

## **A New Phase in China-U.S. Relations**

Stephen J. Hadley

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The United States and China last year celebrated the 30<sup>th</sup> anniversary of the establishment of full diplomatic relations. The success of the U.S.-China relationship over the last 30 years is a tribute to the remarkable vision and foresight of those Chinese and American leaders and statesmen who set our two nations on this course almost four decades ago. The China-U.S. relationship has been sustained on the U.S. side by both Democratic and Republican administrations. All have concluded – despite periods of tension, uncertainty, and doubt – that improved relations with China is in the interest of the United States.

For its part, China also seems to have concluded that improved relations with the United States is in the interest of China. Trade with the United States has been critical to China's dramatic economic growth. It continues to be critical to China's ability to address the economic needs of its people and to enhance their prosperity. Through its historical ties to China's neighbors, the United States has been a force for stability in the Asia-Pacific region. The United States is critical to preserving the quiet international environment that China has deemed essential if it is to achieve its own domestic economic, cultural, and political objectives over the next several decades.

So the bilateral relationship between China and the United States has improved not as a matter of sentiment or accommodation by one side to the interests of the other, but because both nations have found it to be in their own national interest to foster good relations with the other.

The three decades since the establishment of full diplomatic relations has seen China's emergence as an increasingly important

presence on the world stage. This emergence has been fueled by China's remarkable economic growth. It is seen in China's constructive role in meeting regional challenges like the Asian financial crisis of the 1990s and the challenge of North Korea's nuclear weapons program. China's emergence has been nurtured by successive generations of capable and farsighted Chinese leaders, and has been supported by the Chinese people.

This period has also seen significant challenges to the U.S.-China bilateral relationship. These include:

- The Chinese military crackdown on the Tiananmen Square demonstrators in 1989;
- The accidental bombing of the Chinese embassy in Belgrade by U.S. combat aircraft in 1999;
- The collision between a Chinese fighter aircraft and a U.S. EP-3 reconnaissance aircraft in 2001;
- U.S. concern about growing Chinese military capability and the build-up of Chinese missiles adjacent to the Taiwan Strait;

- China's continuing concerns about U.S. policy on Tibet and arms sales to Taiwan; and
- My own nation's belief that China and the Chinese people will not reach their full potential until there is a greater respect for human rights and more religious and political freedom in China.

Our two nations, working together, have managed these challenges in a way that has avoided destructive confrontation and has permitted bilateral relations between our two countries to progress.

This is a tribute to both Chinese and American diplomacy – and to the restraint and good sense of political leaders on both sides.

This is where we have been in China-U.S. relations. Where are we going? I would submit that U.S.-China relations are entering a complex period of enormous promise yet also of enormous peril. First, the promise.

In the past, the major challenges and opportunities for China and the United States have been in the bilateral relationship. In the future, however, the major challenges and opportunities for the bilateral relationship will come in working together to address global challenges and global opportunities. The issues that are the topic of bilateral discussion between China and the United States are increasingly issues that affect the whole world and that are the focus of global diplomacy.

The list is a long one:

- Resolving the global financial crisis;
- Restarting global economic growth;
- Expanding global employment;
- Ensuring secure and adequate supplies of energy;
- Developing renewable energy sources that release reduced levels of greenhouse gases;
- Preventing the further spread of weapons of mass destruction – especially nuclear weapons – to either nation states or terrorist groups;
- Defeating terrorists who would kill innocent civilians to advance a political or religious cause;

- Partnering with the world's poorest nations to develop their capacity to help their people build a better and more prosperous future; and
- Dealing with humanitarian disasters and relieving unnecessary human suffering.

These global challenges affect China directly. It is very much in China's interest that solutions be found. And solutions must be found if China is going to achieve its own domestic economic, social, and political agenda.

For example, restarting global economic growth is critical to China's economic growth. China – with strong U.S. encouragement – is right in taking steps to increase domestic demand for its own goods and services. But even as these efforts succeed, exports will continue to be an important factor in China's future economic growth – and exports require a growing global economy. So China has an interest in restarting global economic growth to help grow its own economy. And

growing China's economy is key to expanding the number of jobs for Chinese workers.

Secure and adequate global energy supplies are also critical to China. To satisfy the increased energy demands of its growing economy, China has increasingly turned to energy sources overseas – and is increasingly dependent on the security of these sources. But neither China nor the United States alone has the naval resources required to protect the global sea-lanes over which these resources transit. To do so requires a global effort, as we see in the cooperation among the naval forces of many nations in policing the Gulf of Aden against Somali-based piracy.

Environmental concerns are increasingly an issue for China's government and its people. China is investing large amounts of money to address these concerns. But global climate change and the impact of development-related environmental pollution respect no national borders. China's own efforts will not solve China's environmental problems if other nations do not solve the environmental challenges

they face. A global solution is required as much for China's future generations as for the future generations of other nations, including my own.

So it is in China's interest – as well as the interest of my country and the rest of the world – that these global challenges be solved. And they can only be solved if we act together. They cannot be solved by China alone or by the United States alone. They can be solved only by China and the United States working closely together on a collaborative basis with the rest of the international community. And it is in the interest of both of our countries to do so.

These global challenges present a global opportunity for China – and for U.S.-China relations. By helping to find solutions to global challenges, China can show the world that, while it will pursue its own interests, it will do so in cooperation with others to solve global challenges affecting us all. And by the United States and China cooperating together on the world's most difficult problems, we will send a clear message to both our publics that our two nations – who



have moved from adversaries, to competitors, to selective collaboration – are moving to a new phase in our relationship.

In order to move to this new phase, we need to change the way we think about U.S.-China relations. Those of us who work on China-U.S. relations usually spend too much time focusing on the problems in the relationship – and not enough time focusing on the possibilities. To use an American expression, when it comes to China-U.S. relations, we focus too much on the glass being half empty, without acknowledging that this means the glass is also half full. And the focus of groups like this one should be on how to fill the glass of U.S.-China relations all the way up to the top.

Only with this kind of creative thinking will we be able to take advantage of what may be an historic opportunity to transform U.S.-China relations. And I believe that cooperation on global challenges is the place to start – in transforming this relationship, and in making this a period of promise in China-U.S. relations.

But while this could be a period of enormous promise, it is also a period of enormous peril. It should come as no surprise to anyone in this audience that there is in some quarters growing concern about how China will use its increasing economic, military, and diplomatic power. I hear many questions raised not just in Asia but also in Europe and in my own country. As a friend of China, let me tell you what questions and concerns I am hearing.

1. **First, does China want to force America out of the Western Pacific?** China is deploying military capabilities – including fighter aircraft, missiles, and submarines – that could deny other military forces access to the waters off China's coast. These capabilities seem designed to give China the option not just to act militarily against Taiwan without interference, but also to give China exclusive control over the South China Sea. Many in the United States see these capabilities as directed against us. Hence the question: Does China want to force the United States out of the Western Pacific?

2. **Second, will China use its new power to bully its neighbors and impose its will on others?** With its enhanced strategic

position in the world, China may expect other countries to accommodate China's interests at the expense of their own – and to pressure other countries when they refuse to do so.

China may be tempted to try to turn its smaller neighbors into vassal states, politically subservient to and economically dependent upon China. Hence the question: Will China use its power to pursue a zero-sum approach to the world – or will China work cooperatively with other states, respecting their independence and taking into account their interests to produce win-win results?

3. **Third, is China taking a mercantilist approach to the developing world?** China needs access to the energy and

natural resources of the developing world. They are important to China's future development, and the world understands and accepts this fact. But sometimes it appears that China is only

interested in the resources, and feels no responsibility toward the countries that own them. Hence the question: Is China just going to buy up resources at bargain prices without, at the same time, contributing to the economic development of the countries from which those resources come?

4. **Fourth, is China willing to form long-term partnerships with foreign companies and investors?** Business people and investors all over the world see enormous opportunity in China. Their presence in China can make a major contribution to China's own domestic development agenda. But to do so, these foreign entities must feel that their intellectual property is safe, their financial investments are secure, and their position is not disfavored when compared to Chinese businesses and investors. Hence the question: Is China willing to give foreign businesses and investors the protections they need to make a long-term commitment to the Chinese market?

5. **Fifth, is China going to be a national security free rider?**

As with liberating Europe and Asia in the 20<sup>th</sup> century, the United States has invested thousands of lives and trillions of dollars to bring freedom and stability to places like Iraq and Afghanistan – only to have China come in and reap the commercial benefits. Americans feel that we have made the major commercial and diplomatic sacrifices to pressure Iran and North Korea to forego nuclear weapons programs that threaten both Chinese and U.S. interests – while China is actually expanding its commercial and economic ties with both countries and currying favor with them. Hence the question: Will China do its share of the hard work in solving the security challenges that threaten global stability?

If these questions and concerns are not addressed, then I fear this period of China-U.S. relations could be a period of enormous peril rather than a period of enormous promise. I hope we could spend some time today discussing these questions.

For myself, I would hope China's leaders will answer these questions in the following ways:

1. **First, that China recognizes the stabilizing role the United States has played in the Western Pacific and wants us to remain there.** To underline this message, our two nations need to resume cooperation between our two militaries. That means military to military exchanges; "hot lines," and other mechanisms and procedures to avoid misunderstanding and confrontation; joint training exercises; and joint humanitarian assistance operations in third countries. We need such steps, along with greater transparency, to build confidence between our two militaries. As a further step, China should begin to move back and dismantle the missiles it has deployed adjacent to the Taiwan Strait.
2. **Second, that China shows in word and deed that it is ready to work cooperatively as part of the international community to solve global challenges.** Few steps could do

more to reassure the world about how China intends to use its new power and influence.

3. **Third, that China intends to do its part to help less developed nations provide a better economic life for their people.** By hiring and training local workers, by building schools, roads, and medical clinics, by developing value added processing and by taking other measures, extraction of natural resources can improve dramatically the future of the local communities living around those resources and promote the development of their country.
4. **Fourth, that China views foreign companies and investors as long-term partners in China's domestic economic development.** Foreign businesses and investors need to know that their intellectual property will not be stolen, their investments will not be lost, and that they will not be forced out once Chinese companies and domestic investors are strong enough to take their place.

5. **Fifth, that China will be a full partner in grappling with the serious national security challenges we all face in dealing with proliferating states, failed and failing states, and terrorist groups.**

If China can make these commitments, it will not only establish a constructive partnership with the United States, it will become a respected leader in the world of the 21<sup>st</sup> century.

Thank you very much.