U.S.-China Relations: An Overview of Policy Issues

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Summary

The United States relationship with China touches on an exceptionally broad range of issues, from security, trade, and broader economic issues, to the environment and human rights. Congress faces important questions about what sort of relationship the United States should have with China and how the United States should respond to China's "rise." After more than 30 years of fast-paced economic growth, China's economy is now the second-largest in the world after that of the United States. With economic success, China has developed significant global strategic clout. It is also engaged in an ambitious military modernization drive, including development of extended-range power projection capabilities. At home, it continues to suppress all perceived challenges to the Communist Party's monopoly on power.

In previous eras, the rise of new powers has often produced conflict. China's new leader Xi Jinping has pressed hard for a U.S. commitment to a "new model of major country relationship" with the United States that seeks to avoid such an outcome. The Obama Administration has repeatedly assured Beijing that the United States "welcomes a strong, prosperous and successful China that plays a greater role in world affairs," and that the United States does not seek to prevent China's re-emergence as a great power. China, for its part, has pledged to follow "the path of peaceful development." Washington has wrestled, however, with how to engage China on issues affecting stability and security in the Asia-Pacific region. Issues of concern for Washington include the intentions behind China's military modernization program, China's use of its paramilitary forces and military in disputes with its neighbors over territorial claims in the South China Sea and East China Sea, and its continuing threat to use force to bring Taiwan under its control. With U.S.-China military-to-military ties improving but still fragile, Washington has struggled to convince Beijing that the U.S. policy of rebalancing toward the Asia Pacific is not intended to contain China. The two countries have cooperated, with mixed results, to address nuclear proliferation concerns related to Iran and North Korea.

While working with China to revive the global economy, the United States has also wrestled with how to persuade China to address economic policies the United States sees as denying a level playing field to U.S. firms trading with and operating in China. High on the U.S. agenda is commercial cyber espionage that the U.S. government says appears to be directly attributable to official Chinese actors. Other economic concerns for the United States include China's apparent backsliding on its World Trade Organization commitments, its weak protections for intellectual property rights, and its currency policy. In recent months, the United States has strengthened cooperation with China on efforts to combat climate change, while continuing to work with China on the development of clean energy technologies. Human rights remains one of the thorniest areas of the relationship, with the United States pressing China to ease restrictions on freedom of speech, internet freedom, religious expression, and ethnic minorities, and China's leaders suspicious that the United States' real goal is to end Communist Party rule.

This report opens with an overview of the U.S.-China relationship, recent developments in the relationship, Obama Administration policy toward China, and a summary of legislation related to China in the 113th Congress. The report then reviews major policy issues in the relationship. Throughout, the report directs the reader to other CRS reports for more detailed information about individual topics. This report will be updated periodically. A detailed summary of 113th and 112th Congress legislative provisions related to China is provided in appendices.

Contents

Tables

Appendixes

Contacts

Overview of U.S.-China Relations

As China's economic and strategic clout has grown over the last three decades, the United States' relationship with China has expanded to encompass a broad range of global, regional, and bilateral issues. With China's economy now the second largest in the world, Washington seeks Beijing's cooperation in rebalancing the global economy and sustaining global growth. It hopes that China, a fellow permanent member of the United Nations Security Council, will help block the nuclear ambitions of Iran and North Korea and assist in resolving the crisis in Syria. The United States also seeks to encourage China to contribute to peace and stability in the Asia-Pacific, including in the Taiwan Strait, the South China Sea, and the East China Sea. With the United States focused on restoring its economic strength, Washington is seeking to achieve a so-called level playing field for U.S. firms that trade with and operate in China; to address cyber intrusions allegedly originating from China that target commercial and military secrets; and to stem violations of U.S. intellectual property rights in China. With the United States and China now the two largest emitters of greenhouse gases, Washington seeks Beijing's cooperation in addressing climate change. Finally, while engaging with China's authoritarian Communist government, the United States also seeks to promote human rights and the rule of law in China, including in the ethnic minority regions of Tibet and Xinjiang.

Hanging over the relationship is the larger question of whether, as China grows in economic and military power, the United States and China can manage their relationship in such a way as to avoid debilitating rivalry and conflict that have accompanied the rise of new powers in previous eras. On a visit to the United States in February 2012, Xi Jinping, who became China's top leader later in the year, said he had reached a consensus with President Obama and Vice President Biden that the two countries would establish a "new path of cooperative partnership between major countries featuring harmonious coexistence, sound interactions and win-win cooperation."[1] Some principles for this "new model" of U.S.-China relationship are already in place. The Obama Administration has repeatedly assured China that it "welcomes a strong, prosperous and successful China that plays a greater role in world affairs," and China has stated that it "welcomes the United States as an Asia-Pacific nation that contributes to peace, stability, and prosperity in the region."[2] But building a relationship that avoids rivalry and conflict remains a work in progress. Many observers in both Washington and Beijing note deep mistrust on both sides of the U.S.-China relationship. They note, too, that even as the United States talks of a "new model of cooperation" with China, it is simultaneously implementing a strategic rebalancing to the Asia-Pacific designed, in part, to reassure Asian nations concerned about the strategic implications of China's growing power in the region. (See "Forging a "New Model of Cooperation" and "The Policy of Strategic Rebalancing to the Asia-Pacific" below.)

Xi and his Chinese leadership colleagues assumed their Communist Party posts at the Party's 18th Congress in November 2012, and added other posts, in Xi's case the state presidency, at the opening session of the 12th National People's Congress in March 2013. Xi is expected to serve as president for two five-year terms, until 2023. In their early months in office, Xi and his colleagues have signaled a strong desire to strengthen the U.S.-China relationship. Xi quickly accepted President Obama's invitation to the June 2013 presidential summit, which offered the opportunity for extended conversation but none of the pomp and circumstance that Chinese leaders have often demanded for their visits to the United States. China's new leaders have shown

[1] The White House, "Remarks by Vice President Biden and Chinese Vice President Xi at the State Department Luncheon," press release, February 14, 2012, http://www.whitehouse.gov/photos-and-video/video/2012/02/14/president-obama-s-bilateral-meeting-vice-president-xi-china#transcript.

[2] Both statements are contained in Joint Statements between the two governments issued in 2009 and 2011.

greater willingness to pressure North Korea over its nuclear program. They have agreed to enter into a phase of "substantive" negotiations with the United States over a bilateral investment treaty, dropping some conditions that had stalled negotiations in the past. With the U.S. government charging that cyber intrusions into U.S. government and private networks are attributable to official Chinese actors, they agreed to establish a high-level working group on cybersecurity. They have also committed China's military to an ambitious schedule of high-level exchanges and modest operational cooperation with the United States military. China has agreed to work with the United States to combat global climate change by reducing the consumption and production of hydrofluorocarbons (HFCs),[3] and signed on to a significant joint statement on climate change.[4]

Nonetheless, the U.S.-China relationship remains dogged by long-standing mutual mistrust. That mistrust stems in part from the two countries' very different political systems. Many in the United States are uncomfortable with China's authoritarian system of government and sometimes brutal suppression of dissent and see continued Communist Party rule in a post-Cold War world as an anachronism. Some in China believe that when the United States presses China to ease restrictions on freedom of speech and internet freedom, improve its treatment of religious practitioners and ethnic minorities, and respect the legal rights of its citizens, the United States' real goal is to destabilize China and push the Communist Party from power.

Although the U.S. and Chinese economies are heavily interdependent, with two-way trade of $536 billion in 2012, the two countries' different economic models have contributed to mistrust. The state plays a major role in the Chinese economy and state-owned corporations dominate the ranks of China's biggest businesses. Unlike the U.S. economy, China's economy has also in recent decades depended heavily on exports and investment, rather than consumption, for growth. Points of contention in the bilateral economic relationship include the United States' allegations of Chinese cyberespionage targeting U.S. corporations and government agencies, the related issue of China's inability or unwillingness to prevent violations of foreign intellectual property by Chinese entities, Chinese policies that appear to discriminate against foreign firms, and China's currency policy. For their part, PRC officials have criticized the United States for its high levels of consumption, long-term debt, expansionary monetary policy, and alleged barriers to Chinese investment in the United States.

Mistrust is particularly pronounced on security matters. The U.S. government sees China's military modernization as aimed, in part, at constraining the U.S. military's freedom of movement in Asia and deterring U.S. intervention in the event of Chinese use of force against Taiwan. An immediate concern is that China's use of coercion in disputes with its neighbors over territory in the East China Sea and the South China Sea could undermine the stability upon which the prosperity of the region depends. For their part, some in China's government have been unnerved by the late 2011 announcement of a U.S. policy of strategic rebalancing toward Asia, seeing it as emboldening China's rivals in territorial disputes and seeking to constrain the activities of the Chinese military. The most long-standing source of grievance for China on the security side of the bilateral relationship is U.S. policy toward Taiwan, which many in China see as intended to thwart the PRC's unification with Taiwan, a cherished PRC goal.

[3] The White House Office of the Press Secretary, "United States and China Agree to Work Together on Phase Down of HFCs," press release, June 8, 2013, http://www.whitehouse.gov/the-press-office/2013/06/08/united-states-and-china-agree-work-together-phase-down-hfcs.

[4] Department of State, "Joint U.S.-China Statement on Climate Change," press release, April 13, 2013, http://www.state.gov/r/pa/prs/ps/2013/04/207465.htm.

Recent Developments

June 7-8, 2013: The Presidential Summit in Rancho Mirage, CA

As noted above, President Obama and China's President Xi met June 7-8, 2013, for an unusual informal-style summit at the Sunnylands Estate in Rancho Mirage, CA. It was their first face-to-face meeting since Xi took office as General Secretary of China's Communist Party in November 2012 and as State President in March 2013. Without the rapidly arranged summit, the two presidents would not have been scheduled to meet until the G-20 meeting in St. Petersburg, Russia, in September 2013. The two men held nearly eight hours of discussions over the two days, a length of time that allowed them to explore a wide range of topics. For the Obama Administration, one highlight of the meeting was what then-National Security Advisor Tom Donilon described as "quite a bit of alignment" in the two leaders' positions on North Korea's nuclear program. After the summit, Donilon also reported that China now "acknowledged" U.S. concerns about what Donilon termed "cyber-enabled economic theft" by entities in China.[5] In addition, the two sides announced at the summit the agreement to work together and with other countries to reduce their production and consumption of hydrofluorocarbons (HFCs), greenhouse gases that contribute to climate change.

May 20-June 23, 2013: Reported Leaks Involving Intelligence Collection Programs and Hong Kong

In an interview with Britain's Guardian newspaper released on June 8, 2013, Edward Snowden, a former contractor for the National Security Agency, claimed responsibility for leaks to the paper of classified information about U.S. government intelligence collection programs. He also revealed that he was in the Chinese Special Administrative Region (SAR) of Hong Kong, having flown there from his home in Hawaii on May 20, 2013.[6] The United States government subsequently requested that the Hong Kong government arrest Snowden. According to White House spokesman Jay Carney, Hong Kong authorities acknowledged receipt of the U.S. request on June 17, 2013, and then, on June 21, 2013, requested additional information about the U.S. charges. While the U.S. government was "in the process of responding" to the request for additional information, and after the United States government had informed Hong Kong that it had revoked Snowden's U.S. passport, according to Carney, Hong Kong authorities on June 23, 2013, allowed Snowden to board a commercial flight to Moscow, apparently honoring a temporary travel pass provided to Snowden by the consul at the Embassy of Ecuador in London.[7]

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[5] The White House Office of the Press Secretary, "Press Briefing by National Security Advisor Tom Donilon," transcript, June 8, 2013, http://www.whitehouse.gov/the-press-office/2013/06/09/press-briefing-national-security-advisor-tom-donilon.

[6] Glenn Greenwald, Ewen MacAskill, and Laura Poitras, "Edward Snowden: The Whistleblower Behind the NSA Surveillance Revelations," *The Guardian*, June 8, 2013, http://www.guardian.co.uk/world/2013/jun/09/edward-snowden-nsa-whistleblower-surveillance. For additional information, see Office of the Director of National Intelligence, *DNI Statement on Recent Unauthorized Disclosures of Classified Information*, June 6, 2013, http://www.dni.gov/index.php/newsroom/press-releases/191-press-releases-2013/868-dni-statement-on-recent-unauthorized-disclosures-of-classified-information.

[7] Rory Carroll, "Ecuador Says It Blundered over Snowden Travel Document: Ecuador's President Reveals the Whistleblower Was Granted a Temporary Travel Card at 4am 'Without Authorisation or Validity'," *The Guardian*, July 2, 2013, http://www.guardian.co.uk/world/2013/jul/02/ecuador-rafael-correa-snowden-mistake?

Carney indicated that the White House believed the Chinese central government in Beijing was involved in the decision to allow Snowden to leave Hong Kong. "[W]e are just not buying that this was a technical decision by a Hong Kong immigration official," Carney told reporters. "This was a deliberate choice by the government to release a fugitive despite a valid arrest warrant, and that decision unquestionably has a negative impact on the U.S.-China relationship."[8] A series of Administration officials have since professed themselves "disappointed" by China's handling of the case."[9] According to Chinese State Councilor Yang Jiechi, "The Hong Kong SAR government has handled the Snowden case in accordance with law, and its approach is beyond reproach."[10]

For more information, see CRS Report R43134, *NSA Surveillance Leaks: Background and Issues for Congress*, by Marshall Curtis Erwin and Edward C. Liu.

July 10-11, 2013: The 5th Round of the U.S.-China Strategic and Economic Dialogue

The fifth round of the two countries' premier dialogue mechanism, the Strategic and Economic Dialogue (S&ED), took place in Washington, DC, on July 10 and 11, 2013. It was preceded by the third meeting of the bilateral Strategic Security Dialogue on July 9, and by the first meeting of the two countries' new Cybersecurity Working Group on July 8. This round of the S&ED was presided over by new co-chairs from each government, reflecting the recent political transitions in each country. One notable outcome of the dialogue, among many dozens of outcomes reported, was China's announced interest in entering into the stage of "substantive" negotiations over a bilateral investment treaty (BIT) with the United States. Outcomes from the 5th Round of the S&ED are discussed in multiple sections of this report.

July 30-31, 2013: The 18th Session of the U.S.-China Human Rights Dialogue

The 18th session of the bilateral human rights dialogue opened in Kunming, the capital of China's Yunnan Province, on July 30, 2013. Acting Assistant Secretary for Democracy, Human Rights, and Labor Uzra Zeya led the U.S. delegation and Chinese Ministry of Foreign Affairs Department of International Organizations and Conferences Director-General Li Junhua led the Chinese delegation.[11]

For a list of select upcoming events in the bilateral relationship, see **Appendix C**.

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[8] The White House Office of the Press Secretary, "Daily Briefing by Press Secretary Jay Carney, 6/24/2013," transcript, June 24, 2013, http://www.whitehouse.gov/the-press-office/2013/06/24/daily-briefing-press-secretary-jay-carney-6242013.

[9] Defense Secretary Chuck Hagel, for example, stated, "We're very disappointed in the—in the Chinese government in how they've handled this. And it could have been handled a different way." Department of Defense, "Department of Defense Press Briefing by Secretary Hagel and Gen. Dempsey from the Pentagon Briefing Room," press release, June 26, 2013, http://www.defense.gov/transcripts/transcript.aspx?transcriptid=5265. Deputy Secretary of State William J. Burns stated that the United States was "very disappointed with how the authorities in Beijing and Hong Kong handled the Snowden case, which undermined our effort to build the trust needed to manage difficult issues." U.S. Department of State, "The U.S.-China Closing Statements for U.S-China Strategic and Economic Dialogue," press release, July 11, 2013, http://www.state.gov/s/d/2013/211850.htm.

[10] U.S. Department of State, "The U.S.-China Closing Statements for U.S-China Strategic and Economic Dialogue," press release, July 11, 2013, http://www.state.gov/s/d/2013/211850.htm.

[11] U.S. Department of State, press release, July 26, 2013, http://www.state.gov/r/pa/prs/ps/2013/07/212477.htm.

Obama Administration Policy on China

With some in the United States concerned that a rising China poses challenges to the U.S. economy and to U.S. global leadership, and with many in China believing that the United States feels threatened by China's growing economic and military might, President Obama has declared that the United States welcomes China's "peaceful rise." Meeting with his Chinese counterpart in June 2013, Obama stated that, "it is very much in the interest of the United States for China to continue its peaceful rise, because if China is successful, that helps to drive the world economy and it puts China in the position to work with us as equal partners in dealing with many of the global challenges that no single nation can address by itself."[12] Building on that belief, the Obama Administration has sought to expand cooperation with China on a wide range of issues, seizing opportunities for high-level bilateral meetings and adding to the existing plethora of bilateral dialogue mechanisms.

At the same time, the Administration's China policy has focused on ways to ensure that China's rise is, indeed, peaceful, and that it does not undermine the stability of the world's most economically dynamic region or the integrity of the international system. The Administration has sought to encourage China to abide by international norms, in part through engagement in multilateral fora. At the same time, the Administration has stepped up its engagement in Asia as part of its policy of strategic rebalancing, seeking to "give comfort to countries uncertain about the impact of China's rise and provide important balance and leadership," in the words of a former senior Obama Administration official.[13] The Administration has stated that human rights is a priority in the relationship, but some observers believe that U.S. government advocacy on rights issues has taken a back seat to the focus on trying to shape Chinese behavior in the economic, security, and environmental arenas.

Recognizing that China is more than the Chinese Communist Party and the government bureaucracy, the Administration has expanded its public diplomacy, particularly its electronic outreach, in order to engage more directly with the Chinese public. It has also overhauled its visa processing services, to facilitate more travel to the United States by Chinese officials and the Chinese public alike.

The Policy of Strategic Rebalancing to the Asia-Pacific

In the fall of 2011, the Obama Administration announced that with the wars in Iraq and Afghanistan winding down, the United States was, in President Obama's words, "turning our attention to the vast potential of the Asia Pacific region."[14] Then-Secretary of State Hillary Clinton described economics as a major motivation for the rebalancing, writing that, "Open markets in Asia provide the United States with unprecedented opportunities for investment, trade, and access to cutting edge technology," and arguing that, "Our economic recovery at home will depend on exports and the ability of American firms to tap into the vast and growing consumer

[12] The White House Office of the Press Secretary, "Remarks by President Obama and President Xi Jinping of the People's Republic of China After Bilateral Meeting," transcript, June 8, 2013, http://www.whitehouse.gov/the-press-office/2013/06/08/remarks-president-obama-and-president-xi-jinping-peoples-republic-china-.

[13] Jeffrey A. Bader, *Obama and China's Rise: An Insider's Account of America's Asia Strategy* (The Brookings Institution, 2012), p. 4.

[14] The White House Office of the Press Secretary, "Remarks by President Obama to the Australian Parliament," press release, November 16, 2012.

base in Asia."[15] Another major motivation for the rebalance was the desire to shape the development of norms and rules in the Asia-Pacific and, although articulated less explicitly, to shape China's choices as a rising power, while offering reassurance to China's neighbors through intensive U.S. engagement in the region.

The military component of the Administration's rebalancing strategy was outlined in a January 2012 Defense Strategic Guidance.[16] The Guidance described plans to strengthen U.S. treaty alliances in the region—with Japan, South Korea, Australia, the Philippines, and Thailand—and to expand cooperation with "emerging partners" in order to "ensure collective capability and capacity for securing common interests." The Guidance specifically stated that the United States was "investing in a long-term strategic partnership with India"—a country with which China fought a war in 1962 and with which China continues to have territorial disputes and a wary relationship—"to support its ability to serve as a regional economic anchor and provider of security in the broader Indian Ocean region." In a paragraph related to China, the document pledged that the United States would work with its allies and partners "to promote a rules-based international order that ensures underlying stability and encourages the peaceful rise of new powers, economic dynamism, and constructive defense cooperation." Chinese commentators quickly noted that the document grouped China and Iran together as countries that "will continue to pursue asymmetric means to counter our power projection capabilities.... "

Under the rebalancing policy, the Administration has announced a series of moves including new troop rotations to Australia, naval deployments in Singapore, and military engagements with the Philippines; stepped up its engagement with regional multilateral institutions; expanded relations with such "emerging powers" as India, Indonesia, and Vietnam; pursued a new relationship with Burma; and pushed to expand free trade with Asian nations through the Trans-Pacific Partnership (TPP). Confirming the Administration's continued commitment to the rebalancing at the start of President Obama's second term, then-National Security Advisor Thomas Donilon stated in November 2012 that the vision for Asia driving the rebalancing strategy was for a region "where the rise of new powers occurs peacefully, [where] the freedom to access the sea, air, space, and cyberspace empowers vibrant commerce, where multinational forums help promote shared values, and where citizens increasingly have the ability to influence their governments, and universal human rights are upheld.... "[17]

A common criticism of the rebalancing policy is that it may be unnecessarily antagonizing China while leading U.S. allies and partners—among them the Philippines, Japan, and Vietnam—to believe that they have more U.S. support in their disputes with China than the United States is actually prepared to offer. Those who subscribe to this criticism believe that the rebalancing is over-focused on military elements and may be eroding already limited U.S.-China strategic trust and feeding regional instability, rather than minimizing it.[18] Other critics suggest that the military side of the rebalancing may be insufficiently robust, resulting in a U.S. policy that is the

[15] Hillary Clinton, "America's Pacific Century," *Foreign Policy*, November 2011.

[16] U.S. Department of Defense, *Sustaining U.S. Global Leadership: Priorities for 21st Century Defense*, Washington, DC, January 2012.

[17] U.S. National Security Adviser Thomas Donilon, *President Obama's Asia Policy and Upcoming Trip to the Region*, Center for Strategic and International Studies (CSIS), November 15, 2012, http://csis.org/files/attachments/121511_Donilon_Statesmens_Forum_TS.pdf.

[18] Robert S. Ross, "Obama's New Asia Policy Is Unnecessary and Counterproductive," *Foreign Affairs*, vol. 91, no. 6 (November/December 2012), pp. 70-82.

equivalent of "speak loudly and carry a shrinking stick."[19] (For discussion of China's reaction to the rebalance, see below, "China's Reaction to U.S. Strategic Rebalancing to the Asia-Pacific".)

For more information, see CRS Report R42448, *Pivot to the Pacific? The Obama Administration's "Rebalancing" Toward Asia*, coordinated by Mark E. Manyin.

Forging a "New Model of Cooperation"

According to one scholar, "In 11 of 15 cases since 1500 in which a rising power rivaled a ruling power, the outcome was war."[20] Mindful of that history, China's new top leader, President Xi Jinping, has pressed for a U.S. commitment to a "new model" of U.S.-China relationship that explicitly seeks to avoid strategic rivalry or conflict between a rising China and this era's established power, the United States. The desire for such a commitment appears to reflect President Xi's concern that facing myriad challenges at home, including a slowing economy and dangerously high levels of local government debt, China cannot afford debilitating rivalry with the United States. Talk of the "new model" relationship has come to dominate Chinese discourse about the relationship with the United States, with Chinese elites deriving reassurance about U.S. intentions from reported high-level U.S. agreement on the concept. The "new model" language is less prominent in U.S. discourse about the relationship with China, with senior U.S. officials sometimes portraying the concept as a Chinese proposal about which the United States still has questions, creating a potentially significant gap in expectations.[21]

As noted above, on a visit to the United States as vice president in February 2012, Xi reported that he had reached "important consensus" with his hosts, President Obama and Vice President Biden, that the two countries should "open a new path of cooperative partnership between major countries featuring harmonious coexistence, sound interactions and win-win cooperation."[22] Following his summit meeting with President Obama in June 2013, Xi re-stated the concept, saying that, "China and the United States must find a new path—one that is different from the inevitable confrontation and conflict between the major countries of the past. And that is to say

[19] Bruce Klingner and Dean Cheng, "U.S. Asian Policy: America's Security Commitment to Asia Needs More Forces," The Heritage Foundation, August 7, 2012.

[20] Graham T. Allison, "Obama and Xi Must Think Broadly to Avoid a Classic Trap," *The New York Times*, June 6, 2013.

[21] At a briefing before the opening of the 5th Round of the Strategic and Economic Dialogue in July 2013, for example, a senior Administration official, speaking on background, responded to a question about the "new model" relationship by saying, "We have in a number of senior-level discussions over the last few months heard the Chinese talk about a new type of relationship.... I think it's important to ask the Chinese side what they—how they would define this expression.... [I]f we are going to establish a new type of relationship, what we would like to see is something more concrete in terms of cooperation.... [W]e understand the Chinese side has an interest in realizing a new type of relationship. But the key for us is to find a way to do that and to build confidence between our two sides so we can actually achieve what we hope to." U.S. Department of State, "Background Briefing on the Upcoming Strategic and Economic Dialogue and U.S.-China Relations," transcript, July 8, 2013, http://www.state.gov/r/pa/prs/ps/2013/07/211606.htm.

[22] The White House, "Remarks by Vice President Biden and Chinese Vice President Xi at the State Department Luncheon," press release, February 14, 2012, http://www.whitehouse.gov/photos-and-video/video/2012/02/14/president-obama-s-bilateral-meeting-vice-president-xi-china#transcript. In the months after Xi's 2012 visit to the United States, English-language commentaries in official Chinese news outlets often described the relationship that China sought with the United States as a "new type of great power relations." China has now dropped that translation, using the term "major country relationship" instead of "great power relations." The Chinese phrase, "xin xing da guo guanxi" (新型大国关系), has remained constant. See, for example, "Building New Type of Great Power Relations Between China, US," *People's Daily Online*, November 16, 2012, http://english.peopledaily.com.cn/90883/8022064.html.

the two sides must work together to build a new model of major country relationship based on mutual respect and win-win cooperation."[23] President Obama used language that seemed to echo Xi's before the start of the June 2013 summit, when he said that he saw the meeting as an opportunity to discuss "how we can forge a new model of cooperation between countries based on mutual interest and mutual respect."[24] Senior Chinese officials described the two presidents as having "reached an important agreement" at the summit to work toward the new model of relationship, and asserted that this reported agreement has "charted the course" for the future of the relationship.[25]

While both countries share a goal of a relationship that avoids conflict, U.S. officials have so far offered only general principles as a guide to forging such a relationship. Fielding a question about the concept during a background briefing before the June 2013 presidential summit, one senior Obama Administration official suggested that the key would be having "the ability to work well in some areas even when we're in competition or have strong differences in other areas." The official cited the example of recent "constructive cooperation" with China on North Korea at the same time as the United States was raising concerns with China about official Chinese actors' alleged involvement in cyber-enabled theft of U.S. commercial information. Another senior Administration official, speaking on background during the same briefing, suggested that forging such a relationship would require having "bilateral mechanisms" in place to allow the two countries "to deal with the greatest sources of instability and competition that could take this relationship down the pathway toward rivalry."[26]

For China, the new model of relationship involves more specific commitments. According to China's top diplomat, State Councilor Yang Jiechi, at the June 2013 summit, President Xi summed up the meaning of the new model of relationship for President Obama in three sentences: "seek no conflicts and no confrontation," "have respect for each other," and "conduct cooperation for win-win results." Yang explained that "have respect for each other" meant that the two countries should "respect each other's social system and development road, respect each other's core interests and significant concerns, and make common progress through seeking common points while reserving differences."[27]

Acquiescing to China's demand for "respect" on those terms would require a major reorientation of U.S. policy. China routinely uses the language of "social system and development road" to refer to Chinese Communist Party rule. China's demand for such respect would thus need to be reconciled with the United States' longstanding commitment to democracy promotion and universal human rights. China has defined its "core interests," meanwhile, to include not just maintaining Communist Party rule, but also safeguarding China's "sovereignty and security, territorial integrity, and national unity," and sustaining China's economic and social

[23] The White House Office of the Press Secretary, "Remarks by President Obama and President Xi Jinping of the People's Republic of China After Bilateral Meeting," transcript, June 8, 2013, http://www.whitehouse.gov/the-press-office/2013/06/08/remarks-president-obama-and-president-xi-jinping-peoples-republic-china-.

[24] The White House Office of the Press Secretary, "Remarks by President Obama and President Xi Jinping of the People's Republic of China Before Bilateral Meeting," transcript, June 7, 2013.

[25] See remarks by Vice Premier Wang Yang and State Councilor Yang Jiechi, in U.S. Department of State, "U.S.-China Strategic and Economic Dialogue Joint Opening Session," transcript, July 10, 2013, http://www.state.gov/secretary/remarks/2013/07/211773.htm.

[26] The White House Office of the Press Secretary, "Background Conference Call by Senior Administration Officials on the President's Meetings with President Xi Jinping of China," transcript, June 4, 2013, http://www.whitehouse.gov/the-press-office/2013/06/04/background-conference-call-senior-administration-officials-presidents-me.

[27] Yang Jiechi's Remarks on the Results of the Presidential Meeting between Xi Jinping and Obama at the Annenberg Estate, press release, June 9, 2013, http://www.fmprc.gov.cn/eng/zxxx/t1049263.shtml.

development.[28] Sovereignty, China has made clear, refers not just to the People's Republic of China's sovereignty over the mainland China, but also the PRC's claims to sovereignty over Taiwan and disputed maritime territories in the South China Sea and the East China Sea. China's quest for U.S. respect for its core interests thus potentially challenges:

- U.S. commitments to Taiwan as described in the Taiwan Relations Act (P.L. 96-8);
- the U.S. security treaty commitment to ally Japan over islets in the East China Sea whose sovereignty is disputed among Japan, China, and Taiwan;
- U.S. support for treaty ally the Philippines, which is involved in territorial disputes with China; and,
- in the case of Chinese use of force to assert its sovereignty claims, the U.S. "national interest" in peace and stability, respect for international law, freedom of navigation, and unimpeded lawful commerce in the South China Sea, where China is involved in territorial disputes with multiple countries.

Finally, China frequently uses the term "national unity" in the context of Tibetan areas of China and the Xinjiang region in China's northwest. In seeking respect for China's core interests, including safeguarding national unity, China may hope, therefore, that the U.S. government will refrain from speaking out about conditions in Tibet and Xinjiang, and foreswear meetings with Tibet's exiled spiritual leader, the Dalai Lama, whom China accuses of advocating for Tibetan independence.

Notably, although China has proposed that the United States and China respect each other's "core interests," the United States has never explicitly defined its "core interests," raising questions about what China considers them to be.

Bilateral Engagement

The pace of U.S.-China bilateral interaction at the most senior level has increased dramatically in recent years. In the 30 years from 1979, the year the United States and China established diplomatic relations, until the Obama Administration took office in January 2009, the top leaders of the United States and China met 24 times. In the first term of the Obama Administration alone, President Obama and his then-counterpart, Chinese President Hu Jintao, met 12 times. The greater frequency of meetings is related in large part to expanded opportunities to meet on the sidelines of multilateral meetings. At one time, the only multilateral meetings regularly attended by the leaders of both countries were annual meetings of the United Nations General Assembly and, starting in 1993, Asia Pacific Economic Cooperation (APEC) Leaders' Meetings. Today, the two countries' leaders also meet at G-20 summits, nuclear security summits, and since 2012, at East Asia Summits. Exchanges of visits also happen with more frequency now than in the past. President Obama visited China in his first year in office, in 2009, and President Hu made a state visit to the United States in January 2011. Their vice presidents, Joe Biden and Xi Jinping, exchanged visits in 2011 and 2012. The first meeting between President Obama and Xi Jinping since Xi became China's President in March 2013 took place June 7-8, 2013, in California.

[28] Dai Bingguo, "Persisting with Taking the Path of Peaceful Development," Review Volume on "Chinese Communist Party Central Committee's Suggestions on Setting the Twelfth Five Year Plan for the National Economy and Social Development," December 6, 2010.

A hallmark of the U.S.-China relationship under the Obama Administration has been the proliferation of bilateral dialogue mechanisms, building on an already robust set of dialogues inherited from the George W. Bush Administration. The U.S. government has not published a comprehensive list, but the Chinese government and state media refer to China and the United States being involved in "over 90" bilateral dialogue and consultation mechanisms.[29] The Obama Administration argues that the dialogues allow U.S. and Chinese officials to understand each other's positions better on a wide range of issues, a first step to finding areas of common interest and managing differences. Dialogue on strategic issues remains limited, however, with U.S. officials sometimes complaining that even at the height of the Cold War, the United States and the Soviet Union had closer consultation on strategic issues, such as nuclear weapons policy, than the United States and China do now.

The relationship's highest-profile regularly scheduled dialogue is the annual **Strategic and Economic Dialogue (S&ED)**, created in 2009 by combining two previously existing dialogues.[30] On the U.S. side, the Secretary of State leads the strategic track of the dialogue and the Secretary of the Treasury leads the economic track. In 2011 the two countries inaugurated a **Strategic Security Dialogue (SSD)** under the S&ED, co-chaired by the U.S. Deputy Secretary of State and the Chinese Executive Vice Foreign Minister, and including the Under Secretary of Defense for Policy and a Deputy Chief of the People's Liberation Army General Staff. A first ever "informal round" of the SSD is scheduled for later in 2013. Other high-profile dialogues include the **U.S.-China Consultation on People-to-People Exchange (CPE)**, established in 2010, and three dialogues established before President Obama took office: the **Joint Commission on Commerce and Trade (JCCT)**, the **Ten-Year Framework on Energy and Environment Cooperation**, and the Joint Committee on Environmental Cooperation.[31] To broaden interaction to the sub-national level, the U.S. and Chinese governments in 2011 instituted a **U.S.-China Governors Forum**, intended to help deepen relationships between U.S. governors and Chinese provincial officials,[32] and an **Initiative on City-Level Economic Cooperation**, bringing together U.S. mayors and Chinese mayors and Party Secretaries. A separate program for mayors, initiated in 2010 by the U.S. Department of Energy and the Ministry of Housing and Urban Development, brings together mayors from the two countries "to examine best practices in eco-city development."[33]

Multilateral Engagement

As a means of encouraging China to adhere to international norms and "assume responsibilities commensurate with its growing global impact and its national capabilities," in the words of President Obama's then-National Security Advisor, Tom Donilon,[34] the Obama Administration

[29] Yang Jiechi's Remarks on the Results of the Presidential Meeting between Xi Jinping and Obama at the Annenberg Estate, press release, June 9, 2013, http://www.fmprc.gov.cn/eng/zxxx/t1049263.shtml.

[30] The S&ED was created by combining the State Department's U.S.-China Senior Dialogue (known in China as the China-U.S. Strategic Dialogue), established in 2005, and the Treasury Department's Strategic Economic Dialogue, created in 2006.

[31] See JCCT factsheet at http://www.export.gov/china/policyadd/jcct.asp?dName=policyadd.

[32] Office of the Spokesperson, Department of State, "U.S.-China Governors Forum Convenes in Utah," press release, July 15, 2011, http://www.state.gov/r/pa/prs/ps/2011/07/168613.htm.

[33] U.S. Department of State, "U.S.-China Strategic and Economic Dialogue Outcomes of the Strategic Track," press release, July 12, 2013, http://www.state.gov/r/pa/prs/ps/2013/07/211861.htm.

[34] The White House Office of the Press Secretary, "Remarks by National Security Advisor Tom Donilon—As Prepared for Delivery: President Obama's Asia Policy and Upcoming Trip to Asia," November 15, 2013, http://www.whitehouse.gov/the-press-office/2012/11/15/remarks-national-security-advisor-tom-donilon-prepared-delivery.

has consciously sought to engage with China in multilateral settings. The United States and China are fellow permanent members of the U.N. Security Council and have worked together successfully in that setting to pass sanctions targeting North Korea and Iran's nuclear programs, although China has also blocked some proposed Security Council actions sought by the United States, most notably a series of actions related to Syria. The Obama Administration elevated the profile of the G-20 grouping of major economies in part to have a vibrant multilateral forum for engaging with China on economic issues. In addition, the United States has sought to resolve trade disputes with China through the rules-based mechanisms of the World Trade Organization, and engaged with China on climate change through meetings of parties to the U.N. Framework Convention on Climate Change. Washington has also urged Beijing to follow norms on aid, export credit finance, and overseas investment established by the Paris-based Organization for Economic Cooperation and Development (OECD), although China is not an OECD member, and to accept principles related to freedom of navigation contained in the United Nations Convention on the Law of the Sea (UNCLOS), although the United States itself has not ratified the treaty.[35]

In Asia, the United States has prioritized its own attendance at meetings of regional multilateral groups, including the East Asia Summit, which the United States joined in 2011, in part to be able to engage China in those settings. The advantage of the multilateral settings of regional institutions, then-Secretary of State Hillary Clinton opined in 2011, is that, "responsible behavior is rewarded with legitimacy and respect, and we can work together to hold accountable those who take counterproductive actions to peace, stability, and prosperity."[36]

Public Diplomacy

The U.S. Department of State operates multiple Chinese-language blogs and microblogs on Chinese platforms in an effort to circumvent often heavy-handed Chinese censorship of the traditional news media and reach out directly to the Chinese public with messages about U.S. policy. The Embassy's flagship microblogs each have nearly 700,000 registered followers.[37] When followers of U.S. government blogs re-post U.S. blog posts for their own followers, the U.S. government is sometimes able to reach directly many millions of Chinese who might not otherwise be exposed to U.S. government messages. That said, although the range of permitted expression on Chinese social media is broader than in traditional media, China-based microblog accounts are still subject to Chinese censorship. In July 2012, a Chinese microblog service disabled a popular microblog operated by the U.S. Consulate General in Shanghai, presumably because government censors felt uncomfortable with the material the Consulate General was posting.[38]

The State Department also operates Chinese-language accounts on the online social networking service Twitter, which is based in the United States and does not censor content. The U.S. government posts on Twitter sensitive information that is often censored on Chinese social media, such as U.S. government speeches related to human rights and Internet freedom. The Chinese government's policy of blocking access to Twitter from inside China reduces the service's reach in the country, but technologically savvy Chinese are able to use virtual private networks to evade

[35] Jeffrey A. Bader, *Obama and China's Rise: An Insider's Account of America's Asia Strategy*, Brookings Institution Press, 2012, p. 70.

[36] Secretary of State Hillary Rodham Clinton, "A Broad Vision of U.S.-China Relations in the 21st Century," Inaugural Richard C. Holbrooke Lecture, Washington, DC, January 14, 2011.

[37] When accessed on July 29, 2013, the Embassy's Sina microblog, http://weibo.com/usembassy, had 699,750 followers, while the Embassy's Tencent microblog, http://e.t.qq.com/USEmbassy, had 667,047 followers.

[38] William Gallo, "In Shanghai, US Consulate's Microblog Disappears," *Voice of America*, July 13, 2012.

the blocking technologies. The Chinese-language Twitter account operated by the State Department's Bureau of International Information Programs (IIP), @meiguocankao, currently has just over 38,000 followers, a small fraction of the followers of the U.S. Embassy microblogs in China. A second account operated by the State Department's Bureau of Public Affairs, @USA_Zhongwen, has just 2,440 followers.

Of longer standing are U.S. government efforts to reach out to the Chinese public through programming produced by Radio Free Asia (RFA) and the Voice of America (VOA). Both are overseen by the Broadcasting Board of Governors (BBG), an independent entity responsible for all U.S. government and government-sponsored non-military international broadcasting. RFA's stated mission is "to provide accurate and timely news and information to Asian countries whose governments prohibit access to a free press."[39] The Chinese government routinely seeks to block RFA programming from reaching the Chinese public, has not allowed RFA to open a permanent office in China, and denies RFA journalists temporary visas to report in China.[40] VOA's mandate is to "present a balanced and comprehensive view of significant American thought and institutions" and "clearly present the policies of the United States."[41] VOA has had a permanent office in China since the 1980s, although the Chinese government restricts the number of accredited journalists VOA is permitted to base in China, allowing only one reporter for the VOA English-language service, known as Central News, and one reporter for the Chinese service.[42] The Chinese government also routinely seeks to block VOA transmissions. Through appropriations, Congress has supported the BBG's efforts to provide Chinese and other audiences whose home media are subject to censorship with means of accessing the blocked websites of BBG broadcasters through proxy servers and other tools.

For more information about the Internet in China, see CRS Report R42601, *China, Internet Freedom, and U.S. Policy*, coordinated by Thomas Lum, and CRS Report R41007, *Understanding China's Political System*, by Susan V. Lawrence and Michael F. Martin.

Visa Policy

In January 2012, President Obama issued an Executive Order requiring the Secretaries of State and Homeland Security, in consultation with others, to develop a plan to streamline visa and foreign visitor processing worldwide, "in order to create jobs and spur economic growth in the United States, while continuing to protect our national security." The Executive Order set targets of increasing non-immigrant visa processing capacity in China and Brazil by 40% over the subsequent year, and of reducing wait times for visa interviews to within three weeks of receipt of application in most cases.[43] Meeting these goals was a major 2012 focus for the U.S. mission in

[39] Broadcasting Board of Governors, "RFA President Responds to Press Freedom Findings," press release, May 3, 2012, http://www.bbg.gov/press-release/rfa-president-responds-to-freedom-of-the-press-findings/.

[40] The Heritage Foundation, "H.R. 2899 'Chinese Media Reciprocity Act of 2011,'" Testimony before the House Judiciary Subcommittee on Immigration Enforcement, June 20, 2012, http://judiciary.house.gov/hearings/Hearings%202012/Zahn%2006202012.pdf. See also John Eggerton, "Radio Free Asia Voice Denied Chinese Visa: Dhondup Gonzar Has Not Received Entry Permit One Day Before Opening Ceremonies of 2008 Beijing Olympic Games," *Broadcasting & Cable*, August 7, 2008, http://www.broadcastingcable.com/article/97412-Radio_Free_Asia_Voice_Denied_Chinese_Visa.php.

[41] Broadcasting Board of Governors, *Voice of America*, Fact Sheet, http://www.bbg.gov/broadcasters/voa/.

[42] The Heritage Foundation, "H.R. 2899 'Chinese Media Reciprocity Act of 2011,'" Testimony before the House Judiciary Subcommittee on Immigration Enforcement, June 20, 2012.

[43] Executive Order 13597, "Establishing Visa and Foreign Visitor Processing Goals and the Task Force on Travel and Competitiveness," 77 *Federal Register* 3473, January 24, 2012, http://www.gpo.gov/fdsys/pkg/FR-2012-01-24/pdf/

China. In FY2012, the U.S. Embassy in Beijing and U.S. consulates in four other Chinese cities jointly issued 1.2 million non-immigrant visas, an increase of 36% over FY2011.[44] China, Brazil, and Mexico are the only U.S. missions that currently process more than 1 million non-immigrant visas per year. In addition, in an August 2012 report to the White House, the State Department reported that it had succeeded in reducing the average wait time for a visa interview in China to under 10 days, despite the large increase in visa applications.[45] The Commerce Department has predicted a 198% increase in Chinese visitors from 2012 levels by 2016.[46]

U.S. Assistance to China

The State Department and the U.S. Agency for International Development say they engage China "primarily as a development partner with the resources to invest in its own future." U.S. assistance is designed to "protect and promote U.S. national interests and values," particularly in the areas of promoting rule of law, strengthening the judiciary, improving health, and helping Tibetan communities.[47] Appropriations for assistance to China peaked in FY2010 at $46.9 million. FY2012 funding was $28.3 million, or 60% of the 2010 level. Most direct recipients of State Department and U.S. Agency for International Development (USAID) grants have been U.S.-based nongovernmental organizations (NGOs) and universities.

See CRS Report RS22663, *U.S. Assistance Programs in China*, by Thomas Lum.

Congressional Action Related to China in the 113th Congress

The 113th Congress has so far passed two laws with provisions related to China, P.L. 113-6, the Consolidated and Further Continuing Appropriations Act, 2013, and P.L. 113-17, directing the Secretary of State to develop a strategy to obtain observer status for Taiwan at the International Civil Aviation Organization Assembly. On February 15, 2013, the House agreed to a simple resolution on North Korea (H.Res. 65) that includes provisions related to China. On July 29, 2013, the Senate agreed to a simple resolution reaffirming strong U.S. support for the peaceful resolution of territorial, sovereignty, and jurisdictional disputes in the Asia-Pacific maritime domains (S.Res. 167), including multiple references to China. Summaries of all legislation on China enacted or agreed to in the 113th and 112th Congresses are included as appendices to this report. (See **Appendix A** and **Appendix B**.)

2012-1568.pdf.

[44] U.S. State Department Bureau of Consular Affairs, *Table XIX: Nonimmigrant Visas Issued by Issuing Office (Including Border Crossing Cards) Fiscal Years 2003-2012*, Report of the Visa Office 2012, http://www.travel.state.gov/pdf/FY12AnnualReport-TableXIX.pdf.

[45] Department of State and Department of Homeland Security, *Executive Order 13597: Improvements to Visa Processing and Foreign Visitor Processing 180-Day Progress Report*, August 2012.

[46] Department of State and Department of Homeland Security, *Executive Order 13597: Improvements to Visa Processing and Foreign Visitor Processing 180-Day Progress Report*, August 2012.

[47] U.S. Department of State, The Foreign Assistance Dashboard, http://www.foreignassistance.gov. Note that totals on the site do not currently include State Department Human Rights and Democracy Fund spending in China or Peace Corps programs.

Select Policy Issues

Congress faces challenges in exercising oversight over the United States' relationship with a China that is rapidly growing in economic, military, and geopolitical power. Selected policy issues for Congress related to the bilateral relationship are summarized in the sections below, starting with security issues and Taiwan, followed by economic issues, climate change and renewable energy cooperation, and human rights issues.

Security Issues

The U.S.-China Military-to-Military Relationship

Since coming into office, the Obama Administration has repeatedly called for a stronger military-to-military relationship with China. "Leaving the military dimension of our dialogue underdeveloped on both sides causes us to run unnecessary risk," Vice President Joe Biden argued in July 2013, observing that China's military is expanding its presence in Asia at the same time that the United Sates is implementing its rebalancing to the Asian Pacific, bringing the two militaries into greater proximity. Dialogue, exchanges, and cooperation between the two militaries must expand, he said, because "We have to know what each other are doing."[48]

A 2009 U.S.-China joint statement issued in the name of President Obama and his counterpart at the time, then-Chinese President Hu Jintao, pledged the two countries to "take concrete steps to advance sustained and reliable military-to-military relations in the future." A 2011 joint statement similarly pledged the two governments to pursue "a healthy, stable, and reliable military-to-military relationship." Moves to strengthen the military-to-military relationship did not begin to gain momentum until after the 2011 joint statement, however, as the transition from Hu Jintao to Xi Jinping as China's top leader began unfolding. Some analysts believe an unusual visit to the Pentagon accorded to Xi in February 2012, when he visited the United States as Vice President, may have helped win his support for more regular exchanges, and that his strong relationship with the Chinese military has allowed him to bring the Chinese military along with him.

Operational cooperation between the two militaries remains extremely limited, but in remarks in Singapore in June 2013, Secretary of Defense Hagel characterized dialogue between the two militaries as "steadily improving."[49] Among the positive developments in the relationship that he cited in his remarks were the following.

- Xi's February 2012 Pentagon visit and visits to China by the chief of the Pacific Command Navy Adm. Samuel J. Locklear III (July 2012); then-Secretary of Defense Leon Panetta (September 2012); and Chairman of the Joint Chiefs of Staff General Martin Dempsey (April 2013);
- China's first ever participation as an observer of the U.S.-Philippine Balikatan joint military exercise in April 2013;
- A first-ever U.S.-China joint anti-piracy exercise in the Gulf of Aden in September 2012;

[48] U.S. Department of State, "U.S.-China Strategic and Economic Dialogue Joint Opening Session," press release, July 9, 2013, http://www.state.gov/secretary/remarks/2013/07/211773.htm.

[49] Department of Defense, "Remarks by Secretary Hagel at the IISS Asia Security Summit, Shangri-La Hotel, Singapore," June 1, 2013.

- A first-ever U.S. invitation to China to participate in the United States' largest military exercises in the Pacific, the Rim of the Pacific or RIMPAC exercise, in the summer of 2014, and China's April 2013 acceptance of the invitation;
- An agreement for the United States and China to co-host a Pacific Army Chiefs Conference for the first time.

Since then, the two governments have agreed that the United States will host a visit from China's Minister of National Defense Chang Wanquan in August 2013,[50] and from China's Naval Commander Wu Shengli in September 2013, and that Hagel will visit China in 2014.[51] In June 2013, the two militaries both participated in a humanitarian assistance and disaster relief military exercise under the auspices of the Association of Southeast Asian Nations Defense Ministers' Meeting Plus.[52] In July 2013, the two countries expanded the agenda of a meeting of the civilian-military Strategic Security Dialogue to include two new topics: missile defense and nuclear policy. The same SSD meeting produced an agreement "to actively explore a notification mechanism for major military activities" and to continue to discuss rules of the road for air and maritime activities."[53]

Further development of the military-to-military relationship is subject to restrictions imposed by Congress. The National Defense Authorization Act (NDAA) for Fiscal Year 2000 (P.L. 106-65) bars exchanges or contacts with China's military that include "inappropriate exposure" to a range of subjects, including surveillance and reconnaissance operations and arms sales.[54] The provision remains a major irritant in the bilateral relationship, with Chinese authorities arguing that it signals U.S. ill will. For its part, China remains wary that closer ties will expose vulnerabilities in its weaker force. It has also been suspicious of the intentions behind the U.S. policy of rebalancing to the Asia-Pacific.

For more information, see CRS Report RL32496, *U.S.-China Military Contacts: Issues for Congress*, by Shirley A. Kan.

China's Military Modernization

China's military modernization has been fueled by two decades of steadily increasing military spending. According to the DOD report to Congress, China's officially disclosed military budget increased an average of 9.7% annually in inflation-adjusted terms over the decade from 2003 to

[50] U.S. Department of Defense, "Readout of Secretary Hagel's Meeting with Chinese State Councilor Yang," press release, July 12, 2013, http://www.defense.gov/releases/release.aspx?releaseid=16151.

[51] U.S. Department of State, "U.S.-China Strategic and Economic Dialogue Outcomes of the Strategic Track," press release, July 12, 2013, http://www.state.gov/r/pa/prs/ps/2013/07/211861.htm.

[52] Martin Sieff, "ASEAN Defense Ministers Host Disaster Relief, Military Medicine Exercise," *Asia Pacific Defense Forum*, June 26, 2013, pp. http://apdforum.com/en_GB/article/rmiap/articles/online/features/2013/06/28/asean-disaster-relief.

[53] U.S. Department of State, "U.S.-China Strategic and Economic Dialogue V Strategic Track Select Outcomes," fact sheet, July 12, 2013.

[54] The restrictions are contained in Section 1201 of the NDAA for FY2000. They bar military-to-military exchanges or contacts that include "inappropriate exposure" to 12 operational areas: "1.) Force projection operations; 2.) Nuclear operations; 3.) Advanced combined-arms and joint combat operations; 4.) Advanced logistical operations; 5.) Chemical and biological defense and other capabilities related to weapons of mass destruction; 6.) Surveillance and reconnaissance operations; 7) Joint warfighting experiments and other activities related to a transformation in warfare; 8.) Military space operations; 9.) Other advanced capabilities of the Armed Forces; 10.) Arms sales or military-related technology transfers; 11.) Release of classified or restricted information; 12.) Access to a Department of Defense laboratory."

2012. At $114 billion, China's officially announced budget for 2013 represents an increase of 10.7% over 2012. The Pentagon believes China's actual military spending is higher than the officially disclosed figures, with the report to Congress estimating that China's military spending for 2012 was in the range of $135 billion to $215 billion.

The United States has long been concerned about the intentions behind China's military modernization. In the January 2012 Defense Strategic Guidance that outlined the military component of the U.S. rebalancing toward the Asia Pacific, for example, the Department of Defense (DOD) stated that, "The growth of China's military power must be accompanied by greater clarity of its strategic intentions in order to avoid causing friction in the region."[55] China has repeatedly offered assurances that it is committed to peace and to working within the existing international system, not challenging it. Chinese officials have also stated that China has neither the desire nor the capability to challenge the United States position in Asia. In comments following his summit meeting with President Obama in June 2013, President Xi Jinping pledged that, "China will be firmly committed to the path of peaceful development." He also reiterated China's acceptance of the United States presence in Asia, observing, "When I visited the United States last year, I stated that the vast Pacific Ocean has enough space for the two large countries of China and the United States. I still believe so."[56] U.S. officials, however, have pressed China to move beyond such broad assurances to more transparency about its decisions related to modernization of the Chinese military.

In its 2013 report to Congress on military developments involving the PRC, the Department of Defense (DOD) stated that it believed China's military modernization is "designed to improve the capacity of [China's] armed forces to fight and win short-duration, high-intensity regional military conflict."[57] DOD assessed that the "principal focus and primary driver of China's military investment" is preparing for a contingency involving Taiwan, over which the PRC claims sovereignty. The DOD report observed, though, that China's military modernization also appears increasingly focused on developing capabilities for extended-range power projection and operations in emerging domains such as cyber, space, and electronic warfare, as well as other missions, including anti-piracy missions, peacekeeping, humanitarian assistance and disaster relief, and regional military operations.

Of particular concern to the U.S. government are Chinese capabilities that appear aimed at allowing China to deter intervention by American forces in a conflict in the Western Pacific. The United States describes such capabilities as being for "anti-access/area-denial" (A2/AD) missions; Chinese refers to such missions as "counter-intervention operations." Among Chinese weapons programs of concern to the United States is China's "carrier killer" anti-ship ballistic missile (ASBM) known as the DF-21D. The Pentagon report described the DF-21D as giving the PLA "the capability to attack large ships, including aircraft carriers, in the western Pacific Ocean." China has also test flown an indigenously produced fifth generation stealth fighter aircraft prototype, the J-20, and appears to be developing a second advanced stealth aircraft, tentatively identified as the J-31. The DOD report stated that such planes are intended to strengthen China's "ability to strike regional airbases and facilities," presumably including U.S. military bases in Asia. The military development that has stirred the greatest national pride in

[55] U.S. Department of Defense, *Sustaining U.S. Global Leadership: Priorities for 21st Century Defense*, Washington, DC, January 2012.

[56] The White House Office of the Press Secretary, "Remarks by President Obama and President Xi Jinping of the People's Republic of China After Bilateral Meeting," transcript, June 8, 2013, http://www.whitehouse.gov/the-press-office/2013/06/08/remarks-president-obama-and-president-xi-jinping-peoples-republic-china-.

[57] Office of the Secretary of Defense, *Annual Report to Congress: Military and Security Developments Involving the People's Republic of China 2013,* May 7, 2013, http://www.defense.gov/pubs/2013_china_report_final.pdf.

China is the September 2012 commissioning of China's first aircraft carrier, although it has so far provided China with more symbolic than real military power. Acquired from Ukraine in 1998, it was previously known as the Varyag and is now known as the Liaoning. The DOD report to Congress predicted that the carrier would reach operational effectiveness "in three to four years" and that, "China will probably build several aircraft carriers over the next 15 years."

For more information, see CRS Report RL33153, *China Naval Modernization: Implications for U.S. Navy Capabilities—Background and Issues for Congress*, by Ronald O'Rourke.

Cyber Activities Directed Against U.S. National Defense Programs

In DOD's 2013 annual report to Congress on military developments involving China, the U.S. government for the first time stated that some cyber-intrusions targeting U.S. government and other computer systems, "appear to be attributable directly to the Chinese government and military." The report went on to accuse China of using "computer network exploitation (CNE)" capabilities to collect intelligence from government and sectors of the U.S. economy that support U.S. national defense programs. The report did not acknowledge what damage might have been caused by such intrusions.[58] Responding to the allegations in the report, a Chinese Foreign Ministry spokesperson told reporters, "We resolutely oppose hacking attacks of any form and stand ready to have calm and constructive dialogue with the U.S. on the cyber security issue. Unwarranted accusations and hyping will do nothing but undermine our joint efforts for dialogue and poison the atmosphere."[59]

Although DOD has so far accused China only of ex-filtrating information, it has raised concern about the threat of computer network attacks from China, noting that "the accesses and skills" required for cyber intrusions are closely related to those needed for attacks.[60]

For more information about cybersecurity, see "Cyber-Enabled Theft of Commercial Information" below.

China's Reaction to U.S. Strategic Rebalancing to the Asia-Pacific

While concerns about cyber security have rapidly emerged as a top concern for the United States in the U.S.-China relationship, the U.S. strategic rebalance toward the Asia-Pacific is among China's top concerns. During a trip to the United States in February 2012, shortly after the rebalancing strategy was officially launched, President Xi Jinping, then China's Vice President, responded with the statement, "China welcomes a constructive role by the United States in

[58] Office of the Secretary of Defense, *Annual Report to Congress: Military and Security Developments Involving the People's Republic of China 2013,* May 7, 2013, p. 36, http://www.defense.gov/pubs/2013_china_report_final.pdf. A confidential 2013 Defense Science Board document reportedly alleged, however, that 29 DOD system designs, including the designs for ballistic missile defense systems, and many other defense technologies had been "compromised via cyber exploitation." Officials with knowledge of the breaches told *The Washington Post*, "the vast majority [of the exploitations] were part of a widening Chinese campaign of espionage against U.S. defense contractors and government agencies." Ellen Nakashima, "Confidential Report Lists U.S. Weapons System Designs Compromised by Chinese Cyberspies," *Washington Post,* May 27, 2013, http://www.washingtonpost.com/world/national-security/confidential-report-lists-us-weapons-system-designs-compromised-by-chinese-cyberspies/2013/05/27/a42c3e1c-c2dd-11e2-8c3b-0b5e9247e8ca_story.html.

[59] Ministry of Foreign Affairs of the People's Republic of China, "Foreign Ministry Spokesperson Hua Chunying's Regular Press Conference on May 7, 2013," transcript, May 13, 2013, http://www.fmprc.gov.cn/eng/xwfw/s2510/2511/t1038551.shtml.

[60] Office of the Secretary of Defense, *Annual Report to Congress: Military and Security Developments Involving the People's Republic of China 2013,* May 7, 2013, p. 36, http://www.defense.gov/pubs/2013_china_report_final.pdf.

promoting peace, stability and prosperity in the Asia-Pacific. At the same time, we hope the United States will respect the interests and concerns of China and other countries in this region."[61] Since then, Chinese officials have repeatedly raised questions about whether the U.S. rebalancing is, in fact, contributing to peace, stability, and prosperity, and whether, despite U.S. assurances to the contrary, it is in fact intended to "contain" China.

July 2012, China's Vice Foreign Minister with responsibility for the United States, who is now China's Ambassador to the United States, co-authored an article with a fellow diplomat raising questions about the United States' "true motive" in rebalancing to the Asia-Pacific and demanding greater reassurance about U.S. intentions. "The United States must face the issue and convince China, other countries in the region and the international community that there is no gap between its policy statements on China and its true intentions," the diplomats wrote. They identified as particular areas of concern for China the U.S. effort to strengthen the U.S. alliance system in Asia, U.S. plans to advance ballistic missile defense in the region, the U.S. "air-sea battle concept"—an effort to increase the joint operating effectiveness of U.S. naval and air units, particularly in "anti-access" environments, such as those China has allegedly sought to create; and alleged U.S. intervention in disputes between China and its neighbors.[62]

That many in China still do not feel reassured was made plain at a security summit in Singapore in June 2013, when a senior Chinese PLA scholar told Secretary of Defense Hagel that the rebalance has been interpreted in China as an "attempt to contain China's rising influence and to offset the increasing military capabilities of the Chinese PLA." U.S. government officials "have on several occasions clarified that the rebalance is not against China," she noted. "However, China is not convinced." The PLA scholar went on to question Hagel on apparent tensions between the United States' stated desire to build a more positive relationship with China, and U.S. plans to step up military deployments in Asia and reassure U.S. allies.[63]

The most common charge from Chinese critics is that the United States' higher profile in Asia, including its deeper engagement with multilateral groupings such as ASEAN and its strengthening of its military alliances, is destabilizing the region by emboldening countries with which China has territorial disputes, including Japan, the Philippines, and Vietnam, to press their claims more assertively. Chinese commentators have been critical, too, of the flagship economic initiative of the U.S. rebalancing to Asia, the Trans-Pacific Partnership (TPP).[64] The TPP has been characterized in the Chinese media as an initiative that deliberately excludes China, that is intended to thwart regional economic integration, and that challenges ASEAN's leadership role in promoting trade and investment liberalization in the region. Chinese views of the TPP may be softening, however. At the Obama-Xi summit in June 2013, President Obama agreed to a request

[61] Vice President Xi Jinping, "Remarks by Chinese Vice President Xi Jinping at a Luncheon Co-hosted by the U.S.-China Business Council and the National Committee on U.S.-China Relations," *Federal News Service*, February 15, 2012.

[62] Cui Tiankai and Pang Hanzhao, "China-US Relations in China's Overall Diplomacy in the New Era—On China and US Working Together to Build a New-Type Relationship Between Major Countries," *China International Strategy Review 2012*, July 20, 2012, http://www.fmprc.gov.cn/eng/zxxx/t953682.htm

[63] The PLA scholar was Major Gen. Yao Yunzhu, Director of the Center for China-America Defense Relations at the PLA's Academy of Military Sciences. Department of Defense, "Remarks by Secretary Hagel at the IISS Asia Security Summit, Shangri-La Hotel, Singapore," June 1, 2013, http://www.defense.gov/transcripts/transcript.aspx?transcriptid=5251.

[64] As discussed in other parts of this memorandum, formal U.S. participation in the proposed TPP was initiated under the Bush Administration. Subsequently, it has become an important part of the Obama Administration's rebalancing toward the Asia-Pacific.

from President Xi for briefings on U.S. progress toward a TPP agreement,[65] and at the Strategic and Economic Dialogue meeting in July, China agreed to move into the "substantive" phase of negotiations over a bilateral investment treaty that would, if the U.S. has its way, mirror the investment provisions of the TPP.

For more information, see CRS Report R42448, *Pivot to the Pacific? The Obama Administration's "Rebalancing" Toward Asia*, coordinated by Mark E. Manyin and CRS Report R43116, *Ballistic Missile Defense in the Asia-Pacific Region: Cooperation and Opposition*, by Ian E. Rinehart, Steven A. Hildreth, and Susan V. Lawrence.

Maritime Territorial Disputes

China has long placed a high priority on sovereignty and territorial integrity, a priority reflected in its decades-long effort to bring Taiwan under its control. The same priority has propelled China into a series of disputes with its neighbors over maritime territory in the South China Sea and East China Sea. Beijing's increasing willingness to bring its maritime power and growing economic clout to bear on those disputes has raised concerns in Asia and among policymakers in the United States about whether China's continued rise will be as peaceful as China has long promised. Two of China's rival claimants, Japan and the Philippines, are U.S. treaty allies, and the United States has specifically acknowledged that the U.S. security treaty with Japan covers all areas under Japanese administration, including islands that are currently at the center of a territorial dispute between Japan and China.

On July 29, 2013, the Senate passed a resolution (S.Res. 167), reaffirming strong U.S. support for the peaceful resolution of territorial, sovereignty, and jurisdictional disputes in the Asia-Pacific maritime domains. China formally complained to the U.S. government about the resolution and a Chinese Foreign Ministry statement denounced it as "unjustifiably blaming China and sending the wrong message."[66] (For details of the resolution, see **Appendix A**.)

For more information, see CRS Report R42930, *Maritime Territorial Disputes in East Asia: Issues for Congress* , by Ben Dolven, Shirley A. Kan, and Mark E. Manyin and CRS Report R42784, *Maritime Territorial and Exclusive Economic Zone (EEZ) Disputes Involving China: Issues for Congress*, by Ronald O'Rourke.

South China Sea

Tensions among rival claimants to territory in the South China Sea (SCS) have emerged as a major U.S. security concern in the Asia Pacific. China has extensive, though imprecise, claims to large parts of the SCS, which is believed to be rich in oil and gas deposits as well as fisheries, and through which a major portion of world's trade passes. China physically controls the Paracel Islands and seven reefs among the Spratly Islands.[67] Territory claimed by China is also claimed in part by Brunei, Malaysia, the Philippines, and Vietnam, and in entirety by Taiwan, with the fiercest territorial disputes being those between China and Vietnam and China and the

[65] The White House Office of the Press Secretary, "Press Briefing by National Security Advisor Tom Donilon," transcript, June 8, 2013, http://www.whitehouse.gov/the-press-office/2013/06/09/press-briefing-national-security-advisor-tom-donilon.

[66] Ben Blanchard, "China Condemns U.S. Senate over Sea Dispute Resolution," *Reuters,* August 1, 2013.

[67] The seven Spratly Islands reefs that China controls are Cuarteron Reef (known in China as Huayang Jiao), Fiery Cross Reef (Yongshu Jiao), Gaven Reef (Nanxun Jiao), Hugh Reef (Dongmen Jiao), Johnson Reef (Chigua Jiao), Mischief Reef (Meiji Jiao), and Subi Reef (Zhubi Jiao).

Philippines. The SCS is bordered by a U.S. treaty ally, the Philippines, and is a key strategic waterway for the U.S. Navy.

In July 2010, then Secretary of State Hillary Clinton explicitly declared a U.S. "national interest" in maintaining freedom of navigation in the SCS. An August 2012 State Department statement further defined that national interest as being in "the maintenance of peace and stability, respect for international law, freedom of navigation, and unimpeded lawful commerce" in the sea. The statement noted that United States does not take a position on the competing sovereignty claims, but believes that, "the nations of the region should work collaboratively and diplomatically to resolve disputes without coercion, without intimidation, without threats, and without the use of force."[68] China's Foreign Minister declared Secretary Clinton's comments to have been "in effect an attack on China."[69]

The territorial disputes at the heart of the tensions are decades, or even centuries, old, but observers have noted a sharp uptick in incidents at sea since 2005-2006, from claimants seeking to assert sovereignty or exploit offshore hydrocarbons and fishery resources. A major incident occurred in 2012 at Scarborough Shoal, known in China as Huangyan Dao, a set of landmasses disputed between China and the Philippines. Chinese vessels confronted a Philippine Naval vessel that had interdicted Chinese fishing boats. After a weeks-long standoff, Philippine vessels left the area, leaving China in control of an area it had not previously held. This development was among several that prompted the August 2012 State Department statement opposing coercion, threats and the use of force. China and the Philippines have been facing off since May 2013 over a remote coral reef, the Second Thomas Shoal, known in China as Ren'ai Reef.

The United States has supported efforts by China's rival claimants to place the issue of the tensions in the South China Sea on the discussion agenda for regional meetings. China, which argues that the disputes are best handled among the rival claimants alone, has resisted what it calls U.S. efforts to "internationalize" the disputes. The United States has also publicly urged the Association of Southeast Asian Nations (ASEAN) and China to move forward with long-stalled negotiations over the text of a binding code of conduct that would govern behavior in the SCS, and would include specific dispute-resolution mechanisms. ASEAN and China announced on June 30, 2013 they will begin official consultations on a code of conduct at a meeting in China in September 2013.[70]

East China Sea

In the East China Sea, China is involved in a territorial dispute with Japan over the sovereignty of uninhabited islets known in Japan as the Senkakus and in China as the Diaoyu Dao. The islets are also claimed by Taiwan, which refers to them as the Diaoyutai. The United States does not take a position on the sovereignty dispute, but has a strong interest in the issue because the U.S.-Japan Treaty of Mutual Cooperation and Security covers areas under Japanese administration, and the United States government has repeatedly confirmed that such areas include the Senkakus/Diaoyu Islets.

Japan-China tensions over the islets have run high since September 11, 2012, when Japan's government purchased three of the islands from their private Japanese owners, a move that China

[68] U.S. Department of State, "Patrick Ventrell, Acting Deputy Spokesperson, Office of Press Relations: Statement on the South China Sea," August 3, 2012, http://www.state.gov/r/pa/prs/ps/2012/08/196022.htm.

[69] Ministry of Foreign Affairs of the People's Republic of China, *Foreign Minister Yang Jiechi Refutes Fallacies on the South China Sea Issue*, Statement posted on website, July 25, 2010, http://www.mfa.gov.cn/eng/zxxx/t719460.htm.

[70] "China, ASEAN to Hold Meetings on South China Sea in September," *Xinhua News Service*, June 30, 2013, http://news.xinhuanet.com/english/china/2013-07/01/c_124933373.htm.

charged was equivalent to "nationalizing" the islands. Since then, China has maintained a nearly continuous presence near the islets and repeatedly sent its vessels into the 12 nautical mile territorial waters around them. China has mainly deployed vessels from the two civilian agencies, China Maritime Surveillance and the Bureau of Fisheries, but it has also sent Navy vessels and military aircraft into the area near the islands. Japan has responded with stepped-up coast guard patrols and missions by Japanese Self Defense Force fighter planes.

Chinese officials have indicated that among their immediate goals is to force Japan to acknowledge that sovereignty of the islets is in dispute, an acknowledgement that Japan has resisted. Some observers believe that China may also have hoped to undermine the case for possible U.S. intervention in a conflict over the islets by arguing that the Chinese presence near the islands proves the islets are no longer administered solely by Japan, and thus may not fall within the scope of the U.S.-Japan security treaty. Congress sought to address that line of argument in Section 1286 of the FY2013 National Defense Authorization Act (P.L. 112-239). The section stated that it was the sense of Congress that "the unilateral action of a third party"—a reference to China—"will not affect the United States' acknowledgement" of Japanese administration over the islands. The section also reaffirmed the United States commitment to Japan under Article V of the security treaty. Then-Secretary of State Hillary Clinton adopted the same position in remarks in January 2013,[71] as did Secretary of Defense Chuck Hagel in remarks in April 2013.[72] A Chinese Foreign Ministry spokesman denounced Clinton's statement as "ignorant of facts and indiscriminate of rights and wrongs."[73] After the Obama-Xi summit in June 2013, National Security Advisor Donilon paraphrased President Obama as telling his Chinese counterpart that the United States does not take a position on the sovereignty of the disputed islets, but "the parties should seek to de-escalate, not escalate; and the parties should seek to have conversations about this through diplomatic channels and not through actions out of the East China Sea."[74]

The China-Japan dispute over the Senkakus/Diaoyu previously rose to the level of an international crisis in September 2010, after a collision between Japanese Coast Guard vessels and a Chinese fishing trawler near the islands, and the Japanese decision to detain the Chinese crew and charge the Chinese captain under Japanese law.

For more information, see CRS Report R42761, *Senkaku (Diaoyu/Diaoyutai) Islands Dispute: U.S. Treaty Obligations*, by Mark E. Manyin and CRS Report RL33436, *Japan-U.S. Relations: Issues for Congress*, coordinated by Emma Chanlett-Avery.

[71] Clinton stated that, "... although the United States does not take a position on the ultimate sovereignty of the islands, we acknowledge they are under the administration of Japan and we oppose any unilateral actions that would seek to undermine Japanese administration.... " Department of State, "Secretary of State Hillary Rodham Clinton Remarks with Japanese Foreign Minister Fumio Kishida After Their Meeting," January 18, 2013, http://www.state.gov/secretary/rm/2013/01/203050.htm.

[72] Hagel stated that, "... the United States opposes any unilateral or coercive action that seeks to undermine Japan's administrative control.... " He added, "The United States does not take a position on the ultimate sovereignty of the islands, but we do recognize they are under the administration of Japan and fall under our security treaty obligations." Department of Defense, "Press Conference with Secretary Hagel and Defense Minister Onodera from the Pentagon," April 29, 2013, http://www.defense.gov/transcripts/transcript.aspx?transcriptid=5230.

[73] "China Opposes U.S. Comments About Diaoyu Islands: Spokesman," *Xinhua News Agency*, January 20, 2013.

[74] The White House Office of the Press Secretary, "Press Briefing by National Security Advisor Tom Donilon," transcript, June 8, 2013, http://www.whitehouse.gov/the-press-office/2013/06/09/press-briefing-national-security-advisor-tom-donilon.

Exclusive Economic Zone (EEZ) Disputes

The issue that has for years provided the greatest day-to-day threat of inadvertent military confrontation between the United States and China is disagreement over whether the United Nations Convention on the Law of the Sea (UNCLOS)—a treaty to which China but not the United States is a party—gives coastal states a right to regulate foreign military activities in their maritime exclusive economic zones (EEZs). A coastal state's EEZ generally extends from the edge of its territorial sea (12 nautical miles from its coast) to a distance of 200 nautical miles from its coast. China's view, which is shared by a small number of other countries, has been that it has the legal right under UNCLOS to regulate foreign military activities in its EEZ. The U.S. view, which is shared by most other nations, is that international law as reflected in UNCLOS does not give coastal states this right.

The United States, acting on its view, has long operated military ships and aircraft in China's EEZ, carrying out surveillance missions to monitor China's military deployments and capabilities, surveying the ocean floor to facilitate submarine navigation, and engaging in military exercises with allies such as South Korea and Japan. China, acting on its view, has long protested, and sometimes physically resisted, these operations. The issue appears to be at the heart of multiple incidents between Chinese and U.S. ships and aircraft in international waters and airspace, including incidents in March 2001, March 2009, and May 2009 in which Chinese ships and aircraft confronted and harassed the U.S. naval ships as they were conducting survey and ocean surveillance operations in China's EEZ, and an incident on April 1, 2001, in which a U.S. Navy EP-3 electronic surveillance aircraft flying in international airspace about 65 miles southeast of China's Hainan Island in the South China Sea was intercepted by Chinese fighters.[75] In 2010, China reiterated its opposition to foreign military activities in its EEZ in response to the announcement of joint military exercises between the United States and South Korea in the Yellow Sea, following provocations by North Korea.[76]

Revelations in 2013 have raised questions about whether the Chinese position may be changing, however. DOD's 2013 report to Congress on military developments involving China noted that the United States had "observed over the past year several instances of Chinese naval activities in the EEZ around Guam and Hawaii." The DOD report observed that the United States considers such activities to be "lawful," but noted that "the activity undercuts China's decades-old position that similar foreign military activities in China's EEZ are unlawful."[77] In June 2013, a PLA officer attending a security dialogue in Singapore reportedly publicly acknowledged that China has sent vessels into the United States' EEZ "a few times."[78]

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[75] One of the fighters accidentally collided with and damaged the EP-3, which then made an emergency landing on Hainan Island. For more on this incident, see CRS Report RL30946, *China-U.S. Aircraft Collision Incident of April 2001: Assessments and Policy Implications*, by Shirley A. Kan et al.

[76] In July 2010, China's Foreign Minister Yang Jiechi told Secretary of State Hillary Clinton that China "firmly opposes foreign warships and military aircraft entering the Yellow Sea and other coastal waters of China to engage in activities affecting China's security and interests." See Ministry of Foreign Affairs of the PRC, "Yang Jiechi Meets with U.S. Secretary of State Clinton and Canadian Foreign Minister Cannon," press release, July 23, 2010, http://www.china-embassy.org/eng/zmgx/t719784.htm. In November 2010, a Foreign Ministry spokesman declared that "We oppose any party to take any military acts in our exclusive economic zone without permission." See "China Opposes Any Military Acts in Exclusive Economic Zone Without Permission," *Xinhua*, November 26, 2010.

[77] Office of the Secretary of Defense, *Annual Report to Congress: Military and Security Developments Involving the People's Republic of China 2013,* May 7, 2013, http://www.defense.gov/pubs/2013_china_report_final.pdf.

[78] The Chinese military officer was Senior Colonel Zhou Bo. See Jeff M. Smith, *China Comes Around?*, Pacific Forum—CSIS, PacNet #41, June 11, 2013, http://csis.org/publication/pacnet-41-china-comes-around.Rory Medcalf,

For more information, see CRS Report R42784, *Maritime Territorial and Exclusive Economic Zone (EEZ) Disputes Involving China: Issues for Congress*, by Ronald O'Rourke.

Managing North Korea

The United States and China share a common interest in peace and stability on the Korean peninsula and in verifiable denuclearization of the peninsula. With China serving as North Korea's largest supplier of fuel and food supplies and its most powerful diplomatic ally, however, the United States continues to call on China to do more to leverage its relationship with Pyongyang to persuade it to avoid provocations and denuclearize. Washington also wants Beijing to strengthen its implementation of U.N. sanctions against North Korea. "We believe that no country, including China, should conduct 'business as usual' with a North Korea that threatens its neighbors," then-National Security Advisor Tom Donilon remarked in a speech on Asia policy in March 2013.[79]

Since the death of former North Korean leader Kim Jong-il in December 2011 and the installation of his son, Kim Jong-un, as North Korea's supreme leader, Chinese-North Korean relations have frequently appeared strained. North Korea repeatedly ignored China's warnings not to carry out the rocket launches and a nuclear test and in May 2012 North Korea stirred angry populist passions in China when its Navy boarded a Chinese fishing boat and held the crew for more than two weeks.[80] In January 2013, soon after China's new leaders took up their Communist Party posts, China supported U.N. Resolution 2087 condemning North Korea's December 2012 rocket launch. In March, China supported Resolution 2094, which strengthened existing sanctions against North Korea in response to the country's February 2013 nuclear test.[81] In April 2013, shortly after he took office as China's state President, Xi Jinping raised eyebrows among observers of the China-North Korea relations when he warned that, "No one should be allowed to throw a region or even the whole world into chaos for selfish gain."[82] The comment was widely interpreted to be directed at Pyongyang. In May 2013, a major Chinese state bank, Bank of China, announced that it had closed the account of North Korea's primary foreign-exchange bank, the Foreign Trade Bank.[83] In late June 2013, China snubbed North Korea by hosting a high-profile visit by the South Korean President Park Geun-hye when it had yet to host the North's leader. In his meeting with President Park, President Xi issued what was interpreted as another tough warning to North Korea. The Xinhua News Agency paraphrased him as stating that, "China's stance in working to achieve peninsula denuclearization is firm, and its attitude is serious and sincere." It also paraphrased him as saying that China "opposes the action of any party in

"Maritime Game Changer Revealed at Shangri-la Dialogue," *The Diplomat*, June 2, 2013.

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

[80] Jane Perlez, "North Korea Tests the Patience of Its Closest Ally," *New York Times*, June 24, 2012.

[81] United Nations News Service, *Security Council Tightens Sanctions on DPR Korea in Wake of Latest Nuclear Blast*, March 7, 2013, http://www.un.org/apps/news/story.asp?NewsID=44313&Cr=democratic&Cr1=korea.

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

[83] Heng Xie and Megha Rajagopalan, "Bank of China Closes Account of Key North Korean Bank," *Reuters*, May 7, 2013.

wrecking peace and stability," a statement seen as referring to North Korea.[84] North Korea was a major topic of discussion both at the summit between President Obama and President Xi in June 2013 and at the Fifth Round of the Strategic and Economic Dialogue in July 2013. After the S&ED, the State Department announced that the two countries "agreed on the fundamental importance of the denuclearization of the Korean Peninsula in a peaceful manner," and on "the importance of working together to ensure full implementation of UN Security Council Resolution 2094 and other relevant resolutions by all UN Member States."[85]

China has long been committed to providing material support to the Pyongyang regime because of fears about the potentially destabilizing consequences of the regime's collapse, which China believes could include military hostilities, waves of North Korean refugees flooding into China's northeast provinces, and a reunified Korean peninsula allied with the United States. Scholars are asking whether China's new leaders may now be moving toward the view that it is the status quo that has become destabilizing.

In February 2013, the House passed a resolution condemning North Korea for its "flagrant and repeated violations" of U.N. Security Council resolutions and for other provocations. The resolution called on China to use its economic leverage to pressure North Korea's leaders, and also called on China "to take immediate actions to prevent the transshipment of illicit technology, military equipment, and dual-use items through its territory, waters, and airspace that could be used in North Korea's nuclear weapons and ballistic missile programs."

China's treatment of North Korean refugees has been an issue of concern for Congress. China considers North Koreans who have fled their homeland to China to be economic migrants, rather than refugees, and continues to resist allowing the United Nations High Commissioner on Refugees access to them. China's official policy is to repatriate the refugees to North Korea, where they face prison camp sentences or worse. North Korean refugees continue to trickle out of China to neighboring countries in North and Southeast Asia, however, and substantial numbers of North Korean refugees continue to live underground in China.

For more information, see "June 7-8, 2013: The Presidential Summit in Rancho Mirage, CA" above. See also CRS Report R41259, *North Korea: U.S. Relations, Nuclear Diplomacy, and Internal Situation*, by Emma Chanlett-Avery and Ian E. Rinehart; CRS Report R40684, *North Korea's Second Nuclear Test: Implications of U.N. Security Council Resolution 1874*, coordinated by Mary Beth D. Nikitin and Mark E. Manyin; CRS Report RL31555, *China and Proliferation of Weapons of Mass Destruction and Missiles: Policy Issues*, by Shirley A. Kan; and CRS Report RS22973, *Congress and U.S. Policy on North Korean Human Rights and Refugees: Recent Legislation and Implementation*, by Emma Chanlett-Avery.

Curbing Iran's Nuclear Program

Since 2006, China has been an important player in United States- and European-led multilateral efforts to rein in Iran's suspected nuclear weapons program. As a permanent member of the U.N. Security Council, China has participated in negotiations with Iran over the nuclear program as part of the P5+1 grouping (permanent members of the United Nations Security Council plus Germany). It has also supported a series of U.N. resolutions imposing limited U.N. sanctions against Iran, although it has frequently urged the use of dialogue rather than sanctions to address

[84]Qian Zhou, "习近平同韩国总统朴槿惠会谈时强调 全面推进互利合作推动中韩关系取得更大发展," ("In Talks with ROK President Park Geun-hye, Xi Jinping Emphasizes Comprehensively Promoting Mutually Beneficial Cooperation, Spurring Still Greater Development of Sino-ROK Relations"), *Xinhua News Agency*, June 27, 2013.

[85] U.S. Department of State, "U.S.-China Strategic and Economic Dialogue Outcomes of the Strategic Track," press release, July 12, 2013, http://www.state.gov/r/pa/prs/ps/2013/07/211861.htm.

the nuclear program and joined Russia in pushing for more narrowly targeted sanctions than the U.S. and European nations sought. In the case of U.N. Resolution 1929, passed in June 2010, for example, Russia and China successfully insisted that new sanctions not target Iran's civilian economy or its population.

China's policy toward Iran is also of crucial importance to U.S. efforts to pressure the Iranian regime because China is Iran's largest trading partner, single largest customer for oil, and a major investor in the Iranian energy and other sectors. Since passage of U.N. Resolution 1929, the United States has sought to encourage China to follow the lead of the United States and European Union countries in imposing bilateral sanctions on Iran's energy and financial sector that exceed those mandated in U.N. Security Council resolutions. China has declined to impose its own bilateral sanctions and has criticized other countries for doing so. It did substantially decrease its oil imports from Iran in 2012, though, reportedly in part because of disputes with Iran over the terms of annual purchase contracts.[86]

The Administration granted China P.L. 112-81 sanctions exemptions on June 28, 2012, December 7, 2012, and June 5, 2013. At the same time, the United States has also sanctioned Chinese businesses for their involvement in Iran. In July 2012, for example, the Administration sanctioned the Xinjiang-based Bank of Kunlun, which is affiliated with the China National Petroleum Corporation, "for knowingly facilitating significant transactions and providing significant financial services for designated Iranian banks."[87] China angrily protested the move and defended China's business ties with Iran. A Chinese Foreign Ministry spokesman insisted that China's cooperation with Iran, "has nothing to do with Iran's nuclear program, is not in violation of any U.N. Security Council resolutions or other international norms, and does not harm the interests of any third party."[88]

U.S. officials give China credit for not moving to take over contracts given up by other countries, a behavior that the United States refers to as "backfilling." In March 2011, Robert Einhorn, then the State Department's Special Advisor for Nonproliferation and Arms Control, cited "substantial evidence that Beijing has taken a cautious, go-slow approach toward its energy cooperation with Iran."[89]

The United States has for many years implicated Chinese firms in sales to Iran of missile technology. The Central Intelligence Agency's 2012 report to Congress on the Acquisition of Technology Relating to Weapons of Mass Destruction and Advanced Conventional Munitions, covering the 2011 calendar year, stated that, "Chinese entities—primarily private companies and individuals—continue to supply a variety of missile-related items to multiple customers, including Iran and Pakistan."[90]

[86] U.S. Energy Information Administration, *Iran*, March 28, 2013, http://www.eia.gov/countries/cab.cfm?fips=ir.

[87] U.S. Department of the Treasury, "Treasury Sanctions Kunlun Bank in China and Elaf Bank in Iraq for Business with Designated Iranian Banks," press release, July 31, 2012, http://www.treasury.gov/press-center/press-releases/Pages/tg1661.aspx.

[88] Ministry of Foreign Affairs of the People's Republic of China, "Foreign Ministry Spokesperson Qin Gang's Remarks on US Sanctions against Bank of Kunlun," August 1, 2012, http://www.fmprc.gov.cn/eng/.

[89] State Department Special Advisor for Nonproliferation and Arms Control Robert Einhorn, "The Impact of Sanctions on Iran's Nuclear Program," Remarks to Arms Control Association Briefing Series, Washington, DC, March 9, 2011, http://www.armscontrol.org/events/RoleSanctionsIranNuclear.

[90] Office of the Director of National Intelligence, Unclassified Report to Congress on the Acquisition of Technology Relating to Weapons of Mass Destruction and Advanced Conventional Munitions, Covering 1 January to 31 December 2011, February 2012, p. 8, http://www.fas.org/irp/threat/wmd-acq2011.pdf.

For more information, see CRS Report RS20871, *Iran Sanctions*, by Kenneth Katzman; and CRS Report RL31555, *China and Proliferation of Weapons of Mass Destruction and Missiles: Policy Issues*, by Shirley A. Kan.

Resolving the Crisis in Syria

The United States has looked to China, a fellow permanent member of the United Nations Security Council, to play a constructive role in helping to resolve the crisis in Syria. China has opposed all military intervention in Syria, including proposals for U.N. authorization of use of force, and has on three occasions joined Russia in blocking U.S.-backed Security Council resolutions on Syria. In the 112th Congress, S.Res. 379 expressed "strong disappointment" with both Russia and China for their vetoes of one such resolution, which would have adopted an Arab League plan outlining a Syrian-led political transition to a democratic, plural political system. Repeating a longstanding position, China's Foreign Ministry spokesman stated in early July 2013 that, "We respect the Syrian people's choice, and appeal to the parties concerned to work together to promote a ceasefire and end of violence in Syria as soon as possible, and launch a political dialogue process."[91]

For more information, see CRS Report RL33487, *Armed Conflict in Syria: U.S. and International Response*, by Jeremy M. Sharp and Christopher M. Blanchard.

Taiwan

The U.S. relationship with the island democracy of Taiwan, also known as the Republic of China, is one of the most sensitive and complex issues in the bilateral U.S.-China relationship. In 1949, following a civil war between the Kuomintang (KMT) and the Chinese Communist Party (CCP) that brought the CCP to power in mainland China, the KMT re-established itself on Taiwan. The PRC has consistently claimed sovereignty over Taiwan in the six decades since, but has never controlled it. Unification with Taiwan and its 23 million people remains one of the PRC's most cherished national goals, one Beijing has vowed to achieve by force if necessary. Beijing sees the United States, which is required by law to "maintain the capacity …to resist any resort to force or other forms of coercion" against Taiwan, as a major obstacle to that goal.

Finding language on Taiwan that both the PRC and the United States could accept was a prerequisite for the establishment of diplomatic relations between the two countries in 1979. In the 1972 Shanghai Communiqué, the United States declared that it "acknowledges that all Chinese on either side of the Taiwan Strait maintain there is but one China and that Taiwan is a part of China." In the 1979 communiqué on the establishment of U.S.-China diplomatic relations, the United States agreed that it would henceforth have only "unofficial" relations with Taiwan. In a subsequent 1982 communiqué, the United States said it intended "gradually to reduce its sale of arms to Taiwan."

Concerned that the Joint Communiqués did not do enough to protect Taiwan's interests, Congress in March 1979 passed the Taiwan Relations Act or TRA (P.L. 96-8). The TRA declared that it is U.S. policy "to maintain the capacity of the United States to resist any resort to force or other forms of coercion that would jeopardize the security, or the social or economic system, of the people of Taiwan." The TRA also mandated that the United States would sell Taiwan defense items "in such quantity as may be necessary to enable Taiwan to maintain a sufficient self-defense capability." Washington continues to sell arms to Taiwan, over strenuous PRC objections, and

[91] Ministry of Foreign Affairs of the People's Republic of China, "Transcript of Regular News Conference By PRC Foreign Ministry on 2 July 2013, hosted by spokesman Hua Chunying," press release, July 2, 2013.

Washington and Beijing continue to plan for the possibility that they could one day find themselves involved in a military confrontation over Taiwan's fate.

Despite reduced cross-strait tensions since 2008, when President Ma Ying-jeou of the KMT took office, the Department of Defense estimates that the PRC deploys more than 1,100 short-range ballistic missiles opposite Taiwan's coast. China has also engaged in a program of military modernization that includes the development or deployment of military capabilities "to coerce Taiwan or attempt an invasion, if necessary," according to DOD.[92]

The United States has repeatedly assured China that it does not support independence for Taiwan, but it has retained ambiguity about its willingness to defend Taiwan in a conflict with China. That ambiguity is intended both to deter China from attempting to use force to bring Taiwan under its control, and to deter Taiwan from moves that might trigger China's use of force, such as a declaration of formal independence. As part of a statement known as the "Three No's," President Clinton also in 1998 publicly stated that the United States does not support Taiwan's membership in any international organizations for which statehood is a requirement.[93]

[92] Office of the Secretary of Defense, *Annual Report to Congress: Military and Security Developments Involving the People's Republic of China 2013,* May 7, 2013, pp. 5, 55, http://www.defense.gov/pubs/2013_china_report_final.pdf.

[93] President Clinton's statement, made on June 30, 1998, in Shanghai, was: "I had a chance to reiterate our Taiwan policy which is that we don't support independence for Taiwan, or 'two Chinas,' or 'one Taiwan, one China,' and we don't believe that Taiwan should be a member in any organization for which statehood is a requirement."

The Three Joint Communiqués, the Taiwan Relations Act, and the Six Assurances

The governments of the United States and China consider three joint communiqués concluded in 1972, 1979, and 1982 to underpin their bilateral relationship. The United States considers The Taiwan Relations Act of 1979 to be a fourth core document guiding the relationship, although China does not. In addition, in 1982, during negotiations over the third U.S.-China joint communiqué, the United States orally conveyed "Six Assurances" to the government of Taiwan. The documents and oral commitments are listed below:

- **The Shanghai Communiqué (Joint Communiqué, of the United States of America and the People's Republic of China), dated February 28, 1972.** The United States declared that it "acknowledges that all Chinese on either side of the Taiwan Strait maintain there is but one China and that Taiwan is a part of China." The United States also reaffirmed its "interest in a peaceful settlement of the Taiwan question by the Chinese themselves" and committed as an "ultimate objective" to withdrawing all U.S. forces and military installations from Taiwan.[94]
- **Joint Communiqué on the Establishment of Diplomatic Relations Between the United States of America and the People's Republic of China, dated January 1, 1979.** The United States recognized the government of the People's Republic of China as the sole legal government of China and, in that context, stated that "the people of the United States will maintain cultural, commercial, and other unofficial relations with the people of Taiwan."
- **The August 17th Communiqué (Joint Communiqué of the United States of America and the People's Republic of China), dated August 17, 1982.** The United States stated "that it does not seek to carry out a long-term policy of arms sales to Taiwan, that its arms sales to Taiwan will not exceed, either in qualitative or in quantitative terms, the level of those supplied in recent years … and that it intends gradually to reduce its sale of arms to Taiwan, leading, over a period of time, to a final resolution."
- **The Taiwan Relations Act (TRA) (P.L. 96-8), enacted April 10, 1979.** The TRA stated that it is U.S. policy "that the United States decision to establish diplomatic relations with the People's Republic of China rests upon the expectation that the future of Taiwan will be determined by peaceful means." The TRA also stated that it is U.S. policy "to consider any effort to determine the future of Taiwan by other than peaceful means, including by boycotts or embargoes, a threat to the peace and security of the Western Pacific area and of grave concern to the United States," and "to maintain the capacity of the United States to resist any resort to force or other forms of coercion that would jeopardize the security, or the social or economic system, of the people on Taiwan." The law stated that, "the United States will make available to Taiwan such defense articles and defense services in such quantity as may be necessary to enable Taiwan to maintain a sufficient self-defense capability."
- **"The Six Assurances,"** conveyed by the Reagan Administration to Taiwan in 1982, during the negotiations between Washington and Beijing over the August 17th Communiqué. They were that the United States had not set a date for ending arms sales to Taiwan; had not agreed to consult with Beijing prior to making arms sales to Taiwan; would not play a mediation role between Taipei and Beijing; had not agreed to revise the Taiwan Relations Act; had not altered its position regarding sovereignty of Taiwan; and would not exert pressure on Taiwan to negotiate with the PRC.[95]

An additional factor influencing U.S. policy is the fact that Taiwan has blossomed into a vibrant and unpredictable democracy. As Taiwan's elected leaders have sought to define Taiwan's place in the world and expand its "international space," the United States has sometimes found itself urging restraint, opening Washington to charges that it is placing its interest in regional stability and cooperative relations with Beijing above the aspirations of the Taiwan people. Supporters of Taiwan's largest opposition party, the independence-minded Democratic Progressive Party (DPP), charged that in the run-up to January 2012 presidential and legislative elections, the United States inappropriately signaled its support for President Ma's candidacy because of a fear of heightened

[94] The United States withdrew all military personnel from Taiwan in 1979, during the Carter Administration.

[95] Different sources give slightly differing versions of the language of the "Six Assurances." See CRS Report RL30341, *China/Taiwan: Evolution of the "One China" Policy—Key Statements from Washington, Beijing, and Taipei*, by Shirley A. Kan.

tensions between Taipei and Beijing if the DPP candidate were to win.[96] President Ma was re-elected to a second four-year term, which is scheduled to conclude in May 2016.

For more information, see CRS Report R41952, *U.S.-Taiwan Relationship: Overview of Policy Issues*, by Shirley A. Kan and Wayne M. Morrison; CRS Report R41263, *Democratic Reforms in Taiwan: Issues for Congress*, by Shirley A. Kan; and CRS Report RL30341, *China/Taiwan: Evolution of the "One China" Policy—Key Statements from Washington, Beijing, and Taipei*, by Shirley A. Kan.

Cross-Strait Relations

Tensions between Beijing and Taipei have eased since President Ma first took office in Taiwan in 2008, following eight years of rule by the Democratic Progressive Party (DPP). Under President Ma, long-stalled official talks with China reconvened in June 2008 in Beijing, resulting in groundbreaking agreements on direct charter flights, the opening of permanent offices in each other's territories, and Chinese tourist travel to Taiwan, among others. Other rounds produced accords related to postal links, food safety, and Chinese investment in Taiwan.[97]

In April 2009, in an indication of greater flexibility on both sides, the World Health Organization (WHO) invited Taiwan to attend the 2009 World Health Assembly (WHA) as an observer under the name "Chinese Taipei."[98] The invitation, issued with China's assent, marked the first time that Taiwan had been permitted to participate in an activity of a U.N. specialized agency since it lost its U.N. seat to China in 1971. Some analysts have questioned how much Taiwan gained, however, noting that China has a memorandum of understanding with the WHO requiring that any interaction between Taiwan and the WHO be approved first by the Chinese Ministry of Health, and noting, too, that in WHO documents, Taiwan is referred to as "Taiwan Province of China."[99]

Taiwan is now seeking observer status in a second specialized agency of the United Nations, the International Civil Aviation Organization (ICAO). In a September 2012 meeting between China's then-President Hu Jintao and Lien Chan, Honorary Chairman of Taiwan's KMT, Hu pledged that Beijing would, in the KMT's words, "seriously study how to allow Taiwan to participate in ICAO events in an appropriate way."[100] Hu is now retired, but Beijing still appears to consider itself bound by Hu's words. It has not sought to block Taiwan's bid for observer status in the ICAO, but has made clear that it expects to be heavily involved in negotiating the terms of any Taiwan

[96] While the DPP candidate Tsai Ying-wen was visiting Washington, DC, an unnamed senior Administration official told the *Financial Times* that Tsai "left us with distinct doubts about whether she is both willing and able to continue the stability in cross-Strait relations the region has enjoyed in recent years." Anna Fifield, "U.S. Concerned About Taiwan Presidential Candidate," *Financial Times*, September 15, 2011. In the closing months of the campaign the Administration also dispatched two high level officials to visit Taiwan and officially nominated Taiwan to the Department of Homeland Security's visa waiver program, a major goal of the Ma Administration.

[97] The Taiwan and PRC governments conduct cross-strait talks through quasi-official organizations. In Taiwan, cross-strait talks are handled by the Straits Exchange Foundation (SEF), a private organization authorized by the government to handle these exchanges. The corresponding body in the PRC is the Association for Relations Across the Taiwan Strait (ARATS).

[98] Low, Y.F., "CNA: World Health Assembly's Invitation Raises Taiwan's International Profile," *Taipei Central News Agency*, April 29, 2009.

[99] For discussion of Taiwan's participation in international organizations and its observer status in the World Health Association, see Sigrid Winkler, "Taiwan's UN Dilemma: To Be or Not To Be," June 2012, Brookings Institution website, http://www.brookings.edu/research/opinions/2012/06/20-taiwan-un-winkler.

[100] Kuomintang Official Website, "Lien Chan: Cross-StraitEconomic and Trade Relations Enter Deep Waters," press release, September 10, 2013, http://www.kmt.org.tw/english/page.aspx?type=article&mnum=112&anum=11835.

participation. P.L. 113-17, signed into law in July 2013, directs the Secretary of State to develop a strategy to obtain observer status for Taiwan at the triennial International Civil Aviation Organization Assembly, to be held in September 2013 in Montreal, Canada.

Beijing and Taipei signed a landmark free trade arrangement, the Economic Cooperation Framework Agreement (ECFA), in June 2010, removing many remaining barriers to trade and investment across the Taiwan Strait and hastening cross-strait economic integration.[101] That integration has raised fears among some in both Taiwan and the United States about a possible erosion of Taiwan's autonomy. At the same time, some analysts believe that closer economic ties may deter cross-straits conflict by increasing the potential economic and human costs for both sides. In the joint statement issued during Chinese President Hu Jintao's state visit to Washington in January 2011, the United States said that it "applauded" the ECFA and "welcomed the new lines of communication developing between" the two sides of the Taiwan Strait.

U.S. Arms Sales to Taiwan

The issue of U.S. arms sales to Taiwan is among the most contentious in the U.S.-China relationship. The PRC argues that U.S. arms sales embolden those in Taiwan who seek Taiwan's formal independence—China calls them "separatist forces"—and that the arms sales are therefore destabilizing.[102] China also charges that continued U.S. arms sales represent a betrayal of U.S. commitments under the August 17th Communiqué of 1982, in which the United States stated its intention "gradually to reduce its sale of arms to Taiwan, leading, over a period of time, to a final resolution." The U.S. government argues that arms sales to Taiwan give Taiwan's leaders the confidence and "capacity to resist intimidation and coercion" required to engage with China.[103] The United States also cites its obligation under the Taiwan Relations Act (P.L. 96-8) to provide Taiwan with defense articles and services "in such quantity as may be necessary to enable Taiwan to maintain a sufficient self-defense capability."

In October 2011, the Obama Administration notified Congress of a $5.85 billion arms package, including upgrades to 145 F-16A/B fighter jets, the extension of a pilot training program, and spare parts for three types of aircraft. Although China has previously suspended the military-to-military relationship with the United States to protest U.S. arms sales packages to Taiwan, it did not do so in this case, perhaps because the Obama Administration chose not to sell Taiwan more advanced F-16C/D fighters. China strenuously opposes the sale of F-16C/Ds to Taiwan, arguing that they are offensive, rather than defensive in nature, and that selling them to Taiwan would run counter to the U.S. pledge in the 1982 Communiqué not to sell arms to Taiwan that "exceed, either in qualitative or in quantitative terms, the level of those supplied in recent years." Sec. 1281 of the FY2013 National Defense Authorization Act (P.L. 112-239) stated that it was the Sense of the Congress that the President should take steps to address Taiwan's shortfall in fighter aircraft, "whether through the sale of F-16 C/D aircraft or other aircraft of similar capacity."

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[101] Cross-Straits trade in 2010 amounted to roughly $152 billion, making the PRC Taiwan's largest trading partner; see U.S. Congress, House Committee on Foreign Affairs, *Testimony of Dr. Kurt M. Campbell*, 112th Cong., October 4, 2011, http://www.state.gov/p/eap/rls/rm/2011/10/174980.htm.

[102] At a meeting in Singapore in June 2010, Ma Xiaotian, Deputy Chief of the General Staff of the Chinese military, stated, in a reference to Taiwan, that "China has yet to achieve national unification and there is still support for the separatist forces from outside the country." Ma Xiaotian, "New Dimensions of Security," Address to the 9th IISS Asian Security Summit, the Shangri-La Dialogue, Singapore, June 5, 2010, http://www.iiss.org/conferences/the-shangri-la-dialogue/shangri-la-dialogue-2010/plenary-session-speeches/second-plenary-session/ma-xiaotian/.

[103] U.S. Congress, House Committee on Foreign Affairs, *Testimony of Dr. Kurt M. Campbell*, 112th Cong., October 4, 2011, http://www.state.gov/p/eap/rls/rm/2011/10/174980.htm.

For more information, see CRS Report RL30957, *Taiwan: Major U.S. Arms Sales Since 1990*, by Shirley A. Kan.

Economic Issues

The U.S. and Chinese economies are the first and second largest in the world respectively, and are heavily interdependent. The Obama Administration has sought to cooperate with China in rebalancing the global economy, while acknowledging that the two nations are engaged in what President Obama calls "healthy economic competition."[104] Bilateral economic issues include the issue of commercial cyber espionage allegedly originating from China; China's currency and industrial policies; and China's weak enforcement of intellectual property rights. Both countries have welcomed the growth of Chinese foreign direct investment in the United States, although China has complained about U.S. scrutiny of investments on national security grounds. The primary bilateral fora for discussion of economic issues are the U.S.-China Strategic and Economic Dialogue (S&ED) and the Joint Commission on Commerce and Trade (JCCT).

For more information, see CRS Report RL33536, *China-U.S. Trade Issues*, by Wayne M. Morrison, and CRS Report RL33534, *China's Economic Rise: History, Trends, Challenges, and Implications for the United States*, by Wayne M. Morrison.

Basic Facts About the U.S.-China Economic Relationship

Basic facts about the bilateral economic relationship include

- The U.S. and Chinese economies are the first and second largest in the world respectively on both a nominal dollar basis and a purchasing power parity basis. In 2012, according to the World Bank, U.S. nominal GDP was nearly twice the size of China's, at $15.68 trillion compared to China's $8.227 trillion.[105]
- According to official U.S. trade data, China is the United States' second largest trading partner, after Canada. Two-way trade in 2012 topped $536 billion. China's exports to the United States totaled $426 billion, and U.S. exports to China totaled $111 billion. The U.S. goods trade deficit with China was $315 billion.
- According to official Chinese data, the United States is China's largest trading partner and U.S.-China two-way trade in 2012 was $480 billion, with Chinese exports to the United States totaling $352 billion and U.S. exports to China totaling $128 billion. Chinese data shows the Chinese trade surplus with the United States to be $224 billion.[106]
- According to official U.S. data, China is the United States' largest supplier of imports, third largest export market (after Canada and Mexico), second largest agricultural export market (after Canada), and fifth largest market for exports of private services. Imports from China make up 19% of all U.S. imports and exports to China account for 7% of all U.S. exports.

[104] The White House Office of the Press Secretary, "Remarks by President Obama and President Xi Jinping of the People's Republic of China Before Bilateral Meeting," press release, June 7, 2013.

[105] World Bank data, http://data.worldbank.org/country/china.

[106] CRS Report RS22640, *What's the Difference?—Comparing U.S. and Chinese Trade Data*, by Michael F. Martin.

- According to an Associated Press analysis, for at least 124 countries, China is now a larger trading partner than the United States.[107]
- China is the largest foreign holder of U.S. Treasury securities, holding $1.32 trillion in U.S. Treasury securities as of the end of May 2013. At that time, China's holdings represented 23.3% of all foreign holdings of U.S. Treasury securities, and 7.9% of total outstanding U.S. debt.[108]
- According to official U.S. data, by the end of 2010 U.S. businesses had invested a cumulative $60.5 billion in China, an increase of 21.4% from 2009.[109]
- According to U.S. Bureau of Economic Analysis (BEA) figures, cumulative Chinese foreign direct investment (FDI) in the United States, reached $3.8 billion in 2011, just 6% of U.S. FDI in China, but a six-fold increase over 2007.[110] According to official Chinese data, by 2013, Chinese FDI in the United States had reached $20 billion.[111] Private-sector researchers in the United States believe that the cumulative volume of Chinese FDI in the United States is larger still.[112]

Global Rebalancing and China's 12th Five-Year Plan

World leaders have acknowledged the need for fundamental restructuring of the global economy, with major onus for action on the United States and China. According to the World Bank, the United States had the world's largest current account deficit in 2011, while China had the world's second largest surplus. Many economists say that such huge imbalances in global trade undermine the health of the global economy, and that the United States needs to save more and consume less, while China needs to reduce its dependence on exports and investment and consume more.

China signaled its intention to tackle its side of the equation in its 12th Five-Year Plan, an authoritative plan for national economic and social development covering the years 2011 to 2015. Adopted by China's National People's Congress in March 2011, the 12th Five-Year Plan includes plans for: [113]

- slower GDP growth than China has enjoyed in the past, with a target of 7% annual GDP growth over the five years of the plan;
- boosting domestic consumption as a percentage of GDP, in part by increasing wages for Chinese workers and improving China's social welfare net, so that citizens do not need to set aside so much of their incomes to pay for education, health care, and retirement;

[107] Joe McDonald and Youkyung Lee, "AP Impact: China Surpasses US As Top Global Trader," *Associated Press*, December 2, 2012.

[108] Department of the Treasury, *Major Foreign Holders of Treasury Securities*, March 15, 2013, http://www.treasury.gov/resource-center/data-chart-center/tic/Documents/mfh.txt; Department of the Treasury, Treasury Direct, "The Debt to the Penny and Who Holds It," http://www.treasurydirect.gov/NP/debt/current.

[109] Office of the United States Trade Representative, "U.S.-China Trade Facts," http://www.ustr.gov/countries-regions/china-mongolia-taiwan/peoples-republic-china. Accessed July 19, 2013.

[110] Bureau of Economic Analysis, *Foreign Direct Investment in the U.S.: Balance of Payments and Direct Investment Position Data*, http://www.bea.gov/international/di1fdibal.htm.

[111] Chen Weihua, "US, China hopeful of BIT after talks reignited," *China Daily*, July 13, 2013.

[112] Thilo Hanemann and Daniel H. Rosen, *China Investment Monitor: Tracking Chinese Direct Investment in the U.S.*, Rhodium Group, http://rhgroup.net/interactive/china-investment-monitor.

[113] "Key targets of China's 12th five-year plan ," *Xinhua News Agency*, March 5, 2013, http://news.xinhuanet.com/english2010/china/2011-03/05/c_13762230.htm.

- increasing the service sector's contribution to GDP;
- expanding urbanization, with a target of creating more than 45 million jobs in urban areas and increasing China's urbanization rate to 51.5%, an increase of four percentage points;
- prioritizing development of seven "emerging strategic industries," three intended to support China's goal of moving toward more environmentally sustainable growth, and four intended to support China's goal of moving away from labor-intensive low-end manufacturing;
- meeting ambitious energy and environmental targets, including increasing the proportion of non-fossil fuels in China's energy mix to 11.4% and reducing energy consumption per unit of GDP by16%.

Cyber-Enabled Theft of Commercial Information

Cyber-enabled theft of commercial information is a rapidly growing issue in the U.S.-China relationship. After years of discussing the issue only in classified writings, the U.S. government in 2011 made public some of its concerns in a report to Congress issued by the Office of the National Counterintelligence Executive (NCIX).[114] The NCIX report described Chinese actors as "the world's most active and persistent perpetrators of economic espionage," and both the Chinese and Russian governments as "aggressive and capable collectors of sensitive U.S. economic information and technologies, particularly in cyberspace." The report noted that U.S. businesses and cyber security experts had reported "an onslaught of computer network intrusions originating from Internet Protocol (IP) addresses in China," although it also noted the difficulty of "attribution," or determining what entities were behind the attacks, whether individuals, corporate actors or state actors.

In February 2013, Mandiant, a private information security company, published a report accusing a Shanghai-based unit of China's People's Liberation Army of cyber espionage targeting multiple U.S. and other corporations.[115] In remarks to the Asia Society the next month, then-National Security Advisor Tom Donilon spoke out against "sophisticated, targeted theft of confidential business information and proprietary technologies through cyber intrusions emanating from China on an unprecedented scale," but did not explicitly accuse the Chinese Communist Party or the government of complicity in the intrusions.[116] The U.S. government for the first time publicly pinned responsibility on official Chinese actors in May 2013. In a report to Congress that month, the Department of Defense wrote that cyber-intrusions targeting U.S. government and other computer systems "appear to be attributable directly to the Chinese government and military."[117]

As accusations of official Chinese actors' involvement in enabled-theft of intellectual property, trade secrets, and business proprietary information have mounted, official Chinese spokespeople

[114] Office of the National Counterintelligence Executive, *Foreign Spies Stealing U.S. Economic Secrets in Cyberspace: Report to Congress on Foreign Balance Economic Collection and Industrial Espionage, 2009-2011*, October 2011, http://www.ncix.gov/publications/reports/fecie_all/Foreign_Economic_Collection_2011.pdf.

[115] Mandiant, *APT1: Exposing One of China's Cyber Espionage Units*, February 2013, http://intelreport.mandiant.com/.

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

[117] Office of the Secretary of Defense, *Annual Report to Congress: Military and Security Developments Involving the People's Republic of China 2013,* May 7, 2013, p. 36, http://www.defense.gov/pubs/2013_china_report_final.pdf.

have frequently dismissed the allegations as "groundless," citing the difficulty of attribution of cyberattacks and intrusions. Responding to the Mandiant report in February 2013, a spokesman for China's Ministry of National Defense stated that, "the Chinese military has never supported any hacker activity." He noted that Chinese law prohibits hacker attacks and "other such activities that undermine the security of the Internet." He also stated that China is itself a major victim of network attacks, with the networks of the Ministry of National Defense and China Military Online coming under attack more than 144,000 times a month on average, with 63% of the attacks allegedly originating from the United States.[118]

The U.S. and Chinese governments in 2013 established a high-level working group on cyber security under U.S.-China Strategic Security Dialogue, a sub-dialogue of the two countries' Strategic and Economic Dialogue. The Cyber Working Group (CWG) met for the first time on July 8, 2013. According to the State Department, at the meeting the two governments "decided to take practical measures to enhance dialogue on international norms and principles in order to guide action in cyber space." They also agreed to strengthen coordination and cooperation between the U.S. Computer Emergency Readiness Team (US-CERT) and the National Computer Network Emergy Response Technical Team/Coordination Center of China (CNCERT/CC).[119]

Former National Security Agency contractor Edward Snowden's allegations related to U.S. intelligence collection programs may have complicated the U.S. effort to hold China to account for its alleged involvement in cyber-enabled theft targeting the United States. A report from China's state news agency, Xinhua, claimed that information provided by Snowden had revealed U.S. "hypocrisy" on the cyber-security issue, and added "a dose of conviction" to China's denials of state-sponsored hacking and its claim to be a victim of cyber-crimes.[120] A Xinhua commentary claimed that Snowden's allegations "demonstrate that the United States, which has long been trying to play innocent as a victim of cyber attacks, has turned out to be the biggest villain in our age."[121] A senior administration official, speaking on background to the media in July 2013, sought to draw a distinction between Snowden's allegations and U.S. concerns related to China's behavior, arguing that, "there is a vast distinction between intelligence-gathering activities that all countries do and the theft of intellectual property for the benefit of business in the country, which we don't do and we don't think any country should do."[122]

For more information, see CRS Report R42984, *The 2013 Cybersecurity Executive Order: Overview and Considerations for Congress*, by Eric A. Fischer et al.

The Bilateral Trade Deficit

Trade between the United States and China has expanded dramatically in the years since China acceded to the World Trade Organization in December 2001. The size of the U.S. trade deficit with China has risen with the greater volume of trade.

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[118] Ministry of National Defense of the People's Republic of China, Regular News Conference Hosted By Senior Colonel Geng Yansheng, February 28, 2013.

[119] U.S. Department of State, "U.S.-China Strategic and Economic Dialogue Outcomes of the Strategic Track," press release, July 12, 2013, http://www.state.gov/r/pa/prs/ps/2013/07/211861.htm.

[120] Liu Dan and Bi Mingxin, "Surveillance Programs Reveal U.S. Hypocrisy," *Xinhua News Agency*, June 14, 2013.

[121] Ming Jinwei, "Commentary: Washington owes world explanations over troubling spying accusations," *Xinhua News Agency*, June 23, 2013.

[122] U.S. Department of State, "Senior Administration Officials On the First Day of the Strategic and Economic Dialogue and U.S.-China Relations," press release, July 10, 2013, http://www.state.gov/r/pa/prs/ps/2013/07/211801.htm.

Economists argue that the global trade balance is a more meaningful indicator of an economy's health than bilateral balances, and in recent years, China's current account surplus has fallen significantly, as a share of GDP, from 10.1% in 2007 to 2.3% in 2012.[123] Many U.S. analysts nonetheless point to the United States' bilateral goods trade imbalance with China to highlight China's allegedly unfair trade practices and undervalued currency, and their impact on the U.S. economy. Chinese officials, who cite different figures for the bilateral trade deficit than the United States, routinely seek to shift some of the blame for the trade deficit to the United States by criticizing U.S. controls on exports of advanced technology. They also argue that the increase in exports to the United States reflects the shifting of production from other countries to China, with many "made in China" products containing components made in other countries, and China adding only a small percentage of the value. In trade statistics, however, the entire value of such products is counted as being from China.

Table 1. U.S. Merchandise Trade with China over Time

Year	U.S. Imports from China	U.S. Exports to China	U.S. Trade Deficit with China
1995	$46 billion	$12 billion	$34 billion
2000	$100 billion	$16 billion	$84 billion
2005	$243 billion	$41 billion	$202 billion
2010	$365 billion	$92 billion	$273 billion
2012	$426 billion	$111 billion	$315 billion

Source: U.S. International Trade Commission.

Note: This table does not reflect U.S. trade with China in services, in which the United States runs a surplus.

For more information, see CRS Report RL33536, *China-U.S. Trade Issues*, by Wayne M. Morrison, and CRS Report RS22640, *What's the Difference?—Comparing U.S. and Chinese Trade Data*, by Michael F. Martin.

China's Currency Policy

The issue of China's management of its currency, the renminbi ("people's money") or RMB, once topped the Obama Administration's shortlist of economic disputes with China. It remains a major concern, but appears to have lost some of its urgency as other economic disputes with China have moved to the fore, and as China has continued to allow its currency to appreciate gradually. According to the U.S. Treasury Department, Chinese leaders increasingly acknowledge the value of a stronger RMB as a tool to combat inflation, and have made commitments at the G-20 and the S&ED to promote greater flexibility in the exchange rate and to "gradually reduce the pace of accumulation of foreign reserves."[124] According to Treasury Department data, from June 2010, when China's central bank, the People's Bank of China, announced a policy of greater exchange

[123] Department of the Treasury, Department of the Treasury Office of International Affairs, *Report to Congress on International Economic and Exchange Rate Policies*, April 12, 2013, http://www.treasury.gov/resource-center/international/exchange-rate-policies/Documents/Foreign%20Exchange%20Report%20April%202013.pdf.

[124] U.S. Department of The Treasury, *The 2011 U.S.-China Strategic and Economic Dialogue U.S. Fact Sheet – Economic Track*, May 10, 2011, http://www.treasury.gov/press-center/press-releases/Pages/TG1172.aspx.; U.S. Department of the Treasury, *Report to Congress on International Economic and Exchange Rate Policies*, December 27, 2011, pp. 16, http://www.treasury.gov/resource-center/international/exchange-rate-policies/Documents/FX%20Report%202011.pdf.

rate "flexibility," to early April 2013, the RMB appreciated against the U.S. dollar by 10% in nominal terms. In real, inflation-adjusted terms, it appreciated 16.2% between June 2010 and February 2013. From July 2005 to April 2013, China's "real effective exchange rate" (REER) appreciated 33.8% in real terms. The Treasury Department believes that "While the estimated range of misalignment has narrowed, China's real effective exchange rate continues to exhibit significant undervaluation."[125] The U.S. government argues that an undervalued RMB makes China's exports to the world artificially cheap, and China's imports from the rest of the world, including the United States, artificially expensive for Chinese consumers.

For more information about China's currency policy, see CRS Report RS21625, *China's Currency Policy: An Analysis of the Economic Issues*, by Wayne M. Morrison and Marc Labonte.

China's Holdings of U.S. Treasuries

The U.S. federal budget deficit has increased rapidly since 2008, financed by sales of Treasury securities. China, with $3.3 trillion in foreign currency reserves in December 2012,[126] has been either the largest or the number two foreign holder of U.S. Treasury securities since then, and thus one of the largest foreign financers of the U.S. federal budget deficit. China's holdings of U.S. Treasury securities totaled $1.32 trillion as of the end of March 2013, accounting for 23.3 of all foreign holdings of U.S. Treasury securities, and nearly 7.9% of total outstanding U.S. debt. Japan was the second-largest holder of U.S. Treasury securities.[127]

Some observers have raised concerns about the possibility of China destabilizing the U.S. economy by drawing down its holdings of U.S. Treasuries. Economists familiar with China's financial system note, however, that it does not allow foreign currency to be spent in China, meaning that China has no choice but to invest its large current account surplus overseas. The United States is the only economy large enough to absorb foreign exchange on the scale that China is accumulating it.[128] The combination of China's large volume of exports to the United States and its purchase of U.S. debt has given China a major stake in the health of the U.S. economy. Some analysts argue that China's holdings of U.S. Treasuries have also shifted the balance of financial power between Washington and Beijing, emboldening China to speak out with criticisms of the way the U.S. economy is managed. Beijing has spoken out, for example, about its concerns regarding the U.S. use of quantitative easing monetary policy to stimulate its economy. China fears the policy, by suppressing interest rates, could produce inflation and/or a devaluation of the U.S. dollar, which would lessen the value of China's U.S. dollar assets.

For more information, see CRS Report RL34314, *China's Holdings of U.S. Securities: Implications for the U.S. Economy*, by Wayne M. Morrison and Marc Labonte.

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[125] U.S. Department of the Treasury, *Report to Congress on International Economic and Exchange Rate Policies*, April 10, 2013, p. 3, http://www.treasury.gov/resource-center/international/exchange-rate-policies/Documents/Foreign%20Exchange%20Report%20April%202013.pdf.

[126] U.S. Department of the Treasury, *Report to Congress on International Economic and Exchange Rate Policies*, December 27, 2011, pp. 18, http://www.treasury.gov/resource-center/international/exchange-rate-policies/Documents/FX%20Report%202011.pdf.

[127] Department of the Treasury, *Major Foreign Holders of Treasury Securities*, March 15, 2013, http://www.treasury.gov/resource-center/data-chart-center/tic/Documents/mfh.txt; Department of the Treasury, Treasury Direct, "The Debt to the Penny and Who Holds It," http://www.treasurydirect.gov/NP/debt/current.

[128] Derek Scissors, *Chinese Investment in the U.S.: $2 Trillion and Counting*, The Heritage Foundation, blog post, Washington, DC, March 1, 2011, http://www.heritage.org/Research/Reports/2011/02/Chinese-Investment-in-the-US-$2-Trillion-and-Counting.

China's Compliance with World Trade Organization (WTO) Commitments

Since 2006, the U.S. government has repeatedly raised concerns about alleged backsliding in China's implementation of commitments it made as part of its 2001 accession to the World Trade Organization. In December 2012, in the midst of China's transition to a new leadership team, the U.S. Trade Representative charged in a report to Congress that, "For much of the past decade, the Chinese government has been re-emphasizing the state's role in the economy, diverging from the path of economic reform that drove China's accession to the WTO." Of particular concern to USTR has been China's use of "new and more expansive industrial policies, often designed to limit market access for imported goods, foreign manufacturers and foreign service suppliers, while offering substantial government guidance, resources and regulatory support to Chinese industries, particularly ones dominated by state-owned enterprises."[129]

The United States and China routinely discuss U.S. concerns in detail in the context of two bilateral dialogues, the Joint Commission on Commerce and Trade (JCCT) and the Strategic and Economic Dialogue (S&ED), as well as in other bilateral settings. Each round of the two dialogues produces new commitments from China to review and often revise specific policies. When bilateral negotiations have failed to resolve U.S. concerns, the United States has taken disputes to the World Trade Organization (WTO). The United States has brought 15 dispute settlement cases against China to the WTO, including eight under the Obama Administration (three in 2012, one in 2011, three in 2010, and one in 2009). China has brought eight WTO cases against the United States to the WTO, five of them during the Obama Administration's time in office (two in 2012, one in 2011, and two in 2009).[130] Two of China's cases against the United States have challenged legislation passed by the U.S. Congress. In September 2010, a WTO panel found for China in determining that that Section 727 of P.L. 111-8 was inconsistent with the United States' WTO obligations, but did not recommend further action because the provision had expired. A pending Chinese case against the United States at the WTO challenges P.L. 112-99, An Act to Apply the Countervailing Duty Provisions of the Tariff Act of 1930 to Nonmarket Economy Countries, and For Other Purposes.

For more information, see CRS Report RL33536, *China-U.S. Trade Issues*, by Wayne M. Morrison; and CRS Report RL33976, *U.S. Trade Remedy Laws and Nonmarket Economies: A Legal Overview*, by Jane M. Smith.

China and the WTO Government Procurement Agreement

Although China acceded to the World Trade Organization in 2001, and although its government procurement market has since grown to be among the largest in the world, China has yet to join the WTO's Government Procurement Agreement (GPA). Its procurement policies are thus not subject to most WTO rules. The United States has been eager to see China join the agreement so as to ensure access for U.S. firms to what China says was a $179 billion in 2011.[131] China has so far submitted four offers to join the GPA, but none acceptable to current GPA members. At the meeting of the U.S.-China Strategic and Economic Dialogue in July 2013, China made a new commitment to submit a revised offer to join the GPA by the end of 2013, and to "begin intensive

[129] United States Trade Representative, *2012 Report to Congress on China's WTO Compliance,* December 2012, http://www.ustr.gov/webfm_send/3620.

[130] Details of disputes brought to the World Trade Organization by the United States and China can be found on the World Trade Organization website at http://www.wto.org/english/tratop_e/dispu_e/dispu_by_country_e.htm.

[131] Office of the United States Trade Representative, "23rd U.S.-China Joint Commission on Commerce and Trade Fact Sheet," press release, December 19, 2012, http://www.ustr.gov/node/7979.

technical discussions with the United States this summer with the aim of tackling remaining obstacles to China's GPA accession."[132]

For more information, see CRS Report RL33536, *China-U.S. Trade Issues*, by Wayne M. Morrison.

Negotiations Over a U.S.-China Bilateral Investment Treaty (BIT)

At the July 2013 round of the U.S.-China Strategic and Economic Dialogue (S&ED), the United States and China agreed to re-start negotiations over a Bilateral Investment Treaty (BIT), which could serve to resolve disagreements between the two countries over such issues as market access and protections for intellectual property. The two sides previously undertook nine rounds of negotiations over a BIT, but the talks ultimately stalled, in part over China's insistence on exempting its service sector and certain other industries from the proposed BIT. According to the Treasury Department, China has now agreed that the BIT will cover all phases of investment, including market access, and all sectors of the Chinese economy "except for any limited and transparent negotiated exceptions."[133] At a briefing during the S&ED, China's Commerce Minister, Gao Hucheng, suggested that rapidly growing Chinese direct investment in the United States, combined with China's continued substantial Chinese holdings of U.S. Treasuries, convinced China of the need to re-start negotiations. "With such an extensive investment relationship, it is necessary for the two sides to have an institutional environment for the protection of these investments," Gao told reporters.[134] The BIT negotiations are led by the State Department and the U.S. Trade Representative, with participation from the Treasury Department and others. The proposed BIT would ultimately need to be ratified by the U.S. Senate.

For more information, see CRS Report R43052, *U.S. International Investment Agreements: Issues for Congress*, by Shayerah Ilias Akhtar and Martin A. Weiss.

Chinese Foreign Direct Investment in the United States

With both the U.S. and Chinese governments officially supporting greater Chinese investment in the United States, Chinese foreign direct investment (FDI) has been growing steadily in recent years, although the Obama Administration's blocking of several Chinese investments on national security grounds has led to complaints from China that investors feel the U.S. government's welcome is not entirely wholehearted.[135] The U.S. Bureau of Economic Analysis reports that at the end of 2011, cumulative Chinese investment in the United States totaled $3.8 billion.[136] China puts the current figure much higher, saying that Chinese direct investment in the United States now totals $20 billion.[137] The Rhodium Group, a private U.S.-based economic research firm,

[132] U.S. Department of the Treasury, "U.S. Fact Sheet – Economic Track Fifth Meeting of the U.S.-China Strategic and Economic Dialogue," press release, July 12, 2013, http://www.treasury.gov/press-center/press-releases/Pages/jl2011.aspx.

[133] U.S. Department of the Treasury, "U.S. Fact Sheet – Economic Track Fifth Meeting of the U.S.-China Strategic and Economic Dialogue," press release, July 12, 2013, http://www.treasury.gov/press-center/press-releases/Pages/jl2011.aspx.

[134] Paul Eckert and Anna Yukhananov, "U.S., China agree to restart investment treaty talks," *Reuters*, July 12, 2013.

[135] See, for example, Rachelle Younglai, "Obama Blocks Chinese Wind Farms in Oregon over Security," *Reuters*, September 28, 2012, http://www.reuters.com/article/2012/09/28/us-usa-china-turbines-idUSBRE88R19220120928.

[136] Bureau of Economic Analysis, *Foreign Direct Investment in the U.S.: Balance of Payments and Direct Investment Position Data*, http://www.bea.gov/international/di1fdibal.htm.

[137] Chen Weihua, "US, China hopeful of BIT after talks reignited," *China Daily*, July 13, 2013.

reports that it has tracked 670 deals involving Chinese FDI in the United States, with a total value of $27.9 billion.[138]

The largest proposed acquisition of a U.S. firm by a Chinese firm to date is Shuanghui International Holdings' bid to purchase Virginia-based Smithfield Foods, the world's largest hog producer, for $4.7 billion in cash. (Shuanghui's planned assumption of Smithfield's debts makes the deal worth $7.1 billion in total.) Shuanghui, which announced its bid in May 2013, is the majority owner of China's largest meat processing enterprise, Henan Shuanghui Investment and Development Company, Ltd. The deal is currently under review by the U.S. Committee on Foreign Investment in the United States (CFIUS). A number of Members of Congress have expressed concerns about the proposed transaction. On July 10, 2013, the Senate Committee on Agriculture, Nutrition, and Forestry held a hearing to examine the deal and "more broadly examine how the government review process of foreign acquisitions of U.S. companies addresses American food safety, protection of American technologies and intellectual property, and the effects of increased foreign ownership of the U.S. food supply."[139]

For more information, see CRS Report RL33536, *China-U.S. Trade Issues*, by Wayne M. Morrison and CRS Report RL33388, *The Committee on Foreign Investment in the United States (CFIUS)*, by James K. Jackson.

China's Enforcement of Intellectual Property Rights (IPR)

The United States Trade Representative continues to place China on its Priority Watch List of countries that are the worst violators of intellectual property rights, a list that currently comprises 10 countries.[140] In its annual Special 301 Report to Congress, USTR highlighted "the growing problem of misappropriation of trade secrets in China and elsewhere" and "troubling 'indigenous innovation' policies that may unfairly disadvantage U.S. rights holders in China." The report noted that Chinese theft of trade secrets can occur in a wide range of circumstances, including "departing employees, failed joint ventures, cyber intrusion and hacking, and misuse of information submitted to government entities for the purposes of complying with regulatory obligations." It stated that, "In practice, remedies under Chinese law are difficult to obtain."[141]

In May 2013, a report by the Commission on the Theft of American Intellectual Property, headed by Dennis C. Blair, former Director of National Intelligence, and Jon M. Huntsman, Jr., a former U.S. Ambassador to China, estimated that annual U.S. losses due to international theft of U.S. intellectual property "are likely to be comparable to the current annual level of U.S. exports to Asia," or over $300 billion. The report attributed "between 50% and 80%" of the problem to China. "National industrial goals in China encourage IP theft, and an extraordinary number of

[138] Thilo Hanemann and Daniel H. Rosen, *China Investment Monitor: Tracking Chinese Direct Investment in the U.S.*, Rhodium Group, http://rhgroup.net/interactive/china-investment-monitor, accessed July 25, 2013.

[139] U.S. Congress, Senate Committee on Agriculture, Nutrition and Forestry, *Smithfield and Beyond: Examining Foreign Purchases of American Food Companies*, 113th Cong., 1st sess., July 10, 2013.

[140] The other countries on USTR's 2013 "Priority Watch List" are Algeria, Argentina, Chile, India, Indonesia, Pakistan, Russia, Thailand, and Venezuela. United States Trade Representative, *2013 Special 301 Report*, May 2013, p. 6, http://www.ustr.gov/sites/default/files/05012013%202013%20Special%20301%20Report.pdfhttp://www.ustr.gov/sites/default/files/2012 Special 301 Report_0.pdf.

[141] United States Trade Representative, *2013 Special 301 Report*, May 2013, pp. 4, 13, http://www.ustr.gov/sites/default/files/05012013%202013%20Special%20301%20Report.pdfhttp://www.ustr.gov/sites/default/files/2012 Special 301 Report_0.pdf.

Chinese in business and government entities are engaged in the practice," the Commission alleged.[142]

For more information, see CRS Report RL33536, *China-U.S. Trade Issues*, by Wayne M. Morrison and CRS Report RL34292, *Intellectual Property Rights and International Trade*, by Shayerah Ilias Akhtar and Ian F. Fergusson.

Climate Change and Energy Cooperation

China relies heavily on coal to power its fast-growing economy and is the world's largest emitter of the most common greenhouse gas, carbon dioxide (CO_2). According to the International Energy Agency (IEA), China accounted for 24.1% of all global CO_2 emissions in 2010, well ahead of the United States.[143] The IEA reports that its preliminary estimates show China's emissions grew 300 million tonnes (Mt), or 3.8%, in 2012, while U.S. emissions dropped 200 Mt. The agency notes, however, that China's emissions growth rate for 2012 was one of its lowest in a decade, thanks to a greater reliance on renewable energy sources, particularly hydropower, and a decline in the energy intensity of the Chinese economy.[144] With China and the United States together responsible for nearly half of the world's CO_2 emissions, both countries are by necessity key players in efforts to address climate change.

The Obama Administration has long sought to make cooperation with China in battling climate change a pillar of a new relationship focused on global issues. In the first term of the Obama Administration, the two countries' different perspectives on international climate change negotiations frequently produced friction. Disagreements have centered on the relative responsibilities of developed and major developing nations for addressing climate change. China, along with many other developing countries, has long argued that developed nations bear the lion's share of the historical responsibility for climate change and continue to have far higher levels of emissions per capita, so they alone should be subject to legally binding commitments to reduce emissions, while developing nations' reductions should be voluntary. Chinese officials have described pressures on developing countries to accept legally binding emissions targets as an attempt to restrict those countries' rights to develop.[145] The U.S. Congress has long indicated that it will not support legally binding commitments, such as the Kyoto Protocol, to reduce U.S. emissions without binding commitments from other major emitters, such as China.[146] The Obama Administration has adopted the same position.

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[142] The IP Commission Report, The Report of The Commission on the Theft of American Intellectual Property, May 2013, http://ipcommission.org/report/IP_Commission_Report_052213.pdf.

[143] International Energy Agency, *Key World Energy Statistics 2012*, 2012, p. 45, http://www.iea.org/publications/freepublications/publication/name,31287,en.html.

[144] International Energy Agency, *Redrawing the Energy Climate Map*, World Energy Outlook Special Report, pp. 9, 13, 26, http://www.worldenergyoutlook.org/media/weowebsite/2013/energyclimatemap/RedrawingEnergyClimateMap.pdf.

[145] China's then-chief climate change negotiator Xie Zhenhua charged in a January 2010 speech that, "Developed countries are using climate change issues to restrict the development of developing countries and maintain the North-South gap between the rich and the poor, with countries like China, Brazil, and India particularly targeted; they are very worried about China's pace of development." "Xie Zhenhua's Speech at Peking University, Guanghua College of Management, January, 2010," World Resources Institute *China FAQs*, http://www.chinafaqs.org/library/xie-zhenhuas-speech-peking-university-guanghua-college-management-january-2010 (unofficial English translation). Original Chinese text available at http://finance.sina.com.cn/hy/20100109/11137218805.shtml.

[146] As early as 1997, the Byrd-Hagel Resolution (S.Res. 98) held that the United States should not enter into any international agreement requiring binding commitments to limit greenhouse gas emissions unless the agreement also

In the second Obama Administration term, cooperation on climate change-related issues has had a more positive tone. When Secretary of State Kerry, a long-time advocate of action on climate change, visited China in April 2013, the two countries issued a joint statement on climate change committing to "forceful, nationally appropriate action by the United States and China—including large-scale cooperative action." They also established a high-level U.S.-China Climate Change Working Group to explore ways to advance cooperation.[147] The group, led by the U.S. Special Envoy for Climate Change and a Vice Chairman of China's National Development and Reform Commission, delivered its findings at the July 2013 meeting of the bilateral Strategic and Economic Dialogue, calling for "new pragmatic cooperation" in five areas: heavy-duty and other vehicles; smart grids; carbon capture, utilization and storage; collecting and managing greenhouse gas data; and energy efficiency in buildings and industry.[148] One of the first tangible products of the group's work was a bilateral agreement announced at the Obama-Xi presidential summit in June to address climate change through a joint commitment to reduce use of hydrofluorocarbons.[149]

Without agreeing to binding international commitments, China has set itself ambitious national targets for reducing growth in its carbon emissions. In its 12th Five-Year Plan, an authoritative economic planning document covering the years from 2011 through 2015, for example, the PRC committed that by 2015, it would increase the share of non-fossil fuels in its primary energy mix to 11.4%, cut energy consumption per unit of GDP by 16%, and cut carbon dioxide emissions per unit of GDP by 17%.[150] A government report adopted at the annual National People's Congress plenary session in March 2013 stated that China reduced carbon dioxide emissions per unit of GDP by 5.02% over the previous year, 1.5 percentage points higher than the planned target for the year.[151]

Secretary Kerry has argued that, "Energy policy is the solution to climate change."[152] During President Obama's November 2009 state visit to China, the United States and China announced the establishment of a $150 million initiative surrounding a new, virtual U.S.-China Clean Energy Research Center (CERC). The CERC and other components were tasked with researching and jointly developing energy efficient buildings, electric vehicles, and clean coal technologies over the subsequent five years. It took the nongovernmental participants until September 2011, however, to work out formal agreements to protect intellectual property necessary for the research to move forward.[153] Areas of bilateral collaboration on clean energy include joint government and

subjects developing countries to specific binding commitments.

[147] Department of State, "Joint U.S.-China Statement on Climate Change," April 13, 2013, http://www.http://www.state.gov/r/pa/prs/ps/2013/04/207465.htm.

[148] U.S. Department of State, "U.S.-China Strategic and Economic Dialogue Outcomes of the Strategic Track," press release, July 12, 2013, http://www.state.gov/r/pa/prs/ps/2013/07/211861.htm.

[149] The White House Office of the Press Secretary, "United States and China Agree to Work Together on Phase Down of HFCs," press release, June 8, 2013, http://www.whitehouse.gov/the-press-office/2013/06/08/united-states-and-china-agree-work-together-phase-down-hfcs.

[150] "Key targets of China's 12th five-year plan," *Xinhua News Agency*, March 5, 2011, http://news.xinhuanet.com/english2010/china/2011-03/05/c_13762230.htm; "China adopts 5-year blueprint, aiming for fairer, greener growth," *Xinhua News Agency*, March 14, 2011, http://news.xinhuanet.com/english2010/china/2011-03/14/c_13777814.htm.

[151] "Full text: Report on China's economic, social development plan," *Xinhua News Agency*, March 19, 2013, http://news.xinhuanet.com/english/china/2013-03/19/c_132246080_5.htm.

[152] U.S. Department of State, "U.S.-China Strategic and Economic Dialogue Joint Opening Session," press release, July 10, 2013, http://www.state.gov/secretary/remarks/2013/07/211773.htm.

[153] Funding provided by the United States government will only be applied to projects conducted by U.S. institutions and individuals. U.S. Department of Energy, *U.S.-China Clean Energy Cooperation: A Progress Report by the U.S. Department of Energy*, January 2011, p. 1, http://energy.gov/sites/prod/files/USChinaCleanEnergy_0.PDF. U.S.

public-private initiatives to determine roadmaps for broad renewable energy deployment in both countries, increase efficiency of renewable energy power plants, promote cleaner use of coal and large-scale carbon capture and storage, and assess China's shale gas resources.

China has become a leader in the production of some renewable energy technologies, such as photovoltaic solar panels, as well as carbon capture and storage, although experts say the PRC continues to lag behind the United States in research and development. The United States and China have engaged in heated trade disputes over some renewable technologies. In October 2012, the U.S. Department of Commerce announced a decision to impose anti-dumping tariffs ranging from 18% to 250% on solar-energy cells imported from China, having determined that without the tariffs, the imports threatened to injure the domestic solar industry.[154] The United States also challenged the Chinese government's support for its domestic wind turbine industry through the World Trade Organization, winning an agreement from China to end certain subsidies.[155] China's ambitious plans to double its hydropower capacity by 2020 have embroiled it in disputes with down-river neighbors in Southeast and South Asia and fed criticism from overseas groups about China's management of transboundary water resources.

For more information, see CRS Report R41919, *China's Greenhouse Gas Emissions and Mitigation Policies*, by Jane A. Leggett; CRS Report R40001, *A U.S.-Centric Chronology of the International Climate Change Negotiations*, by Jane A. Leggett; and CRS Report R41748, *China and the United States—A Comparison of Green Energy Programs and Policies*, by Richard J. Campbell.

Democracy Promotion and Human Rights Issues

The PRC is an authoritarian state that has been governed since its founding in 1949 by the Chinese Communist Party (CCP). While other minor political parties exist, they are authorized by the CCP and are essentially powerless. The CCP is deeply intolerant of dissent and suspicious that forms of speech, assembly, religion, and association that it does not control could be used to topple it from power. That said, Chinese citizens are today freer to choose where they want to live, work, and travel than at any time in the PRC's history, and the rapid growth of social media has dramatically broadened the scope of public debate, even as both social media and the mainstream media continue to be subject to Communist Party censorship.

In speeches about their vision for Asia, President Obama and officials in his Administration have often spoken about the need to advance democracy and, without directly naming China, appeared to criticize China's political system and to cast doubt on China's fitness to serve as a model for the developing world. Speaking at a press conference in Bangkok in November 2012, for

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Department of Energy, *U.S., China Reach Agreement on Intellectual Property Protections for U.S.-China Clean Energy Research Center*, September 23, 2011, http://energy.gov/articles/us-china-reach-agreement-intellectual-property-protections-us-china-clean-energy-research.

[154] Department of Commerce International Trade Administration, Commerce Finds Dumping and Subsidization of Crystalline Silicon Photovoltaic Cells, Whether or Not Assembled into Modules from the People's Republic of China, Fact Sheet, October 10, 2012, http://ia.ita.doc.gov/download/factsheets/factsheet_prc-solar-cells-ad-cvd-finals-20121010.pdf; and Department of Commerce International Trade Administration, "Commerce Preliminarily Finds Dumping of Crystalline Silicon Photovoltaic Cells, Whether or Not Assembled into Modules from the People's Republic of China," press release, May 17, 2012, http://ia.ita.doc.gov/download/factsheets/factsheet-prc-solar-cells-ad-prelim-20120517.pdf.

[155] Office of the United States Trade Representative, *China Ends Wind Power Equipment Subsidies Challenged by the United States in WTO Dispute*, June 8, 2011, http://www.ustr.gov/about-us/press-office/press-releases/2011/june/china-ends-wind-power-equipment-subsidies-challenged.

example, President Obama responded to a question about the attractiveness of China's system of government by arguing that "the notion somehow that you can take shortcuts and avoid democracy, and that that somehow is going to be the mechanism whereby you deliver economic growth, I think is absolutely false." The alternative to democracy, he continued, "is a false hope that, over time, I think erodes and collapses under the weight of people whose aspirations are not being met."[156] In remarks in Canberra, Australia a year earlier that some in China saw as directed at Beijing, Obama spoke of U.S. support for fundamental rights, including "the freedom of citizens to choose their own leaders." He described communism and rule by committee as "failed" models of governance, and declared that "prosperity without freedom is just another form of poverty."[157]

The Administration's rhetoric has contributed to strategic mistrust between the United States and China's ruling Communist Party, which has long suspected the United States of being uncomfortable with China's political system and of wanting to end the Chinese Communist Party's monopoly on power. In its direct engagement with China, however, the Obama Administration has tended to prioritize the overall stability of the U.S.-China relationship over progress on its democracy promotion agenda. With Chinese officials, U.S. officials press the argument that, in the words of former Assistant Secretary of State Michael H. Posner, "societies that respect human rights and address aspirations of their own people are more prosperous, successful, and stable."[158] In that context, the United States has urged China to ease restrictions on freedom of speech, internet freedom, religious and ethnic minorities, and labor rights.

U.S. tools to register its concerns about China's human rights record include public statements from senior U.S. officials; the annual State Department reports on human rights and international religious freedom; meetings with Chinese officials; exchanges in bilateral dialogues, including a bilateral dialogue on human rights; Congressional hearings, public statements, and legislation; and Congressionally-mandated U.S. assistance programs.

For more information, see CRS Report RL34729, *Human Rights in China and U.S. Policy*, by Thomas Lum.

The Annual State Department Human Rights Report on China

A primary means for the United States to highlight its concerns about the human rights situation in China is through the State Department's annual publication of a report on human rights practices in the country, part of a suite of such reports covering the world. The Chinese government has long been critical of the reports. In May 2013, a month after the release of the State Department's report on human rights in China in 2012, China released a white paper defending its human rights record and implicitly criticizing the State Department reports' focus on civil and political rights. The Chinese white paper stated that China prioritizes rights to

[156] The President's comments were prompted by a questioner at a joint press conference hosted by President Obama and Thai Prime Minister Yingluck Shinawatra who referenced the U.S. fiscal crisis and asked, "And why shouldn't China's system of government look more appealing in this region when you confront a situation like this in the U.S.?" The White House Office of the Press Secretary, "Remarks by President Obama and Prime Minister Shinawatra in a Joint Press Conference," press release, November 18, 2012, http://www.whitehouse.gov/the-press-office/2012/11/18/remarks-president-obama-and-prime-minister-shinawatra-joint-press-confer.

[157] The White House Office of the Press Secretary, "Remarks by President Obama to the Australian Parliament," press release, November 17, 2012, http://www.whitehouse.gov/the-press-office/2011/11/17/remarks-president-obama-australian-parliament.

[158] U.S. Department of State, "Assistant Secretary Michael H. Posner: Briefing on the 17th U.S.-China Human Rights Dialogue," press release, July 25, 2012, http://www.state.gov/j/drl/rls/rm/2012/195498.htm.

subsistence and development, and promotes economic, social, and cultural rights, as well as civil and political rights.[159]

The State Department's report on human rights in China in 2012 raised U.S. concerns about "repression and coercion" aimed at those involved in rights advocacy. Using language similar to that in the report covering 2011, the report for 2012 stated that those the government deemed politically sensitive continued to face "tight restrictions on their freedom to assemble, practice religion, and travel." It also noted that "[e]fforts to silence and intimidate political activists and public interest lawyers continued to increase."[160] An April 2013 State Department briefing on the suite of human rights reports identified China, Egypt, and Russia as countries with "a shrinking space for civil society."[161] The China report for 2012 also focused on "severe official repression of the freedoms of speech, religion, association, and harsh restrictions on the movement of ethnic Uighurs in the Xinjiang Uighur Autonomous Region (XUAR) and of ethnic Tibetans in the Tibet Autonomous Region (TAR) and other Tibetan areas."[162]

U.S.-China Dialogues on Human Rights

The primary forum for U.S.-China discussion of human rights is the bilateral Human Rights Dialogue, which resumed in 2008 after a six-year hiatus. Some critics have argued that holding human rights discussions as a stand-alone dialogue isolates human rights from the core areas of U.S.-China relations. Critics also note that the chief Chinese interlocutor for the dialogue heads the International Organizations and Conferences Department of China's Foreign Ministry, which has little involvement with the formulation or implementation of policies affecting the political and civil rights of Chinese citizens. In a statement before the 18th round of the dialogue, which was held July 30-31, 2013 in Kunming, China, Human Rights Watch, a leading New York-based advocacy group, called on the U.S. government to press China "to adopt concrete and clear benchmarks" that could be evaluated in later dialogues. "Without these benchmarks," the group argued, "the human rights dialogue risks serving as a perfunctory diplomatic exercise, rather than a genuinely useful advocacy tool."[163] The Obama Administration argues that the stand-alone dialogue allows for thorough discussion of sensitive and contentious issues.

A second U.S.-China dialogue, the Legal Experts Dialogue (LED), resumed in June 2011, after a six-year hiatus. Its next session is scheduled to be held in the United States November 7-8, 2013. The LED is designed to serve as a forum to discuss the means of implementing an effective system of rule of law.

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[159] "China Issues White Paper on Human Rights," *Xinhua News Agency*, May 14, 2013; Information Office of the State Council, "Full Text: Progress in China's Human Rights in 2012," *Xinhua News Agency*, May 14, 2013, http://news.xinhuanet.com/english/china/2013-05/14/c_132380706.htm.

[160] U.S. Department of State Bureau of Democracy, Human Rights and Labor, *Country Reports on Human Rights Practices for 2012: China (includes Tibet, Hong Kong, and Macau)*, April 19, 2012, http://www.state.gov/j/drl/rls/hrrpt/humanrightsreport/index.htm#wrapper.

[161] Department of State, Uzra Zeya, Acting Assistant Secretary, Bureau of Democracy, Human Rights, and Labor, "Remarks on the Release of the Country Reports on Human Rights Practices for 2012," press release, April 19, 2013, http://www.state.gov/j/drl/rls/rm/2013/207797.htm.

[162] U.S. Department of State Bureau of Democracy, Human Rights and Labor, *Country Reports on Human Rights Practices for 2012: China (includes Tibet, Hong Kong, and Macau)*, April 19, 2012.

[163] Human Rights Watch, *China: US Should Insist on Rights Benchmarks in Talks*, July 30, 2013, http://www.hrw.org/node/117674.

Xinjiang

The State Department's report on human rights practices in China in 2012 highlighted an ongoing official campaign in northwest China's Xinjiang Uyghur Autonomous Region against what the Chinese government refers to as the "three forces" of religious extremism, ethnic separatism, and terrorism. The crackdown primarily targets Uighurs (also spelled Uyghurs), a Turkic and traditionally Muslim ethnic minority. The report observed that, "It was believed that some raids, detentions, and judicial punishments ostensibly directed at individuals or organizations suspected of promoting the 'three forces' were actually used to target groups or individuals peacefully seeking to express their political or religious views." The report added that in Xinjiang, "Officials continued to use the threat of violence as justification for extreme security measures directed at the local population, journalists, and visiting foreigners."[164] One such security measure was arguably the government's decision to close down access to the Internet in Xinjiang for ten months following ethnic riots in the Xinjiang capital of Urumqi in July 2009 that left 197 dead.[165] In late 2009, the Xinjiang People's Congress passed regulations banning speech deemed "detrimental to ethnic unity," reportedly the first such regional legislation of its kind in China.[166]

Tibet

Tibet is among the most sensitive issues in U.S.-China relations. The Chinese Communist Party has controlled the Tibetan Autonomous Region (TAR) and other Tibetan areas within the PRC since 1951, and the U.S. government recognizes all those areas as parts of China. Nonetheless, the Communist Party continues to face resistance to its rule from Tibetans, most recently in the form of a wave of self-immolations among Tibetans protesting Chinese policies. Chinese leaders have long feared that the Tibet exile community and foreign governments seek to "split" Tibet from China; China's commitment to defending its sovereignty over Tibet has long been one of China's most fundamental "core interests," on a par with China's commitment to asserting its sovereignty over Taiwan.

U.S. policy toward Tibet is guided by the Tibetan Policy Act of 2002 (P.L. 107-228), which requires the U.S. government to promote and report on dialogue between Beijing and Tibet's exiled spiritual leader, the Dalai Lama, or his representatives; to help protect Tibet's religious, cultural, and linguistic heritages; and to support development projects in Tibet. The act requires the State Department to maintain a Special Coordinator for Tibetan Issues. Until she stepped down on February 4, 2013, Under Secretary of State for Civilian Security, Democracy, and Human Rights Maria Otero served concurrently in the Tibet coordinator position, which is currently vacant. The act also calls on the Secretary of State to "make best efforts" to establish a U.S. consular office in the Tibetan capital, Lhasa; and directs U.S. officials to press for the release of Tibetan political prisoners in meetings with the Chinese government.

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[164] U.S. Department of State Bureau of Democracy, Human Rights and Labor, *Country Reports on Human Rights Practices for 2012: China (includes Tibet, Hong Kong, and Macau)*, April 19, 2012.

[165] The Chairman of the Xinjiang Uyghur Autonomous Region Government, Nur Bekri, told a press conference that authorities cut off internet access in Xinjiang following the July 5, 2009 riot and restored access on March 16, 2010. "Governor: No secret trials, Internet controls in Xinjiang now," *Xinhua News Agency*, March 7, 2011, http://news.xinhuanet.com/english2010/china/2011-03/08/c_13766784.htm.

[166] The regulations are the Xinjiang Uyghur Autonomous Region Ethnic Unity Education Regulations (新疆维吾尔自治区民族团结教育条例). "Xinjiang adopts regional law to enhance ethnic unity," *Xinhua News Agency*, December 31, 2009, http://www.china.org.cn/china/2009-12/31/content_19162985.htm.The full text of the regulations is available, in Chinese, on the website of The State Ethnic Affairs Commission of the PRC at http://www.seac.gov.cn/gjmw/zwgk/2010-01-07/1262826888785439.htm.

With strong encouragement from the international community, including the United States, Chinese officials and personal representatives of the Dalai Lama participated in nine rounds of talks between 2002 and 2010. The Dalai Lama's envoys came to the eighth round of the negotiations with a proposal entitled, "Memorandum on Genuine Autonomy for All Tibetans." In it and a follow-up note, the Dalai Lama's envoys argued for "genuine autonomy" for Tibetan districts within the framework of the PRC. The documents stressed that the proposal "in no way challenges or brings into question the leadership of the Communist Party in the PRC" or "the socialist system of the PRC."[167] After the ninth round of talks in January 2010, senior Chinese officials dismissed the proposal as tantamount to "half independence."[168] The Tibetan exile government's political leader, Lobsang Sangay, has appealed to China for a resumption of the dialogue process, saying that the Tibetan exile side is "ready to engage in meaningful dialogue anywhere, at any time." He has called on the international community to help pressure China to return to the negotiations, as well as to allow the U.N. High Commissioner for Human Rights, diplomats, and the international media to visit Tibet.[169] So far, however, no progress has been reported in scheduling a tenth round of talks.

The U.S. government and human rights groups have been critical of increasingly expansive official Chinese controls on religious life and practice in Tibetan areas instituted in the wake of anti-Chinese protests in Tibetan areas in 2008. Human rights groups have catalogued arbitrary detentions and disappearances; a heightened Chinese security presence within monasteries; continued "patriotic education" and "legal education" campaigns that require monks to denounce the Dalai Lama; strengthened media controls; and policies that weaken Tibetan-language education. In July 2013, Tibet advocacy groups in the West reported that Chinese police opened fire on a crowd that had gathered in a Tibetan area of China to celebrate the Dalai Lama's 78th birthday, and that two Tibetan monks were shot in the head.[170] Since February 27, 2009, at least 121 Tibetans in China have set fire to themselves to protest PRC policies, and 101 of them are known to have died.[171] In a December 2012 statement, the Obama Administration's then-Special Coordinator for Tibetan Issues stated that the Administration was "deeply concerned and saddened by the continuing violence in Tibetan areas of China and the increasing frequency of self-immolations by Tibetans." The statement called on China "to address policies in Tibetan areas that have created tensions."[172] China accuses the Dalai Lama and his supporters of directing or encouraging the self-immolations, which have garnered world headlines and shone an unfavorable light on the PRC's policies.

China lobbies strenuously to prevent world leaders from meeting with the Dalai Lama, the 1989 Nobel Peace Prize winner and 2006 recipient of the Congressional Gold Medal. Over China's

[167] Central Tibetan Administration, *Note on the Memorandum on Genuine Autonomy for the Tibetan People*, February 19, 2010, http://www.savetibet.org/policy-center/topics-fact-sheets/note-memorandum-genuine-autonomy-tibetan-people.

[168] "Press Conference on Central Govt's Contacts with Dalai Lama (text)," *China Daily*, February 11, 2010.

[169] International Campaign for Tibet, *The statement of Sikyong Dr. Lobsang Sangay on the 54th anniversary of the Tibetan National Uprising Day*, March 10, 2013.

[170] International Campaign for Tibet, *Tibetan monks shot as police open fire on Tibetans praying on Dalai Lama's birthday*, July 8, 2013, http://www.savetibet.org/tibetan-monks-shot-as-police-open-fire-on-tibetans-praying-on-dalai-lamas-birthday/.

[171] International Campaign for Tibet, *Self-Immolations by Tibetans*, May 29, 2013, http://www.savetibet.org/resource-center/maps-data-fact-sheets/self-immolation-fact-sheet.

[172] Department of State, "Statement by Special Coordinator for Tibetan Issues Maria Otero," press release, December 5, 2012, http://www.state.gov/r/pa/prs/ps/2012/12/201594.htm.

objections, President Obama has met twice with the Dalai Lama at the White House, in February 2010 and July 2011.[173]

[173] The White House, *The President's Meeting with His Holiness the XIV Dalai Lama*, July 16, 2011, http://www.whitehouse.gov/blog/2011/07/17/president-s-meeting-his-holiness-xiv-dalai-lama.

Appendix A. Laws and Resolutions Related to China in the 113th Congress

Table A-1. 113th Congress: Laws Enacted Related to China

Bill/Public Law Number	Date Signed Into Law	Title	Description of China-related Provisions
H.R. 1151 (P.L. 113-17)	July 12, 2013	To direct the Secretary of State to develop a strategy to obtain observer status for Taiwan at the triennial International Civil Aviation Organization Assembly, and for other purposes	Directs the Secretary of State to: • develop a strategy to obtain observer status for Taiwan at the triennial International Civil Aviation Organization Assembly, to be held in September 2013 in Montreal, Canada, and other related meetings; • instruct the United States Mission to the ICAO to official request observer status for Taiwan at the ICAO Assembly; and • submit a report to Congress no later than 30 days after the date of enactment of the act describing the U.S. strategy to support ICAO observer status for Taiwan.
H.R. 933 (P.L. 113-6)	March 26, 2013	Consolidated and Further Continuing Appropriations Act, 2013	Department of Commerce Appropriations Act, 2013 (127 Stat. 234) provides for not less than $16.4 million for China antidumping and countervailing duty enforcement and compliance activities. Sec. 109 (127 Stat. 242) requires the Department of Commerce to provide a monthly report on any official travel to China by any employee of the U.S. Department of Commerce, including the purpose of such travel. Sec. 516(a) (127 Stat. 272-273) states that appropriated funds may not be used for the Department of Commerce, the Department of Justice, the National Aeronautics and Space Administration (NASA), or the National Science Foundation to acquire an information technology system unless the head of the entity, in consultation with the Federal Bureau of Investigation or another appropriate Federal entity, has made an assessment of any associated risk of cyberespionage or sabotage, including any risk associated with the system being produced, manufactured or assembled by entities owned, directed or subsidized by the People's Republic of China. Sec. 516(b) states that appropriated funds may not be used to acquire an information technology system produced, manufactured, or assembled by entities owned, directed, or subsidized by the PRC unless the entity head determines that acquisition of such a system is in the national interest of the United States, and reports that determination to the House and Senate Committees on Appropriations. Sec. 535 (127 Stat. 277) states that no funds made available by the act may be used for NASA or the White House Office of Science and Technology Policy (OSTP) to participate, collaborate, or coordinate bilaterally in any way with China or any Chinese owned company, with certain exceptions.

Bill/Public Law Number	Date Signed Into Law	Title	Description of China-related Provisions
			Title VII, Department of State, Foreign Operations, and Related Programs (127 Stat. 427) provides $1.9 million for salaries and expenses of the Congressional-Executive Commission on the People's Republic of China, and $3.31 million for salary and expenses of the United States-China Economic and Security Review Commission.

Source: Legislative Information System of the U.S. Congress.

Table A-2. 113th Congress: Simple Resolution Related to China Agreed to in the House

Resolution Number	Date Agreed To/Passed	Title	Description
H.Res. 65	February 15, 2013	Condemning the Government of North Korea for its flagrant and repeated violations of multiple United Nations Security Council resolutions, for its repeated provocations that threaten international peace and stability, and for its February 12, 2013, test of a nuclear device	Calls on China to pressure North Korean leaders to curtail their provocative behavior and abandon and dismantle their nuclear and missile programs by curtailing vital economic support and trade to North Korea. Also calls on China to comply with all relevant international agreements and U.N. Security Council and International Atomic Energy Agency resolutions. Calls on China to take immediate actions to prevent the transshipment of illicit technology, military equipment, and dual-use items through its territory, waters, and airspace that could be used in North Korea's nuclear weapons and ballistic missile programs.

Source: Legislative Information System of the U.S. Congress.

Table A-3. 113th Congress: Simple Resolution Related to China Agreed to in the Senate

Resolution Number	Date Agreed To/Passed	Title	Description
S.Res. 167	7/29/2013	Reaffirming the strong support of the United States for the peaceful resolution of territorial, sovereignty, and jurisdictional disputes in the Asia-Pacific maritime domains.	• Condemns the use of coercion, threats, or force by naval, maritime security, or fishing vessels and military or civilian aircraft in the South China Sea and the East China Sea to assert disputed maritime or territorial claims or alter the status quo; • strongly urges that all parties to maritime and territorial disputes in the region exercise self-restraint in the conduct of activities that would undermine stability or complicate or escalate disputes, including refraining from inhabiting presently uninhabited islands, reefs, shoals, and other features and handle their differences in a constructive manner; • reaffirms the strong support of the United States for the member states of the Association of Southeast Asian Nations (ASEAN) and the Government of the People's Republic of China as they seek to develop a code of conduct of parties in the South China Sea, and urges all countries to substantively support ASEAN in its efforts in this regard; • supports collaborative diplomatic processes by all claimants in the South China Sea for resolving outstanding maritime or territorial disputes, in a manner that maintains peace and security, adheres to international law, and protects unimpeded lawful commerce as well as freedom of navigation and overflight, and including through international arbitration, allowing parties to peacefully settle claims and disputes using universally recognized principles of international law; • encourages the deepening of efforts by the United States Government to develop partnerships with other countries in the region for maritime domain awareness and capacity building; and • supports the continuation of operations by the United States Armed Forces in the Western Pacific, including in partnership with the armed forces of other countries in the region, in support of freedom of navigation, the maintenance of peace and stability, and respect for universally recognized principles of international law, including the peaceful resolution of issues of sovereignty and unimpeded lawful commerce.

Source: Legislative Information System of the U.S. Congress

Appendix B. Laws and Resolutions Related to China in the 112th Congress

Table B-1. 112th Congress: Laws Enacted Related to China

Listed in reverse chronological order by date signed into law

Bill/Public Law Number	Date Signed Into Law	Title	Description of China-related Provisions
H.R. 4212 (P.L. 112-266)	1/14/2013	Drywall Safety Act of 2012	• Sec. 2 states that it is the sense of the Congress that the Secretary of Commerce "should insist" that China facilitate a meeting between Chinese drywall companies and representatives of the U.S. government on "remedying homeowners that have problematic drywall in their homes"; and also "insist" that China direct Chinese drywall manufacturers and exporters to submit to jurisdiction in U.S. Federal Courts and comply with any court decisions.
H.R. 1464 (P.L. 112-264)	1/14/2013	North Korean Child Welfare Act of 2012[a]	• Sec. 2 states that is the sense of the Congress that North Korean children or children of one North Korean parent who are living outside North Korea may face statelessness in neighboring countries, and that the Secretary of State should advocate for their best interests. • Sec. 4 requires the Secretary of State to designate a representative to brief Congressional committees regularly on U.S. government efforts to advocate for the best interests of North Korean children residing outside North Korea or children of one North Korean parent living in other countries who are fleeing persecution or are living as de jure or de facto stateless persons.
H.R. 4310 (P.L. 112-239)	1/2/2013	National Defense Authorization Act for Fiscal Year 2013	• Sec. 1045 (126 Stat. 1933-1934) requires the Commander of the United States Strategic Command to submit a report on the capability of the United States to use conventional and nuclear forces to neutralize China's underground tunnel network and what is stored within such tunnels. It also requires the Secretary of Defense to enter into an agreement with a federally funded research and development center to conduct an assessment of China's nuclear weapons program. Required elements of the assessment include China's nuclear deterrence strategy; a detailed description of China's nuclear arsenal; a comparison of U.S. and Chinese nuclear forces; projections for China's future nuclear arsenals; a description of command and control functions and gaps; an assessment of China's fissile material stockpile and civil and military production capabilities and capacities; an assessment of China's production capacities for nuclear weapons and nuclear weapon delivery vehicles; a discussion of significant uncertainties surrounding China's nuclear weapons program; and recommendations for improving U.S. understanding of China's nuclear weapons program.

- Sec. 1231 (126 Stat. 2003) requires the Chairman of the Joint Chiefs of Staff to submit a report on U.S. capabilities in relation to China, North Korea, and Iran. The report is required to consider any critical gaps in intelligence that limit the ability of the United States Armed Forces to counter challenges or threats from each country. The report is also required to consider any gaps in the capabilities, capacity, and authorities of the U.S. Armed Forces to counter challenges or threats to U.S. personnel and U.S. interests in each country's region.
- Sec. 1261(c)(1) and (2) (126 Stat. 2019) prohibit the export, re-export, or direct or indirect transfer to China of satellites or related items subject to Export Administration Regulations.
- Sec. 1271 (126 Stat. 2022-2023) requires additional elements in the Department of Defense's (DOD's) Annual Report on Military and Security Developments Involving the People's Republic of China.[b] They include discussion of China's electronic warfare capabilities and details on the number of malicious cyber incidents originating from China against DOD infrastructure. They also include discussion of China's space and counterspace programs; nuclear program; anti-access and area denial capabilities; command, control, communications, computers, intelligence, surveillance, and reconnaissance modernization program; navy and paramilitary and maritime law enforcement vessels, including their response to U.S. naval activities; military-to-military relationships with other countries; any significant sale or transfer of military hardware, expertise, and technology from China, and any significant assistance to and from "any selling state with military-related research and development programs in China." Sec. 1271 drops the NDAA 2011's requirement for an assessment of the damage inflicted on the Department of Defense from Chinese cyber activities.
- Sec. 1281 (126 Stat. 2034) states that it is the sense of Congress that the President should take steps to address Taiwan's shortfall in fighter aircraft, whether through the sale of F-16 C/D aircraft or other aircraft of similar capacity.
- Sec. 1286 (126 Stat. 2039-2040) contains "The Sense of Congress on the Situation in the Senkaku Islands." It states, among other things, that "while the United States takes no position on the ultimate sovereignty of the Senkaku Islands, the United States acknowledges the administration of Japan over the Senkaku Islands," and the "the unilateral action of a third party will not affect the United States' acknowledgement" of Japanese administration over the islands. The Sense of the Congress also states that "the United States has national interests in freedom of navigation, the maintenance of peace and stability, respect for international law, and unimpeded lawful commerce"; that the United States "supports a collaborative diplomatic process by claimants to resolve territorial disputes without coercion, and opposes efforts at

			coercion, the threat of use of force, or use of force by any claimant"; and finally, that "the United States reaffirms its commitment to the Government of Japan under Article V of the Treaty of Mutual Cooperation and Security.... " • Sec. 3119 (126 Stat. 2174) requires the Secretary of Energy to conduct a review of nonproliferation activities with China to determine if the engagement is directly or indirectly supporting the proliferation of nuclear weapons development and technology to other nations. It requires the Secretary of Energy to submit a report certifying that nonproliferation activities with China are not contributing to proliferation, and caps funding for the U.S.-China Center of Excellence on Nuclear Security at $7 million until the report is submitted.
H.R. 4240 (P.L. 112-172)	8/16/2012	Ambassador James R. Lilley and Congressman Stephen J. Solarz North Korea Human Rights Reauthorization Act of 2012	• Sec. 2(5) states that Congress finds China has continued to forcibly repatriate North Koreans. Sec. 3(2) states that it is the sense of the Congress that the United States should urge China to immediately halt its forcible repatriation of North Koreans, fulfill its obligations under international agreements, and allow the United Nations High Commission for Refugees unimpeded access to North Koreans inside China to determine whether such North Koreans are refugees requiring protection.
H.R. 1540 (P.L. 112-81)	12/31/2011	National Defense Authorization Act for Fiscal Year 2012	• Section 1232(a)(2) (125 Stat. 1636) directs the Comptroller General of the United States to conduct an independent review of "any gaps between China's anti-access capabilities and United States' capabilities to overcome them." • Section 1236(b)(4) (125 Stat. 1641) requires that a report on military and security developments involving North Korea, to be submitted to Congress by the Secretary of Defense, include, among other things, an assessment of North Korean regional security objectives that affect the PRC and other countries. • Section 1238(a) (125 Stat. 1642) adds a requirement that the Department of Defense's annual report on military and security developments involving the PRC include "an assessment of the nature of China's cyber activities directed against the Department of Defense and an assessment of the damage inflicted on the Department of Defense by reason thereof."
H.R. 2055 (P.L. 112-74)	12/23/2011	Consolidated Appropriations Act, 2012	• The Department of State, Foreign Operations, and Related Programs Appropriations Act, 2012 (125 Stat. 1173-1174) appropriates $2 million for the Congressional-Executive Commission on the People's Republic of China and $3.5 million to the United States-China Economic and Security Review Commission. • Sec. 7044(a) (125 Stat. 1230) requires the Secretary of the Treasury to instruct the U.S. executive director of each international financial institution to support projects in Tibet if such projects do not provide incentives for the migration and settlement of non-Tibetans into Tibet or facilitate the transfer of

			ownership of Tibetan land and natural resources to non-Tibetans; are based on a thorough needs-assessment; foster self-sufficiency of the Tibetan people and respect Tibetan culture and traditions; and are subject to effective monitoring. It also requires Economic Support Fund funds to be made available to nongovernmental organizations to support activities which preserve cultural traditions and promote sustainable development and environmental conservation in Tibetan communities in China. • Sec. 7044(f) (125 Stat. 1231) bars use of appropriated funds for processing licenses to export satellites and satellite components of U.S. origin to China, unless with advance notification to the Committee on Appropriations. Sec. 7044(f) also bars use of appropriated funds to finance any grant, contract, or cooperative agreement with China's People's Liberation Army (PLA), or any entity that the Secretary of State has reason to believe is owned or controlled by, or an affiliate of, the PLA. • Sec. 7076(a) (125 Stat. 1256) requires the Secretary of State to hire sufficient consular officers to reduce visa interview wait times in China, Brazil, and India. • Sec. 7085(c) (125 Stat. 1264) bars the United Nations Population Fund from using appropriated funds for country programs in China. If a required report from the Secretary of State indicates that UNFPA plans to spend funds for a country program in China, Sec. 7085(e)(2) requires that the amount be deducted from the funds made available to UNFPA.
H.R. 2112 (P.L. 112-55)	11/18/2011	Consolidated and Further Continuing Appropriations Act, 2012	• The Department of Commerce Appropriations Act, 2012 (125 Stat. 591) appropriates not less than $7 million for the Office of China Compliance in the Department of Commerce's International Trade Administration (ITA), and not less than $4.4 million for ITA's China Countervailing Duty Group. • Section 112 (125 Stat. 603) requires the Department of Commerce to provide a monthly report on any official travel to China by Department employees. • The Science Appropriations Act, 2012, Section 539 (125 Stat. 639), bars the National Aeronautics and Space Administration and the Office of Science and Technology Policy from using appropriated funds for any participation, collaboration, or bilateral coordination with China or any Chinese-owned company, unless such activities are specifically authorized by a later law. Section 539 also bars NASA from using appropriated funds to host official Chinese visitors at NASA facilities. The limitations do not apply in cases where NASA or OSTP have certified in advance to the Committee on Appropriations that the activities pose no risk of resulting in the transfer of technology, data, or other information with national security or economic security implications to China or a Chinese-owned company.

H.R. 1473 (P.L. 112-10)	4/15/2011	Department of Defense and Full-Year Continuing Appropriations Act, 2011	• Sec. 1340(a) and (b) (125 Stat. 123) bar the National Aeronautics and Space Administration and the Office of Science and Technology Policy from using appropriated funds for any participation, collaboration, or bilateral coordination with China or any Chinese-owned company, unless such activities are specifically authorized by a later law. NASA is also barred from using appropriated funds to host official Chinese visitors at NASA facilities.

Source: Legislative Information System of the U.S. Congress

a. The North Korean Child Welfare Act of 2012 does not mention China by name, but is included in this table because China borders North Korea and North Korean children and children of one North Korean parent are known to live in China.

b. For all the current required elements of the Department of Defense's Annual Report on Military and Security Developments Involving the People's Republic of China, see U.S. Code Title 10 Section 113 (10 USC § 113).

Table B-2. 112th Congress: Concurrent Resolution Related to China

Resolution Number	Date Agreed to/Passed	Title	Description
S.Con.Res. 17	Passed the House 9/11/2012; passed the Senate 9/21/2012.	A concurrent resolution expressing the sense of the Congress that Taiwan should be accorded observer status in the International Civil Aviation Organization	Stated that it was the sense of the Congress that: • Meaningful participation by the Government of Taiwan as an observer in the meetings and activities of the ICAO will contribute both to the fulfillment of ICAO's overarching mission and to the success of a global strategy to address aviation security threats based on effective international cooperation; • the U.S. government should take a leading role in garnering international support for the granting of observer status to Taiwan in the ICAO; • that the Department of State should provide briefings to or consult with Congress on any efforts conducted by the U.S. government in support of Taiwan's attainment of observer status in the ICAO.

Source: Legislative Information System of the U.S. Congress

Notes: S.Con.Res. 17 does not mention China, but is included in this appendix because China's agreement will be necessary if Taiwan is to gain observer status at the ICAO, and China has made clear that it intends to be heavily involved in any negotiations over the matter. The ICAO is a specialized agency of the United Nations, of which China is a member and Taiwan is not,

Table B-3. 112th Congress: Simple Resolution Related to China Agreed to in the House

Resolution Number	Date Agreed to/Passed	Title	Description
H.Res. 683	6/18/2012	Expressing the regret of the House of Representatives	Regrets the passage of legislation that adversely affected people of Chinese origin in the United States because of their ethnicity.

Resolution Number	Date Agreed to/Passed	Title	Description
		for the passage of laws that adversely affected the Chinese in the United States, including the Chinese Exclusion Act.	States that nothing in this resolution may be construed or relied on to authorize or support any claim, including but not limited to constitutionally based claims, claims for monetary compensation or claims for equitable relief against the United States or any other party, or serve as a settlement of any claim against the United States.

Source: Legislative Information System of the U.S. Congress.

Table B-4. 112th Congress: Simple Resolutions Related to China Agreed to in the Senate

Listed in reverse chronological order by date agreed to

Resolution Number	Date Agreed To	Title	Description
S.Res. 557	9/19/2012	A resolution honoring the contributions of Lodi Gyaltsen Gyari as Special Envoy of His Holiness the Dalai Lama and in promoting the legitimate rights and aspirations of the Tibetan people.	Honors the service of Lodi Gyaltsen Gyari as Special Envoy of His Holiness the Dalai Lama. Commends the achievements of Lodi Gyaltsen Gyari in building an international coalition of support for Tibet that recognizes: (1) the imperative to preserve Tibet's culture and religious traditions, and (2) that the Tibetan people are entitled under international law to their own identity and autonomy within China. Acknowledges Lodi Gyaltsen Gyari's role, as a naturalized U.S. citizen, in promoting understanding in the United States of the Tibetan people, their culture and religion, and their struggle for autonomy and human rights. Supports a political solution for Tibet within China that satisfies the aspirations of the Tibetan people.
S.Res. 524	8/2/2012	A resolution reaffirming the strong support of the United States for the 2002 declaration of conduct of parties in the South China Sea among the member states of ASEAN and the People's Republic of China, and for other purposes.	Reaffirms U.S. support for the 2002 declaration of conduct of parties in the South China Sea among the member states of the Association of Southeast Asian Nations (ASEAN) and China. Urges all parties to exercise self-restraint in the conduct of activities that would complicate disputes and stability, including refraining from inhabiting presently uninhabited islands, reefs, shoals, and other features. Supports a diplomatic process by all claimants for resolving outstanding territorial and jurisdictional disputes. Supports U.S. Armed Forces operations in the Western Pacific, including in the South China Sea, in support of freedom of navigation, the maintenance of peace, respect for international law, and unimpeded lawful commerce.

Resolution Number	Date Agreed To	Title	Description
S.Res. 476	6/7/2012	A resolution honoring the contributions of the late Fang Lizhi to the people of China and the cause of freedom.	Mourns the loss of Fang Lizhi and offers the Senate's condolences to his family and friends. Honors the life, scientific contributions, and service of Fang Lizhi to the cause of human freedom. Stands with the people of China as they strive to create a government that is democratic and respectful of human rights.
S.Res. 356	3/29/2012	A resolution expressing support for the people of Tibet	Mourns the death of Tibetans who have self-immolated and deplores the repressive policies targeting Tibetans. Calls on China to (1) suspend implementation of religious control regulations and resume a dialogue with Tibetan Buddhist leaders, including the Dalai Lama or his representatives; and (2) release all persons who have been arbitrarily detained and allow access by journalists, foreign diplomats, and international organizations to Tibet. Commends the Dalai Lama for his decision to devolve his political power in favor of a democratic system. Congratulates Tibetans living in exile for holding, on March 20, 2011, a free election that met international electoral standards. Reaffirms the friendship between the United States and Tibet. Calls on the Department of State to (1) fully implement the Tibetan Policy Act of 2002, and (2) seek from China a full accounting of the forcible removal of monks from Kirti Monastery.
S.Res. 379	2/17/2012	An original resolution condemning violence by the Government of Syria against the Syrian people	Expresses disappointment with the governments of the Russian Federation and China for their veto of the U.N. Security Council resolution condemning Bashar al-Assad and the violence in Syria and urges them to reconsider their votes.
S.Res. 201	10/6/2011	A resolution expressing the regret of the Senate for the passage of discriminatory laws against the Chinese in America, including the Chinese Exclusion Act	States that the Senate: (1) acknowledges that the framework of anti-Chinese legislation, including the Chinese Exclusion Act, is incompatible with the basic founding principles of equality recognized in the Declaration of Independence; (2) regrets passing six decades of legislation targeting the Chinese people for physical and political exclusion; and (3) reaffirms its commitment to preserving the same civil rights and constitutional protections for people of Chinese or other Asian descent in the United States accorded to all others. States that nothing in this resolution may be construed to authorize or support, or serve as a settlement of, any claim against the United States.
S.Res. 217	6/27/2011	A resolution calling for a peaceful and multilateral resolution to	Reaffirms the strong support of the United States for the peaceful resolution of maritime territorial disputes in the South China Sea.

Resolution Number	Date Agreed To	Title	Description
		maritime territorial disputes in Southeast Asia	Deplores the use of force by China's naval and maritime security vessels in the South China Sea Calls on all parties to the territorial dispute to refrain from threatening force or using force to assert territorial claims. Supports the continuation of operations by the U.S. Armed Forces in support of freedom of navigation rights in international waters and air space in the South China Sea.

Source: Legislative Information System of the U.S. Congress.

Appendix C. Select Upcoming Events in the U.S.-China Relationship[174]

August 2013: Visit to the United States by China's Minister of National Defense Chang Wanquan, a member of China's 11-man Central Military Commission.

August 29, 2013: 2nd Association of Southeast Asian Nations (ASEAN) Defense Ministers' Meeting-Plus in Brunei Darussalam, involving the defense ministers of the 10 ASEAN nations plus their 8 dialogue partners, including the United States and China.

Second half of 2013: Meeting in China of the Energy Policy Dialogue, co-chaired by the U.S. Secretary of Energy Ernest Moniz and the Director of China's National Energy Administration, Xu Shaoshi.

September 5-6, 2013: 8th G-20 Leaders' Summit in St. Petersburg, Russia, involving the leaders of the G-20 nations, including the United States and China.

September 17, 2013: Opening of the 68th Session of the United Nations General Assembly in New York City, involving the leaders of the 193 UN member states, including the United States and China.

September 2013: Visit to the United States by Admiral Wu Shengli, Commander of the People's Liberation Army Navy and member of China's Central Military Commission.[175]

September 2013: Meeting of the U.S. China Maritime Safety Dialogue, involving the United States Coast Guard and the China Maritime Safety Administration.

October 1-8, 2013: 25th Asia-Pacific Economic Cooperation (APEC) Economic Leaders' Week in Bali, Indonesia, involving the leaders of the 21 APEC economies, including President Obama and Chinese President Xi.

October 9-10, 2013: 8th East Asia Summit (EAS) in Brunei Darussalam, involving the leaders of the 18 EAS nations, including the United States and China.

October 11-13, 2013: Annual Meetings of the World Bank Group and the International Monetary Fund in Washington, DC, involving senior finance officials including the U.S. Treasury Secretary and U.S. Chairman of the Federal Reserve, and the Governor of China's central bank and the Chinese Minister of Finance.

November 7-8, 2013: Meeting of the U.S.-China Legal Experts Dialogue in the United States.

November 11-22, 2013: 19th Conference of the Parties to the United Nations Framework Convention on Climate Change (UNFCCC) in Warsaw, Poland.

Fall/Winter 2013:

- 10th Meeting of the Military Maritime Consultative Agreement in the United States, involving the Director of the Strategic Planning and Policy Bureau at the U.S. Pacific Command and the Deputy Chief of Staff of the Chinese People's Liberation Army Navy.

[174] CRS research and U.S. Department of State, "U.S.-China Strategic and Economic Dialogue Outcomes of the Strategic Track," press release, July 12, 2013, http://www.state.gov/r/pa/prs/ps/2013/07/211861.htm.

[175] U.S. Department of Defense, "Department of Defense Press Briefing by Adm. Greenert in the Pentagon Briefing Room," press release, July 19, 2013, http://www.defense.gov/transcripts/transcript.aspx?transcriptid=5278.

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- 6th Asia-Pacific Consultations between the U.S. Assistant Secretary of State for East Asian and Pacific Affairs and the Chinese Vice Foreign Minister with responsibility for the United States.
- 11th Plenary Session of the U.S.-China Joint Liaison Group on Law Enforcement Cooperation (JLG) in the United States, involving the U.S. Assistant Secretary of State for International Narcotics and Law Enforcement Affairs and the U.S. Deputy Assistant Attorney General, and two Deputy Director-Generals from the Chinese Ministry of Foreign Affairs and the Ministry of Public Security.
- 24th Session of the U.S.-China Joint Commission on Commerce and Trade, involving, on the U.S. side, the Secretary of Commerce, the U.S. Trade Representative, and the Secretary of Agriculture, and on the Chinese side, Vice Premier Wang Yang.
- 14th Round of Defense Consultative Talks, involving the U.S. Undersecretary of Defense for policy and a Deputy Chief of the People's Liberation Army General Staff.

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