is “deeply disturbed” by the life imprisonment sentence given Uighur scholar Ilham Tohti, and calls for his immediate release.

**Sept. 23-26, 2014:** Lt. Gen. Huang Guoxian, commander of Nanjing Military Regional Air Force Command, heads a delegation of People’s Liberation Army Air Force officers to Pacific Air Force Headquarters in Hawaii and Elmendorf Airbase in Alaska.

**Sept. 26, 2014:** Secretary of State Kerry meets Foreign Minister Wang Yi on the margins of the UN General Assembly meeting.

**Sept. 26-29, 2014:** Working Groups on Major Military Activities and Rules of Behavior meet in Beijing.

**Sept. 28, 2014:** Newly appointed Special Representative for North Korea Glyn Davies arrives in Beijing, the first stop of a three-nation tour to discuss policy toward North Korea.

**Sept. 30, 2014:** Military Maritime Consultative Agreement meeting is held in Beijing.

**Sept. 30, 2014:** White House issues a statement of support for “the aspirations of the Hong Kong people” as protests continue in Hong Kong calling for greater democracy.

**Oct. 1, 2014:** Foreign Minister Wang Yi visits Washington DC and meets Secretary of State Kerry and NSA Rice. President Obama drops by the meeting.

**Oct. 7-25, 2014:** US, Chinese, and Australian militaries participate in *Exercise Kowari 2014* in the Australian outback.

**Oct. 8, 2014:** Speaking at the Peterson Institute of International Economics in Washington, Chinese Vice Finance Minister Zhu Guangyao calls for Congress to move quickly to approve

reforms that give China and other emerging economies a greater say in the International Monetary Fund.

**Oct. 9, 2014:** Sen. Sherrod Brown (D-OH) and Congressman Chris Smith (R-NJ), co-chairmen of the Congressional-Executive Commission on China, release the commission's 2014 Annual Report, which says that China's human rights record has worsened as China tightens restrictions on civil society, religious organization, and free speech.

**Oct. 9, 2014:** Bipartisan group of nearly two dozen lawmakers urge President Obama to publicly support pro-democracy protesters in Hong Kong.

**Oct. 12, 2014:** Foreign Minister Wang and Secretary John Kerry talk by phone.

**Oct. 15, 2014:** FBI issues a warning to US industry that skilled Chinese hackers are trying to steal valuable data from US government agencies and companies.

**Oct. 16, 2014:** Deputy Chief of the General Staff of the PLA Wang Guanzhong and Under Secretary of Defense for Policy Christine Wormuth co-chair the 15<sup>th</sup> annual Defense Consultative Talks in the Pentagon.

**Oct. 17, 2014:** Brig. Gen. David Stilwell (USAF), deputy director for Asia of the Joint Staff (J5), and Maj. Gen. Wang Weiguo, deputy director of the Strategic Planning Department of the General Staff, hold the first Joint Staff Strategy Talks (JSST) in Washington.

**Oct. 17-18, 2014:** Secretary of State Kerry meets State Councilor Yang Jiechi in Boston, including hosting Yang for dinner at his home.

**Oct. 20, 2014:** State Councilor Yang meets National Security Advisor (NSA) Susan Rice and Defense Secretary Chuck Hagel in Washington.

**Oct. 20, 2014:** United States and China begin a co-organized two-week training session for young Afghan diplomats to develop their diplomatic and communication skills.

**Oct. 20-23, 2014:** China holds the fourth plenary session of the 18<sup>th</sup> Central Committee.

**Oct. 24, 2014:** Vice Premier Wang Yang meets Deputy NSA for International Economics Caroline Atkinson in Beijing to discuss China-US economic relations.

**Oct. 28, 2014:** Vice Premier Wang Yang meets US Trade Representative Michael Froman in Beijing to exchange views on US-China economic and trade ties.

**Oct. 30, 2014:** Special Envoy for Six-Party Talks Sydney Seiler visits Beijing to discuss North Korea policy.

**Oct. 30-31, 2014:** John Podesta, counselor to President Obama, leads a US delegation to the "Heart of Asia" conference in Beijing. He meets Foreign Minister Wang.

**Nov. 1, 2014:** First joint working group meeting on the nonproliferation of weapons of mass destruction (WMD) is held in Beijing, co-chaired by Li Yang, deputy director general for the MFA Department of Arms Control, and Vann Van Diepen, principal deputy assistant secretary for international security and nonproliferation for Department of State.

**Nov. 4, 2014:** Secretary of State Kerry delivers a speech on US-China relations at the Johns Hopkins School of Advanced International Studies in Washington.

**Nov. 7, 2014:** Foreign Minister Wang and Secretary of State Kerry meet on the sidelines of the Asia-Pacific Economic Cooperation Ministerial Meeting.

**Nov. 7, 2014:** Vice Premier Wang Yang and Treasury Secretary Jacob Lew hold a phone conversation to exchange view on China-US economic relations.

**Nov. 10-12, 2014:** President Obama visits Beijing to attend the Asia Pacific Economic Cooperation (APEC) Economic Leaders Meeting and hold a summit with Xi Jinping.

**Nov. 20, 2014:** US-China Economic and Security Review Commission publishes its annual report to Congress on US-China relations.

**Nov. 20, 2014:** Congressional-Executive Commission on China holds a hearing on the future of democracy in Hong Kong.

**Nov. 24, 2014:** Foreign Minister Wang meets Secretary of State Kerry in Vienna.

**Dec. 2, 2014:** House of Representatives Foreign Affairs Subcommittee on the Asia-Pacific holds hearings on “Hong Kong: A Broken Promise?”

**Dec. 3, 2014:** Senate Foreign Relations Committee holds a hearing on the impact of the “Umbrella Movement.” Assistant Secretary of State for East Asia Affairs Daniel Russel testifies.

**Dec. 3, 2014:** House of Representatives passes HR 174, stressing the need for peaceful resolution of maritime territorial disputes in the South and East China Seas.

**Dec. 3, 2014:** President Obama tells a group of US chief executives that President Xi has consolidated power faster than any Chinese leader in decades, worrying China’s neighbors.

**Dec. 4-5, 2014:** US and China hold annual talks on law-enforcement cooperation in Beijing. The agenda includes anti-corruption, asset forfeiture, cybercrime, and intellectual property rights.

**Dec. 4, 2014:** Senate unanimously passes a bill authorizing the sale of four decommissioned *Perry*-class frigates to Taiwan.

**Dec. 5, 2014:** Department of State issues a report on China’s maritime claims in the South China Sea that challenges the legality of China’s nine-dash line claim in the South China Sea.

**Dec. 8, 2014:** Vice Foreign Minister Liu Zhenmin holds a round of Asia-Pacific consultations with Assistant Secretary of State Russel. He separately meets Acting Deputy Secretary Wendy Sherman and Senior Director for Asian Affairs at the NSC Medeiros.

**Dec. 3-5, 2014:** The 12<sup>th</sup> meeting of the US-China Joint Liaison Group on Law Enforcement Cooperation in Beijing.

**Dec. 10, 2014:** Special Representative for North Korea Policy Sung Kim visits China and meets Special Representative for Korean Peninsula Affairs Wu Dawei.

**Dec. 11-12, 2014:** US and Chinese navies hold third joint antipiracy drill in Gulf of Aden.

**Dec. 13, 2014:** China conducts a flight test of the *DF-21* ICBM with simulated multiple, independently-targetable reentry vehicles (MIRVs).

**Dec. 16-18, 2014:** Vice Premier Wang Yang leads a delegation to participate in the 25<sup>th</sup> Joint Commission on Commerce and Trade held in Chicago. Secretary of Commerce Penny Pritzker and US Trade Representative Michael Froman chair on the US side.

**Dec. 18, 2104:** President Obama signs legislation that authorizes the sale of up to four *Perry*-class frigates to Taiwan.

**Dec. 21, 2014:** Foreign Minister Wang and Secretary of State Kerry hold a phone conversation to discuss cyberattack on Sony Pictures.

**Dec. 24, 2014:** In a statement released by Department of State, Secretary Kerry calls for China to release Liu Xiaobo and remove all restrictions on his wife, Liu Xia. He also urges the release of all individuals detained for peacefully expressing their views.