

U.S.-China Relations after the Obama-Xi Summit —A Perspective from Taiwan

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Abstract

Following the Sunnylands summit, the U.S.-China relationship has been gradually improving. Yet divergences in ideology, national security concerns, and national interests between the United States and China still exist. Since the summit, there has been friction over territorial disputes in the East China Sea and South China Sea, the Snowden episode, Taiwan's international participation, and arms procurement. Therefore, their relationship will still be cooperative, competitive, and sometimes conflicted in the near future.

Keywords: Sunnylands Summit, U.S.-China Strategic and Economic Dialogue, Rebalancing Strategy, U.S.-China Military Relations, Snowden Episode

I. The Sunnylands Summit

U.S. President Barack Obama and the PRC's President Xi Jinping had a two-day summit at California's Sunnylands on June 7th and 8th, 2013. It was the first opportunity for the two world leaders to meet in such an informal way in quite a long time. They exchanged points of view on bilateral relations and regional and global issues.

The meeting attracted global attention for several reasons. First, the two countries are the world's strongest powers, and a meeting between their two leaders will always have a worldwide impact, especially because they can be expected to discuss global and regional security issues. Secondly, the United States is the world's only superpower, while China is an emerging power. The two countries differ in ideology, national strategy, global and regional security focuses, and bilateral political, economic and security issues. They need to work their differences out for the sake of maintaining a stable relationship. Thirdly, both leaders have fairly recently taken office. They need to develop a mutual understanding and create a friendly relationship given that the outcome of this and their future summits will affect their countries' future relations.¹

Prior to the event, U.S. official sources stated that the Sunnylands summit was only an informal meeting between the two presidents, and should not raise expectations about any official agreements reached by them. The most important aim of this summit was to build up mutual trust between Obama and Xi. U.S. National Security Advisor Tom Donilon said that this event was reminiscent of the

1. Kenneth G. Lieberthal, "U.S.-China Relations: The Obama-Xi California Summit," *Brookings*, June 3, 2013, <<http://www.brookings.edu/blogs/up-front/posts/2013/06/03-us-china-relations-obama-xi-california-summit-lieberthal>>.

meeting between President Richard Nixon and Chinese leader Mao Zedong in 1972. Since China has become a great power in Asia and gradually eroded the leadership of the United States in this region and the world, suspicion and tension between the two countries have increased. Their difficult relationship has been further complicated by the Obama administration's new Asia strategy, i.e., the rebalancing toward Asia, which Beijing largely regards as a strategy designed to contain the rise of China. On the other hand, the PRC's rapid military modernization and assertive behavior in handling its territorial disputes with Japan, the Philippines, and Vietnam in recent years have given Washington reasons for concern. In addition, Xi's emphasis on the idea of the "China dream" since his inauguration has caught the attention of the United States and other Asian countries. It was, therefore, necessary for the two leaders to sincerely and effectively communicate with each other in order to develop a stable and constructive relationship. Notably, the summit was designed to achieve that purpose. The two presidents could meet at a retreat center and have plenty of time to exchange opinions comfortably and privately.

At the opening of the summit, Obama and Xi made some significant remarks. The American president stated that the United States welcomes the rise of a peaceful, stable, and prosperous China. The Chinese leader said that the PRC hopes the two nations can build a new type of relationship between great powers.² Their statements epitomized the strategic stances of the two states. Washington wants Beijing to believe that the United States has no intention to constrain China's ascendance as a global power and is more than willing to cooperate with it.³ China wants to persuade the Americans that China

2. Chung Young-june, "China's Great Power Mentality and Its Diplomatic Vision for the 21st Century," *PacNet*, No. 52R, August 1, 2013, CSIS, <<http://csis.org/files/publication/Pac1352R.pdf>>.

will rise peacefully and does not intend to challenge the primacy of the United States in the international system, and that both countries should put aside their differences and respect each other's model of development.⁴ Each side tried to send a clear signal to allay its counterpart's suspicions.

During the summit, both interlocutors raised their issues of concern. The United States brought up questions regarding bilateral trade, cyber-espionage, North Korean nuclear development, maritime disputes in East Asia, climate change, and China's human rights record. The Chinese put the issue of U.S. arms sales to Taiwan on the table and addressed the issues advanced by the United States. As expected, they converged on some issues and diverged on others. After two days of talks, the summiteers agreed on the reduction of hydrofluoro-carbons and the denuclearization of North Korea.⁵ By contrast, there seemed to be little consensus on other problems. The outcome of the summit substantially reflected the national interests of the two countries. Indeed, climate change is a menace to all of humankind. Over the last decade, China has been seriously hit by numerous natural disasters that have caused many casualties and substantial damage. A nuclear-capable North Korea would be a looming threat to South Korea, Japan, and the United States as well as China. It would also create instability on the Korean Peninsula and could

3. Phillip C. Saunders, "The U.S. Isn't Trying to Contain China...," *Foreign Policy*, August 23, 2013, <http://www.foreignpolicy.com/articles/2013/08/23/the_united_states_is_not_trying_to_contain_china>.

4. Brad Glosserman, "A 'new type of great power relations'? Hardly," *PacNet*, No. 40, June 10, 2013, *CSIS*, <<http://csis.org/files/publication/Pac1340.pdf>>.

5. Jackie Calmes & Steven Lee Myers, "U.S. and China Move Closer on North Korea, but Not on Cyberespionage," *The New York Times*, June 8, 2013, <http://www.nytimes.com/2013/06/09/world/asia/obama-and-xi-try-building-a-new-model-for-china-us-ties.html?partner=rssnyt&emc=rss&_r=1&>>.

prompt South Korea and Japan to “go nuclear.” For these reasons, Beijing is willing to cooperate with the United States on the above-mentioned two issues. Meanwhile, China can present itself as a responsible big power by helping to defuse global and regional threats. Of late, cyber security has become a new concern for the United States. Washington maintains that the Chinese have stolen many military and business technologies through cyber-espionage. However, China has refuted that accusation by claiming that China too is a victim of cyber crimes. The two parties then decided to jointly tackle this problem by setting up a task group during the U.S.-China Strategic and Economic Dialogue, which was scheduled to be held in July, 2013. As noted by Obama, the sources of cyber-intrusion could be both state and non-state actors. Actually, it is true that both countries have suffered cyber attacks from outside sources. Of course, Beijing cannot admit that it has conducted cyber attacks against the United States without jeopardizing its international image and bilateral relations with Washington.⁶ Even though the territorial disputes in the East and South China Seas have raised concerns about China’s sovereignty and strategic security, Beijing is likely to handle these disputes peacefully in order not to feed the “China threat” argument. However, the PRC will not refrain from taking concrete measures to protect its core interests if they are, allegedly, violated by neighboring countries. In any case, the divergence between the two sides regarding this issue will continue.

China never fails to raise the issue of American arms sales to Taiwan at its bilateral meetings with the United States.⁷ Nevertheless,

6. Oriana Skylar Mastro, “The Obama-Xi Summit: A New Era in Bilateral Relations?” *The National Bureau of Asian Research*, June 12, 2013, <<http://www.nbr.org/research/activity.aspx?id=345#.UjaJKuC74zY>>.

7. Robert M. Hathaway, “Taiwan and Sunnylands: The Dog That Didn’t Bark,”

at Sunnylands, Obama stated that the United States would continue to adhere to its one China policy based on the three Joint Communiqués and the *Taiwan Relations Act*. This means that Washington will keep selling to Taipei weapons that the United States regards as necessary for Taiwan's defense. On the other hand, the White House expressed its satisfaction with the improvement of cross-strait relations in recent years.

In light of the process and the results achieved, it is fair to say that the Sunnylands summit was moderately successful in promoting U.S.-China relations. The two leaders moved one step further in their effort to nurture mutual understanding and trust. Each side tried to reduce the other's suspicions. They agreed on some issues and still diverged on many others. The Sunnylands summit was an effort on the part of both sides to develop a positive and cooperative relationship.

II. The U.S.-Japan Joint Exercise

Since the Sunnylands summit, U.S.-China relations have developed with the same pattern of both conflict and cooperation. Days after the summit, the United States and Japan conducted two weeks of joint military exercises on California's southern coast aimed at improving Japan's capability to defend remote islands.⁸ China quickly concluded that the exercises were related to the dispute over the Diaoyutai Islands and asked that the exercises be cancelled. China's Foreign Ministry spokesman said: "We hope the relevant sides can focus

PacNet, No. 46, June 26, 2013, *CSIS*, <http://csis.org/files/publication/Pac1346_0.pdf>.

8. "Japan, U.S. start joint military drill," *UPI.com*, June 10, 2013, <http://www.upi.com/Top_News/US/2013/06/10/Japan-US-start-joint-military-drill/UPI-63821370922780/>.

on peace and stability in this region, and do more to contribute to mutual trust and regional peace and stability.”⁹ Since the United States has reiterated that the *Treaty of Mutual Cooperation and Security* between Japan and the United States covers the Diaoyutai Islands (which Japan calls the Senkaku Islands), it will help Japan defend them if they are attacked by other nations.¹⁰ Beijing has also claimed sovereignty over these islands. The tension between China and Japan over these islands escalated after Japan nationalized them in September 2012.¹¹ Although the United States has said that it has no specific position on the sovereignty of these disputed islands, it has actually chosen sides by obliging itself to defend those islands currently controlled by Japan. Beijing has criticized the U.S. policy as interference in its sovereignty and proof that the United States and Japan are cooperating in suppressing China. Obama and Xi discussed the Diaoyutai issue in their meeting at Sunnylands, and the divergence in their views remained. The United States had expected China to adopt peaceful measures in its dealings with Japan regarding the territorial dispute. Beijing must have insisted that it was protecting its territory and demanded that Japan restore the status quo by reversing the nationalization measure.¹²

9. Associated Press, “Japanese troops head to California for military exercise with US Marines,” *Fox News*, June 9, 2013, <<http://www.foxnews.com/us/2013/06/09/japanese-troops-head-to-california-for-military-exercise-with-us-marines/>>.

10. “Kerry Reaffirms Japan-US security pact covers Senkakus,” *Daily Yomiuri*, February 23, 2013, <http://article.wn.com/view/2013/02/23/Kerry_reaffirms_JapanUS_security_pact_covers_Senkaku/#/related_news>.

11. Robert Sutter & Chin-Hao Huang, “China’s Shift to Toughness on Maritime Claims — One Year Later,” *PacNet*, No. 53, July 17, 2013, *CSIS*, <<http://csis.org/files/publication/Pac1353.pdf>>.

12. “Beijing urges Senkaku nationalization reversal,” *The Japan Times*, March 10, 2013, <<http://www.japantimes.co.jp/news/2013/03/10/national/beijing-urges-senkaku-nationalization-reversal/#.UjNNQOC75q4>>.

Although the military drills must have been planned in advance, conducting them immediately after the Sunnylands summit inevitably aroused Beijing's suspicions with regard to Washington's intentions. From the U.S. perspective, Japan is its most prominent ally, and China is the emerging challenge in the Asia-Pacific. The U.S. has to stick to its alliance with Japan and strengthen that bilateral military relationship in order to balance China's military buildup in this region. Therefore, it has to continue to conduct joint military exercises with Japan in order to reinforce their military relationship. Even so, the most preferred outcome for the United States is still to see the territorial dispute resolved peacefully.¹³ If China and Japan collide over the Diaoyutai islands, the United States will be dragged into that conflict and will clash militarily with China. Since the United States, China, and Japan are the three major powers in the Asia-Pacific, a military conflict among them will seriously disrupt the stability and prosperity of this region. Therefore, the Obama administration has advised the two sides to take mild measures toward each other to avoid conflict and resolve the dispute through peaceful means.¹⁴ In order to reduce Beijing's suspicions, the United States and Japan emphasized that the drills were not aimed at any specific enemy country. However, considering the goal and timing of the military exercise, it had to affect China's trust in the United States.

13. Richard C. Bush, "An American Perspective on Maritime Asia," (address prepared for delivery at the 2013 East China Sea Peace Forum), *Brookings*, August 5, 2013, <<http://www.brookings.edu/media/research/files/speeches/2013/08/05%20american%20perspective%20maritime%20asia%20bush/05%20american%20perspective%20maritime%20asia%20bush.pdf>> .

14. Jacob M. Schlesinger & James T. Areddy, "Japan, China Inch Toward Repairing Ties," *The Wall Street Journal*, July 30, 2013, <http://online.wsj.com/article/SB10001424127887324354704578635560179835592.html?mod=rss_about_china>.

III. The Snowden Episode

In June, 2013, Edward Snowden, a contractor for the National Security Agency of the United States, leaked information to the press revealing surveillance by the U.S. government of Internet and telephone conversations around the world.¹⁵ Snowden's disclosure immediately caught the attention of the world and greatly embarrassed the United States, which, during the Sunnylands summit, strongly pushed China to respond to its concerns about cyber intrusions. According to Snowden, the United States had even conducted intensive hacking attacks on Tsinghua University of China.¹⁶ Snowden's statements proved two things. First, the United States had also conducted cyber intrusions even though it had accused other nations of the same misconduct. Second, China was also a victim of the United States' cyber-attacks. Snowden's statements significantly diminished the legitimacy of the U.S. demands that China stop cyber-attacks against it. The cyber intrusions into China by the United States also reduced Beijing's trust in Washington.

The Snowden episode continued to develop when he appeared in Hong Kong on June 9th, 2013, one day after the Sunnylands summit. Snowden's actions created a large problem for China. Everyone knew that Hong Kong, where Snowden was staying, was a special district of the PRC and, therefore, that Beijing would make the final decision on Snowden's status.¹⁷ The U.S. government prosecuted Snowden

15. Jane Perlez & Keith Bradsher, "China Said to Have Made Call to Let Leaker Depart," *The New York Times*, June 23, 2013, <<http://www.nytimes.com/2013/06/24/world/asia/china-said-to-have-made-call-to-let-leaker-depart.html?partner=rssnyt&emc=rss>>.

16. "US made intensive hacking attacks on China: Edward Snowden," *The Economic Times*, June 23, 2013, <http://articles.economictimes.indiatimes.com/2013-06-23/news/40147062_1_nsa-hacking-attacks>.

and asked the Hong Kong government to return him to the U.S. for trial and prevent him from leaking more information about U.S. intelligence activities. The Hong Kong government did not quickly agree to the U.S. request to extradite Snowden. It was probably waiting for Beijing's direction. As for Beijing, if it continued to allow Snowden to stay in Hong Kong, the Obama administration would be very displeased with China, and the two countries' relationship would be damaged. On the other hand, Snowden's information helped to prove that China was also a victim of U.S. intelligent activities.¹⁸ Keeping Snowden outside the United States could help Beijing offset the U.S. pressure on it to stop cyber intrusions and gain a favorable chip in discussions with the United States on resolving that issue.¹⁹ Finally, Snowden left Hong Kong and flew to Moscow on June 23rd, 2013, to seek political asylum there. This outcome seemed to be the best solution for Beijing. Allowing Snowden to leave Hong Kong would stop the pressure from Washington to extradite him and would help prevent Washington's discontent with China from escalating. By rejecting the U.S. request to extradite Snowden, China allowed him to continue disclosing information regarding American intelligence activities, further discrediting the United States. Beijing's decision to not keep Snowden in Hong Kong revealed that it did not want to confront the United States directly so soon after the Sunnylands summit ended. On the other hand, China's refusal to extradite Snowden also demonstrated that the two countries were still not very close,

17. "Edward Snowden was NSA Prism leak source — Guardian," *BBC*, June 10, 2013, <<http://www.bbc.co.uk/news/world-us-canada-22836378>>.

18. Jane Perlez & Keith Bradsher, "China Said to Have Made Call to Let Leaker Depart."

19. Jonathan Masters, "Extraditing Edward Snowden," (Interview of Stephen I. Vladeck), *Council on Foreign Relations*, June 28, 2013, <<http://www.cfr.org/united-states/extraditing-edward-snowden/p31029>>.

and that there was an absence of trust between them. If Snowden had hid among any U.S. allies, he would have already been extradited to the United States. The Obama administration was still quite displeased with Beijing's release of Snowden to Moscow. Secretary of State John Kerry said that China's decision to allow Snowden to leave Hong Kong despite an arrest request from the United States would have "an impact on the relationship, and consequences." President Obama's press secretary Jay Carney also expressed frustration and disappointment with Hong Kong and China, and said that their refusal to detain Snowden was a "serious setback" in relations.²⁰

IV. The U.S.-China Strategic and Economic Dialogue

The U.S.-China Strategic and Economic Dialogue (S&ED) was created during Obama's first term and was designed to provide a yearly opportunity for both sides to discuss cooperation on security and economic issues. The fifth round of the S&ED began on July 10th, 2013, in Washington after the Sunnylands summit. Since Obama and Xi agreed that many concrete issues would be negotiated during the upcoming S&ED, many people watched the meeting closely to examine the development of U.S.-China relations.

After two days of in-depth negotiations, the two sides reached agreement on 91 bilateral issues involving regional and global challenges, cooperation between local governments, energy, environmental protection, technology and agriculture, health and sanitation, and dialogue on science and technology.²¹ They also agreed to restart stalled

20. Peter Baker & Ellen Barry, "Leaker's Flight Raises Tension Between U.S. and 3 Nations," *The New York Times*, June 24, 2013, <http://www.nytimes.com/2013/06/25/world/edward-snowden-nsa-surveillance-leak.html?partner=rssnyt&emc=rss&_r=1&>.

negotiations on an investment treaty that could significantly expand business opportunities for both countries. Both sides agreed to establish a stable and cooperative strategic security relationship.²² Therefore, they decided to reinforce exchanges of high-ranking officials and to engage in constant dialogue on issues of mutual concern. The two sides also held the first meeting of the Cyber Working Group (CWG) to discuss cyber-security and decided to conduct constant dialogue on this issue as well. In order to upgrade the level of military cooperation, both sides decided to actively explore a mechanism for notifying each other of major military activities and agreed to continue discussions on the rules of behavior for military air and maritime activities. Both sides also agreed to create a hot line between the two presidents' special representatives to the S&ED in order to facilitate communication.

These fruitful achievements proved that the two countries genuinely wanted to promote their bilateral relations. The agreements reached in the S&ED showed that the two countries shared many common interests covering a large spectrum of issues. The officials of the two countries were eager to implement the spirit of cooperation cultivated by Obama and Xi during the Sunnylands summit.²³ The United States wanted to build up a balanced and beneficial U.S.-China relationship. As for China, the S&ED provided a new way to engage in great power relations. The two sides agreed that the engagements between

21. Office of the Spokesperson, "U.S.-China Strategic and Economic Dialogue Outcomes of the Strategic Track," *U.S. Department of State*, July 12, 2013, <<http://www.state.gov/r/pa/prs/ps/2013/07/211861.htm>>.

22. Office of the Spokesperson, "U.S.-China Strategic and Economic Dialogue Outcomes of the Strategic Track."

23. William J. Burns, Jacob Lew, & Yang Jiechi, "The U.S.-China Closing Statements for U.S.-China Strategic and Economic Dialogue," *U.S. Department of Treasury*, July 11, 2013, <<http://www.state.gov/s/d/2013/211850.htm>>.

high-ranking officials should continue since they were thought to increase mutual understanding and trust. Most importantly, both sides decided to improve military relations and enhance military cooperation. The agreements to set up a hot line and explore the establishment of a mechanism for notifying each other about major military activities were Confidence Building Measures (CBMs), which would help to upgrade mutual trust at the military level. As agreed upon during the Sunnylands summit, the two sides also held the first CWG meeting during the S&ED to resolve the dispute over cyber-intrusions. Through this type of channel, the United States and China can cooperate more fully and find common interests that can provide a strong basis for a peaceful relationship.

V. Taiwan's International Participation

The Taiwan issue has long been a critical part of U.S.-China relations. During the Sunnylands summit, Xi mentioned to Obama the issue of U.S. arms sales to Taiwan. Taiwan's international participation also became a subject of dispute between the two countries following the summit. The Republic of China (ROC) has long sought active and appropriate participation in international organizations. As an independent nation with strong economic performance and a developed democracy, the ROC is well qualified to participate in international organizations and make important contributions in international affairs. However, the ROC's international participation has not been compatible with its strength due to the suppression by the PRC. Beijing has insisted on the one China principle in handling foreign relations. It has asserted that the PRC is the only representative of China in the world and has opposed the ROC joining any international organizations which require that members be sovereign states. As a result, the ROC has been able to maintain memberships in only a few international organizations. Nevertheless, since the early 1990s,

Taiwan has endeavored to expand its international space by playing an active role in the world and has enjoyed the benefits of participating in international organizations.

Since Ma Ying-jeou took office as president in 2008, Taiwan has made some progress in international participation as a result of the improvement in cross-strait relations. Ma has proposed a diplomatic truce across the strait and has taken a pragmatic approach to conducting foreign policy. Taiwan has proposed that it be allowed to participate in international organizations, especially those under the United Nations, as a non-member. By making efforts to improve cross-strait relations and by taking a pragmatic stance, Taiwan finally softened the opposition from Beijing and succeeded in participating in the World Health Assembly (WHA) as an observer, beginning in 2009. Since then, Taiwan has been able to attend the annual meetings. Meanwhile, Taipei has made clear its intention to adopt the same approach to gain admittance to other UN specialized organizations and has chosen the ICAO (International Civil Aviation Organization) and UNFCCC (United Nation Framework Convention on Climate Change) as the next two priority targets. However, Beijing did not respond positively to Taipei's request until September, 2012, when PRC president Hu Jintao met with Taiwan's representative, the former vice president Lien Chan, at the Asia-Pacific Economic Cooperation conference (APEC). In that meeting, Hu promised to seriously study the possibility of helping Taiwan participate in the ICAO in an appropriate way.²⁴ Hu's statement seemed to indicate that Beijing would work out a way for Taiwan to take part in the upcoming Assembly of the ICAO, which was expected to be held in September, 2013.

24. "China signals support for Taiwan's participation in ICAO," *Want China Times*, September 7, 2012, <<http://www.wantchinatimes.com/news-subclass-cnt.aspx?id=20120907000084&cid=1101>>.

The United States has also actively supported Taiwan's participation in international organizations ever since it broke diplomatic ties with Taiwan in 1979. It supported Taiwan's participation in the WHA and has also supported Taiwan's bid to gain admittance to the ICAO and UNFCCC. In June, 2013, the U.S. House of Representatives passed a bill that required the Obama administration to support Taiwan's efforts to join the ICAO assembly as an observer.²⁵ The U.S. Senate then also passed a similar bill to express its support for Taiwan's participation in ICAO.²⁶ Beijing strongly opposed these steps by the U.S. Congress as interference in its sovereignty and hoped that president Obama would veto the bill. Contrary to its expectation, Obama signed the bill into law and announced the United States' full support for Taiwan's participation in international organizations where statehood is not a requirement for membership.²⁷ Since Beijing has considered issues regarding Taiwan as involving its core interests and has repeatedly warned the United States not to intervene in these issues, Obama's decision to sign the bill unquestionably antagonized China. Commenting on Obama's action, China's Foreign Ministry spokeswoman stated: "we urge the U.S. side to strictly fulfill its commitment to the Chinese side on Taiwan-related issues, handle those issues in a cautious and appropriate way, and stop interfering in China's internal affairs."²⁸ President Obama might have supported

25. William Lowther, "US House passes bill on ICAO bid," *Taipei Times*, June 20, 2013, <<http://www.taipeitimes.com/News/front/archives/2013/06/20/2003565213>>.

26. "United States Senate passes bill backing R.O.C. ICAO participation," *The China Post*, June 21, 2013, <<http://www.chinapost.com.tw/taiwan/foreign-community/2013/06/21/381716/United-States.htm>>.

27. Tony Liao, Angela Tsai, & Y. L. Kao, "U.S. president signs bill backing Taiwan's ICAO bid," *Focus Taiwan*, July 13, 2013, <<http://focustaiwan.tw/news/aip/201307130010.aspx>>.

28. "China opposes U.S. legislation on Taiwan's ICAO bid: spokeswoman," *People's*

the bill for two reasons. First, supporting Taiwan's international participation had been a long-time U.S. policy and signing the bill conformed to that policy. As U.S. president, he could not back down from a legitimate stance and antagonize Congress in response to pressure from China. Secondly, it was speculated that he had been displeased with Beijing's handling of the Snowden case and thus deliberately supported the bill to retaliate against China. No matter why he decided to support the bill, it definitely reduced Beijing's trust in the United States.

VI. China's Defense Minister Visiting the United States

China's new Defense Minister Chang Wanquan visited the United States in mid August, 2013. He first arrived in Hawaii and met with the commander of the U.S. Pacific Command, Admiral Samuel Locklear. Then he flew to Washington and was received by U.S. Secretary of Defense Chuck Hagel and new National Security Advisor Susan Rice, respectively. After meeting with Hagel, both sides agreed to hold a joint anti-piracy exercise near Somalia's waters and a joint humanitarian rescue exercise near Hawaii. As for engagements between high-ranking military officials, both sides agreed that U.S. Army Chief of Staff Gen. Raymond Odierno and U.S. Air Force Chief of Staff Gen. Mark Welsh will visit China this year. The PLAN Commander, Admiral Wu Shengli, will also visit the United States by the end of 2013. In 2014, Secretary Hagel will pay his first visit to China since taking office. Hagel and Chang also discussed the North Korean nuclear issue, and both sides agreed that North Korea should stop developing nuclear weapons. They also discussed the issue of cyber-security and agreed to tackle it together. Both sides

Daily online, July 16, 2013, <<http://english.peopledaily.com.cn/90777/8328984.html>>.

also agreed to set up a task group to work on other issues of mutual concern.

The visit by Chang to the United States was an extension of the cooperation promoted by Obama and Xi during the Sunnylands summit. For China, it is the military dimension of the new type of great power relations. The major purpose of Chang's trip to the United States was to promote this new type of military relations between the two countries.²⁹ As for the United States, the trip was meant to enhance mutual understanding, trust, and cooperation between the two countries' armies.³⁰ Therefore, the United States has actively promoted mutual visits of high-ranking military officials, joint exercises, and CBMs between the two countries. In order to enhance mutual trust, the United States purposefully arranged for Chang to visit the U.S. Northern Command located in Colorado. This was the first time a high-ranking Chinese military official visited such an important military institute. The U.S. also reaffirmed its invitation to the People's Liberation Army (PLA) to participate for the first time in the Rim of Pacific Exercise (RIM PAC) in 2014, a U.S.-led joint exercise of navies from more than 20 Asia-Pacific countries. In the joint press conference, Secretary Hagel stated that both sides wanted to build up a sustained and substantive military-to-military relationship and to enhance the connection between the two largest economies in the world.³¹

29. Chen Weihua & Zhao Yanrong, "China defense chief in DC," *China Daily*, August 19, 2013, <http://usa.chinadaily.com.cn/2013-08/19/content_16903777.htm>.

30. Richard Weitz, "Chinese Defense Minister's Visit Boosts Bilateral Military Ties," *CHINA-US Focus*, August 24, 2013, <<http://www.chinausfocus.com/peace-security/chinese-defense-ministers-visit-boosts-bilateral-military-ties/>>.

31. "US, China Defense Chiefs Pledge Heightened Military Cooperation," *Voice of America*, August 19, 2013, <<http://www.voanews.com/content/us-china-defense-chiefs-pledge-heightened-military-cooperation/1732719.html>>.

However, divergence and mistrust still remained after the meeting. In the press conference, Chang stated that the enhancement of military capabilities by the United States through joint military exercises with its allies had complicated the security situation in the Asia-Pacific, and that he hoped that the goal of the United States' rebalancing strategy was not to weaken China.³² The United States had advertised that its rebalancing strategy was not meant to contain China. Chang's statements revealed that Beijing, nevertheless, still had reservations about U.S. intentions. As for the disputes over the East China Sea and South China Sea, their stances also remained different. Hagel told Chang that the United States had no specific stance on the sovereignty disputes in these areas but insisted on their peaceful resolution. Chang replied that China would not trade its core interests with other countries, and that no one should underestimate China's resolution to defend its territorial and maritime sovereignty.³³ Chang's reply revealed that China would continue its assertive actions vis-à-vis Japan, the Philippines, and Vietnam.³⁴ Concerning Internet security, Chang repeated Xi's stance during the Sunnylands summit that China was also a victim of Internet attacks and opposed any double standard on this issue.

32. Teddy Ng, "US 'pivot' must not target China, defence minister warns," *South China Morning Post*, August 21, 2013, <<http://www.scmp.com/news/china/article/1298248/us-pivot-must-not-target-china-defence-minister-chang-wanquan-warns>>.

33. "China will defend its maritime rights — defense minister," *Inquirer News*, August 20, 2013, <<http://newsinfo.inquirer.net/469537/china-will-defend-its-maritime-rights-defense-minister>>.

34. Jane Perlez, "Chinese, With Revamped Force, Make Presence Known in East China Sea," *The New York Times*, July 27, 2013, <http://www.nytimes.com/2013/07/28/world/asia/chinese-with-revamped-force-make-presence-known-in-east-china-sea.html?partner=rssnyt&emc=rss&_r=1&>>.

Not surprisingly, Chang again raised the issue of U.S. arms sales to Taiwan during his meeting with his U.S. counterpart. However, it has surprised Taiwan and many observers that Chang, in his talk with Hagel, stated that China was willing to adjust its cross-strait military deployment if the United States would cease selling weapons to Taiwan.³⁵ According to the Chinese official, Xi had also suggested a similar deal to Obama, but the U.S. side did not accept it. Beijing has considered the U.S. arms sales to Taiwan as serious interference in its sovereignty and a major obstacle to its unification with Taiwan. It has tried every means to halt U.S. arms sales to Taiwan. It was obvious that China was trying to utilize the improved U.S.-China military relations to influence U.S. arms sales to Taiwan.³⁶ However, the Obama administration turned down this proposal again.³⁷ The State Department quickly made it clear that the United States would stick to its one China policy and continue to sell defensive weapons deemed necessary to Taiwan according to the *Taiwan Relations Act*. The Obama administration made that decision for several reasons. First, the decision on whether to sell weapons to Taiwan was a matter of U.S. policy and should not be influenced by China. Secondly, the U.S. would lose credit in the eyes of its Asian allies if it traded with China on arms sales to Taiwan. Thirdly, the Obama administration truly believes that providing defensive weapons will help protect Taiwan's security and enhance its confidence in engaging with China.

35. "Beijing urges US to stop arms sales to Taiwan," *Want China Times*, August 23, 2013, <<http://www.wantchinatimes.com/news-subclass-cnt.aspx?id=20130823000080&cid=1101>>.

36. Tony Liao & Sofia Wu, "U.S. arms sales policy to resist Chinese pressure: academic," *Focus Taiwan*, August 23, 2013, <<http://focustaiwan.tw/news/aip/201308230015.aspx>>.

37. "US-China panel won't discuss Taiwan arms sales: US," *The China Post*, August 23, 2013, <<http://www.chinapost.com.tw/taiwan/foreign-affairs/2013/08/23/387129/US-China-panel.htm>>.

The U.S. response surely disappointed Beijing and will continue to impede the development of U.S.-China relations.

However, the Chinese official conveyed that Beijing still considered Chang's visit to the United States as successful because it led to concrete cooperation and provided China with an opportunity to reiterate its thoughts on the major obstacles to U.S.-China relations.

VII. Evaluating the U.S.-China Relations after the Summit

The meeting between Obama and Xi at Sunnylands revealed their intention to improve and strengthen U.S.-China relations. The emerging China has really constituted a challenge to the leadership status of the United States and the security situation in the Asia-Pacific. Even so, the countries do not want conflict with each other.³⁸ China is still a developing country and has a lot of domestic problems that need to be solved. Its military capability is also much weaker than that of the United States. As for the United States, it needs to strengthen its stagnant economy and handle many international issues, for example, the recovery of the global economy, the North Korean nuclear threat, international terrorism, the Syria crisis, and other non-traditional threats. As long as China does not deliberately challenge U.S. leadership or change the status quo, the United States need not contain or suppress it. The United States wants to have a peaceful and cooperative relationship with China even under its rebalancing strategy.³⁹ In a word, the two

38. Richard C. Bush, "US-China New Pattern of Great-Power Relations," *PacNet*, No. 40A, June 12, 2013, *CISI*, <<http://csis.org/files/publication/Pac1340A.pdf>>.

39. Office of the Press Secretary, "Remarks By Tom Donilon, National Security Advisor to the President: 'The United States and the Asia-Pacific in 2013'," *The White House*, March 11, 2013, <<http://www.whitehouse.gov/the-press-office/2013/03/11/remarks-tom-donilon-national-security-advisory-president-united-states-a>>.

large countries have no intention to be each other's enemies since the cost of conflict is too high to be afforded. Therefore, the two leaders held a summit to fully exchange views on their bilateral relations and international affairs, hoping to increase mutual understanding, trust, and cooperation. Even though they intended to create a positive relationship, they were constrained by objective differences in ideology, security strategy, and national interests between the two countries.⁴⁰ The Sunnylands summit only achieved the goal of exchanging viewpoints, increasing mutual understanding and limited trust, and arriving at some cooperation. The divergence between the two countries was not completely resolved, and trust between them was also not fully created.

U.S.-China relations since the Sunnylands summit have exhibited the same tendency. The S&ED and its abundant outcomes showed that the two countries share many interests and are very willing to realize those interests through expanded cooperation. The continuous mutual visits between high-ranking military officials, including the recent visit by Chang Wanquan to the United States, have shown that the two countries are enhancing military relations, which are a critical part of the cooperative relations between the two countries. The decrease in their strategic suspicion and increase in military trust will substantively help to stabilize and improve U.S.-China relations. The continuous joint exercises conducted by the United States and its allies including Japan have revealed that the Obama administration still considers China as a potential competitor in the Asia-Pacific.

40. Richard Weitz, "New Chinese Thinking on Sino-U.S. Relations?" *China Brief*, Vol. 13, Issue 15, July 26, 2013, *The Jamestown Foundation*, <http://www.jamestown.org/programs/chinabrief/single/?tx_ttnews%5Btt_news%5D=41181&tx_ttnews%5BbackPid%5D=25&cHash=4bf36cb832be153c1e306c098fb40b87#.UjJ-G-C75q7>.

The Obama administration has been conducting a hedge strategy to deal with a rising China. The United States has to strengthen military cooperation with its allies in order to balance China's rising military power and engage with it at the same time.⁴¹ Regarding the territorial disputes in the East China Sea and the South China Sea, the United States basically has stood with its allies by proclaiming that a peaceful resolution must be achieved. However, China has considered those disputed territories as its core interests and will take necessary measures to safeguard them. The two countries will inevitably confront each other on these issues. The Taiwan issue has also constituted a similar challenge for U.S.-China relations. The United States' support for Taiwan's international participation and arms sales to Taiwan will remain challenges to China's core interests. The United States will continue to implement its one China policy and will inevitably have friction with China over Taiwan. The Snowden episode has revealed that each side still captures required information from the other through the Internet. The cyber-intrusion issue remains a sensitive issue that needs to be resolved by the two countries.

In sum, U.S.-China relations and trust have been improving gradually since the Sunnylands summit. However, many divergences between the two sides still exist and need to be overcome. Since these disputes are not easy to solve quickly, their relations will continue to be cooperative, competitive, and sometimes confrontational. As for Taiwan's interests, it should welcome the U.S. rebalancing strategy because it will enhance stability and security in the Asia-Pacific, and should continue to strengthen U.S.-Taiwan relations. Taiwan need not oppose the improvement in U.S.-China relations, but

41. Ryan McClure, "A New Type of U.S.-China Military Relationship," *The Diplomat*, September 11, 2013, <<http://thediplomat.com/china-power/a-new-type-of-us-china-military-relationship>>.

it should let the two countries know that this improvement should not be achieved at the expense of its interests.

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