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## The G-2 Mirage

Why the United States and China Are Not Ready to Upgrade Ties

Elizabeth C. Economy and Adam Segal

*ELIZABETH C. ECONOMY is C. V. Starr Senior Fellow and Director for Asia Studies at the Council on Foreign Relations. ADAM SEGAL is Maurice R. Greenberg Senior Fellow for China Studies at the Council on Foreign Relations.*

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It took just one month for U.S. President Barack Obama's foreign policy team to establish its line on China: more cooperation on more issues more often. As Secretary of State Hillary Clinton enthusiastically declared during her brief visit to Beijing in late February, "The opportunities for us to work together are unmatched anywhere in the world."

The Obama team is in good company. Henry Kissinger has called for the U.S.-Chinese relationship to be "taken to a new level" and Zbigniew Brzezinski has advocated the development of a G-2, a group of two comprising China and the United States that could address the international financial crisis, tackle climate change, limit the proliferation of weapons of mass destruction, and maybe even help resolve the Israeli-Palestinian conflict. Early notes of potential discord -- Treasury Secretary Timothy Geithner's description of China as a currency manipulator, Secretary Clinton's call for greater religious freedom in China, National Intelligence Director Dennis Blair's openness to potential future arms sales to Taiwan -- were muted in the interest of elevating the U.S.-Chinese relationship.

Calling on the United States and China to do more together has an undeniable logic. Both Washington and Beijing are destined to fail if they attempt to confront the world's problems alone, and the current bilateral relationship is not getting the job done. Real coordination on trade and currency reform remains stunted, both sides lag behind the rest of the world in addressing climate change, and meaningful partnership on global challenges -- from food safety to nuclear proliferation -- is limited.

But elevating the bilateral relationship is not the solution. It will raise expectations for a level of partnership that cannot be met and exacerbate the very real differences that still exist between Washington and Beijing. The current lack of U.S.-Chinese cooperation does not stem from a failure on Washington's part to recognize how much China matters, nor is it the result of leaders ignoring the bilateral relationship. It derives from mismatched interests, values, and capabilities.

The United States must accordingly resist the temptation to initiate a high-profile, high-stakes bilateral dialogue and

instead embrace a far more flexible, multilateral approach to China. In other words, Obama should continue to work with China in order to address global problems, but he also needs to enlist the world to deal with the problems created by the rise of China.

The good news is that the United States and China do share some fundamental foreign policy goals: kickstarting economic growth and maintaining an open global economy, maintaining peace and stability in East Asia, and halting climate change. There is already a robust process of government-to-government exchange, with more than 60 bilateral dialogues and working groups in existence, including the Strategic Economic Dialogue, the U.S.-China Senior Dialogue, and the Defense Policy Coordination Talks. The United States and China have cooperated on counterterrorism, negotiated with North Korea through the six-party talks, and undertaken joint research on alternative energy. Recently, the Pentagon welcomed the deployment of the Chinese navy for antipiracy operations in the Gulf of Aden, where both the United States and China depend on the same shipping lanes.

Recognition of China's importance, however, cannot paper over the difficulties the two countries have faced -- and will continue to face -- as they try to convert shared strategic goals into concrete cooperation. Even after 30 years of engagement, the United States and China still disagree about how the world should work. When there is agreement on the principles of global governance, more narrow economic interests or differences in political values typically make a common front elusive. And even when shared values and interests allow the two sides to move forward, the vast gap in governance and implementation capabilities often leads to mutual frustration and recriminations.

## THE GREAT STALL

A significant obstacle to effective U.S.-Chinese cooperation is the dramatically different view of sovereignty, sanctions, and the use of force that each country brings to the table. Beijing's need for resources and export markets, along with its oft-repeated mantra of not mixing business with politics, clashes with the West's efforts to prevent human rights abuses and improve governance in the developing world. For example, Chinese state-owned companies have vast resource holdings and development interests in countries such as Angola, the Democratic Republic of the Congo, and Myanmar (also called Burma), where human rights abuses and problems of poor governance are rampant. Likewise, China's refusal to stop its growing arms trade has contributed to instability in Sudan and Zimbabwe, even as the rest of the world has urged restraint in weapons sales to those nations. Yet Beijing repeatedly refuses to exert its economic leverage for political ends, arguing that the political and economic realms should remain separate.

Although Washington and Beijing share some common interests in Darfur, Myanmar, and other regions in which serious human rights violations are occurring, their opposing perspectives on sovereignty and humanitarian intervention lead to very different policy prescriptions. In September 2007, for example, Beijing, along with Moscow, blocked a UN Security Council resolution sponsored by the United States and Europe that forcefully condemned the Myanmar government for the use of force against Buddhist monks who were leading antigovernment protests. China, which has strong political ties to Myanmar's rulers and large investments in oil and gas projects in the country, insisted that the crackdown was an internal affair, called for restraint, and finally voted for a much-watered-down resolution.

Beijing's growing dependence on imported oil and gas has also been an obstacle to broader U.S.-Chinese cooperation on limiting Iran's nuclear program. China has generally rejected calls for tough sanctions against Iran and undermined efforts by the United States and Europe to stop the flow of Iranian money through foreign banks.

As Iran's trade with the European Union (EU) has declined, it has picked up with China.

In addition, China's authoritarian but decentralized political and economic system also makes cooperation on issues such as product safety and environmental protection difficult. Beijing is often incapable of following through on its international obligations because local actors have strong economic incentives to maintain the status quo. Even when the central government has the best intentions, a lack of transparency and accountability further undermines the implementation of laws.

Over the past several years, for example, China's food- and product-safety records have come under increasing international scrutiny. China's vast exports ensure that almost no country goes unaffected when tainted pet food, toothpaste, dairy products, toys, or pharmaceutical ingredients are released onto the market. These poisonous products have entered the EU, Japan, Panama, the United States, and Vietnam -- to name just a few. Efforts to address China's ongoing problems in the realm of food and product safety are hampered not only by bureaucracies with weak oversight capacity but also by a government that refuses to permit the media and on-the-ground watchdogs to investigate and warn the general public. Reporters from *Southern Weekend* and the *Oriental Morning Post* knew two months before the story became public, in September 2008, that melamine -- a chemical that suppliers were adding to low-quality dairy products in order to raise the protein level and pass inspections -- had sickened children. But they were prohibited from reporting the news, in order to ensure a positive atmosphere for the Olympics. Although the press, bloggers, and nongovernmental organizations are becoming increasingly assertive, they are unable to act consistently as a check on local officials due to censorship and political harassment.

Cooperation on climate change may prove even more challenging. As Washington weighs the value of pursuing a bilateral climate deal with China, Beijing's ability to enforce regulations will be called into question. Effective climate policy depends on transparency in reporting emissions, yet in the run-up to the Olympics, Beijing's published air-pollution index did not include two of the most dangerous pollutants: ozone and small particulate matter. A bilateral climate deal would also necessitate large-scale transfers of energy-related technologies, such as advanced materials for wind turbines, from the United States to China. However, China lacks the legal infrastructure needed to enforce intellectual property rights -- a weakness that will worry the European, Japanese, and U.S. firms that design new green technologies. Even basic policy initiatives, such as the implementation of energy-efficient building codes, require a degree of enforcement capacity and official accountability that does not exist within the Chinese government.

A lack of transparency has also been a consistent barrier to improving the bilateral military relationship, which has consisted of high-level discussions about strategic issues as well as lower-level exchanges and working groups. As the defense scholars Kurt Campbell and Richard Weitz have argued, secrecy makes sense from the Chinese point of view; China is the weaker power and believes that uncertainty about its true capabilities can act as a deterrent. The United States, in contrast, believes transparency on the part of China would help avoid miscalculation and mishaps. Transparency is also critical when dealing with political fallout in the event of mistakes, such as the U.S. bombing of the Chinese embassy in Belgrade in May 1999 or the collision of a U.S. spy plane and a Chinese fighter jet in April 2001. Without such transparency, the United States and China's neighbors are reduced to gauging Beijing's intentions from its capabilities -- a problematic proxy. The roughly 1,000 missiles targeted at Taiwan and the submarines and advanced weapons systems China has acquired -- apparently to target a U.S. aircraft carrier group -- all raise questions about the seriousness of Beijing's commitment to an improved military relationship with the United States.

The economic relationship is also a contentious issue. There are serious differences between what the two countries want and when they want it. Washington insists on currency reform, more open markets, and the protection of intellectual property rights. Beijing, by contrast, generally wants to be left alone to conduct its business as it sees fit or, at the very least, to ensure that Washington does not make things worse for China in the pursuit of its own agenda. Even when China has engaged directly on economic issues -- such as the protection of intellectual property rights -- it has viewed its efforts, given the difficulties of building an effective legal system, in terms of change over decades, a timetable completely out of line with the United States' much greater expectations.

The global economic crisis may well diminish these traditional differences between the trading partners. It has brought into sharp relief the extraordinary level of global economic interdependence, particularly between the United States and China. A stable recovery of the U.S. economy will require continued support from China, and China's future growth will also depend on the involvement of the United States and other nations. The relationship is no longer a matter of Washington banging on Beijing's door, alternately cajoling and hectoring Chinese leaders to reform their country's economy. Rather, the Chinese leadership, greatly concerned about the security of China's investment in U.S. Treasury bonds, the value of the dollar, and the loss of China's critical U.S. export markets, is calling on Washington to quickly respond to the global financial crisis as well as suggesting that it might expect some sort of quid pro quo -- the lifting of U.S. restrictions on some technology sales, for example -- for the continued purchase of U.S. Treasuries. Like their Washington counterparts, however, China's leaders will find that achieving real leverage in the context of a bilateral relationship is elusive.

#### THE COSTS OF COOPERATION

Although the United States needs to coordinate with China to respond to global challenges, elevating the bilateral relationship is more likely to lead to a quagmire, with recriminations flying back and forth, than to a successful partnership. To escape this downward spiral, Washington must solicit the help of the rest of the world. The United States is not alone in recognizing that China affects all the critical issues of the day or in seeking more from China as an emerging global power. Throughout the world, countries are realizing that the issues that currently define their relationships with Beijing cannot simply be negotiated bilaterally.

As a first step, the Obama administration should sit down with Japan, the EU, and other key allies to begin coordinating their policies toward China. Much of what the United States does, or is proposing to do, with China on the environment, human rights, and food and product safety is also being discussed or undertaken by Canada, the EU, Japan, and other states in Asia. Yet there is presently no coordination, which means these simultaneous efforts will be inefficient and may work at cross-purposes.

Despite insistent calls for a bilateral U.S.-Chinese effort to address climate change, cooperation would be managed best by involving other nations. The United States and China are the two largest emitters of carbon dioxide, and each is using the other as an excuse for inaction. China is currently calling for all the advanced industrialized nations to devote one percent of their GDPs to a climate fund for developing countries -- a mechanism that would subsidize the transfer of clean-energy technologies to Beijing. The United States simply does not have the financial resources available to respond to this challenge. Meanwhile, Japan is pursuing a different tack and has already started to provide development assistance to China for clean-energy projects thanks to its highly sophisticated public-private partnerships that provide government financing for privately held Japanese technology companies. Beijing and Tokyo are moving ahead with technical cooperation and demonstration projects to capture and store carbon, enhance energy efficiency, and exploit renewable energy resources.

It makes sense for the United States to duplicate some of these efforts. After all, China is a large country, and there will always be unmet demand. In addition, the United States has a comparative advantage when it comes to training Chinese officials, monitoring greenhouse gas emissions, and designing some clean-energy technologies. But Washington does not want to undermine European and Japanese efforts by competing to cooperate with China. There is frequently a cost to cooperating with Beijing: Chinese government agencies often require donations or impose high overhead costs on foreign partners, and these fees could well rise as the Chinese play foreign actors off against one another. Moreover, Chinese energy and environmental agencies are woefully understaffed and often unable to meet the demands of in-depth cooperation with a number of different partners. There is also a very real danger that U.S. officials will raise expectations within China but fail to deliver if, for example, the U.S. government does not provide adequate funding for demonstration projects or training programs, as has happened with past cooperative energy and environmental ventures.

There is a similar lack of capacity for the enforcement of food- and product-safety initiatives. The U.S. Food and Drug Administration opened three offices in China with a total staff of 13 people -- an admirable beginning but far from sufficient. At the same time, the EU and the Association of Southeast Asian Nations (ASEAN) are running their own food-safety programs with China, and Japan and South Korea have begun negotiations with China on the topic. A single, integrated response would be far more effective, and consumers worldwide would be much safer if U.S. inspectors worked alongside their European, Japanese, and South Korean colleagues.

As the global economic crisis deepens, trade will become an area ripe for multilateralism. For much of the last decade, while China ran up large trade surpluses with the United States and Europe, its overall trade was fairly balanced -- with a total annual surplus fluctuating between one and two percent of GDP. It began rising in 2005, and by 2008 China's global trade surplus had exploded, reaching approximately 8.5 percent of GDP. Because other countries are now suffering from similar trade imbalances with China, the United States has the opportunity to work with China's other trading partners to push China to continue to revalue its currency, reduce its export subsidies, and open its domestic market. If approached multilaterally, these demands could be framed in the context of global, rather than bilateral, imbalances.

Regional security could also benefit from greater U.S.-Chinese cooperation and from the expansion of multilateral security exchanges. China currently participates in ASEAN's security discussions and has undertaken some training and military exchanges with several of the United States' allies in Asia. A more robust cooperation effort on the part of Japan, South Korea, the United States, and other maritime countries in the region would help define the basic ground rules as China's military operates farther and farther away from the mainland. The March 2009 incident at sea, during which a U.S. Navy surveillance ship was surrounded by five Chinese vessels in the vicinity of a Chinese submarine base, suggests the need to act sooner rather than later. Moreover, additional security exchanges could help persuade Beijing that its lack of military transparency undermines regional security and -- by making it more difficult for Beijing to convince its neighbors that China's rise will be peaceful -- costs China politically.

Finally, Washington will need to look beyond its traditional international allies to help enhance its leverage over Beijing. China often ignores calls from the United States and Europe for political reform and a more activist foreign policy, yet it expends considerable energy positioning itself as a leader of the developing world. On sensitive political issues, if the United States worked with the same developing countries China purports to represent -- African countries on Darfur, island nations on climate change, ASEAN countries on Myanmar -- this might be more effective in changing China's behavior than yet another call for action from Brussels or Tokyo. On the most

sensitive political issues, such as China's domestic human rights record, partnering with developing democracies could give the United States more moral suasion.

## BEYOND DIALOGUE

Expanding all these partnerships will require Washington to change its behavior, too. Inconsistency between rhetoric and action undermines U.S. legitimacy, both with China and with much of the rest of the world. Many throughout the world want to see Washington live by the same rules it is pushing China to adopt. The transparency and accountability the United States demands of China and advocates within the global financial system must be implemented at home first.

Potential partners will expect the new Obama administration to fulfill its promise to shut down the U.S. prison camp at Guantánamo, overcome congressional resistance to ending some types of agricultural subsidies in the next round of Doha trade talks, and put forth a realistic and aggressive climate-change action plan that is commensurate with the United States' contribution to the problem.

Other countries will need to step up, too. The EU countries have been unable to forge a consistent policy toward China, with the member states divided over the issue of Tibet and over the wisdom of lifting the arms embargo on Beijing, which was imposed after the 1989 Tiananmen Square massacre and seems an anachronism to some. The situation looks even worse in Japan, which is suffering from an economic recession and political paralysis. Yet U.S.-Japanese cooperation on China over issues such as climate change, naval security, and product safety should resonate well with the Japanese leadership.

Engaging the rest of the world does not mean ignoring China. The United States and China should reconfigure their relationship at an institutional level. In addition to all of the existing, issue-specific exchanges, there should be one overarching negotiation that sits above or outside the purview of the U.S. government's traditional cabinet-level agencies. The National Security Council and the vice president's office would ideally play a central role in this effort. Cooperation on the trade imbalance, a climate deal, and regional security depends on the close coordination of numerous bureaucracies within the U.S. government. Institutionally adjusting the level of the dialogue on the U.S. side would make it a bureaucratic priority on the Chinese side as well, increasing the likelihood that the right Chinese officials will be at the table. Similarly, a more centralized U.S. approach to China will lead to more effective cooperation with U.S. allies.

The year 2009 marks 30 years since the normalization of relations between the United States and China. Three decades of peace and stability in U.S.-Chinese relations should be celebrated. Further elevating the bilateral relationship, however, without addressing the very real differences in values and enforcement capacities between the two countries will lead nowhere -- except to the creation of more empty frameworks for dialogues and never-ending dialogues to establish more frameworks. The time has come to acknowledge that although working with China sounds easy, it is not. If the United States wants to move its relationship with China forward for the next 30 years, it needs the rest of the world, not just China, on board.

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