

CIIS Report

**Toward a New Type of Major-Country  
Relationship Between China and the US:  
Challenges and Opportunities**

**No. 1**  
December  
2013



**中國國際問題研究所**

CHINA INSTITUTE OF INTERNATIONAL STUDIES

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# CIIS Report

## Toward a New Type of Major-Country Relationship Between China and the US: Challenges and Opportunities

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## EXECUTIVE SUMMARY

The China-US relations enter a new historical stage in 2013 following the completion of leadership transition in both countries. In the next four years and even longer period of time, changes in US foreign policy and interactions between China and the United States will surely become the focus of world attention. During their meeting at the Annenberg retreat in California in June 2013, the Chinese President Xi Jinping and the US President Barack Obama mapped out the future trans-Pacific cooperation between their two countries. To put the strategic consensus reached by the two leaders on building a new type of major-country relationship into practice has become a pressing research task for think tankers in both countries. This report starts with US foreign policy debates during the 2012 presidential election, proceeds by examining the evolving political landscape and resultant foreign policy orientation in the United States, with a special focus on analyzing and summing up US adjustments of its Asia-Pacific strategy and its Middle East strategy, and ends by exploring the prospect of Obama administration's China policy in its second term.

The report is of the view that the Obama administration, during its second term, will take measures to alter its assertive Asia-Pacific strategy and make it more stable and pragmatic. As a result, the tense situation in the Asia-Pacific region is expected to be relaxed somewhat. More US diplomatic resources and endeavors will be redirected to the Middle East, and its previous strategic retreat from the Middle East will slow down, though its overall principles and policies of seeking peace and avoiding wars will remain unchanged. China and the United States will find themselves entangled in controversies and

contradictions on regional issues, cyber security and other issues. However, their differences and frictions are, in general, still manageable. So long as the two countries move toward the same direction, it is possible for them to work together and build a new type of major-country relationship through their deepened and expanded cooperation. In this respect, the report provides the following policy recommendations:

1. Unwarranted interference caused by US domestic politics to China-US relations should be reduced through mutual assurance and the bilateral relations should be based on relatively objective and rational assessment so that it can have an assured prospect of long-term stable development.
2. Both China and the United States should make it their common vision to build a new type of major-country relationship and work out a road map to achieve it.
3. The two countries should explore institutionalized cooperation that runs parallel to the existing institutionalized dialogues so as to blaze new trails for enhancing mutual trust and dispelling suspicions.
4. China and the United States should adhere to the principle of inclusiveness and mutual learning and jointly participate in the construction of future Asia-Pacific regional order.
5. The two countries should have more cooperation in the Middle East, expand their common interests in the region and make it a new area of bilateral cooperation.



# **I. IMPACT OF THE 2012 ELECTION ON OBAMA'S SECOND-TERM FOREIGN POLICY**

A review of the 2012 presidential election in the United States will help us better understand American foreign policy.

The election was conducted at a time when the United States was bogged down in sustained economic downturn with high unemployment, rocketing financial deficits and debt, and a standstill for the middle class income. It occurred when the country was confronted with grave challenges in its foreign policy and declining influence in the world arena. The election has significant impact on Obama's foreign policy during his second term. In terms of policy content, the election provided an opportunity for political elites and constituencies to review, reflect and debate American foreign policy. As a result, it gave a push to US reevaluation and readjustments of its foreign policies when the Obama administration started its second term. In terms of policy-making and implementation, the reshuffled diplomatic and national security teams as well as their performances have impacts on Obama's diplomatic agenda and his work style. It is expected that, in the four years to come, while the domestic affairs remain the focus of US politics, the Obama administration will continue its pragmatic foreign policy and push forward a rebalancing global strategy for the sake of his political legacy in the face of severe domestic environment and complicated hot-spot issues in the world.

## ***A. Focus and Features of the Bipartisan Debates on American Foreign Policy in the 2012 Election***

### **1. Focus of the bipartisan foreign policy debates**

During the election time, the Democrats and Republicans debated major foreign policy issues with the focus on how the United States should maintain

its supremacy and its continued global leadership when it was confronted with a stagnated economy and relatively declined national strength. The major topics are as follows:

### **(1) The military budget cut**

America's foreign strategy is based on its overall military might. While the previous election debates concentrated on defense budget distribution, the 2012 election debate focused on whether the defense budget should be cut or not. According to the deficit reduction agreement reached between the Republicans and the Democrats in late 2011, if Congress could not work out a specific program for deficit reduction, a mechanism for deficit cut would start in January 2013, and the defense budget in the next 10 years would be cut by over US\$ 50 billion annually. Mr. Barack Obama, as the Democratic candidate, insisted in the campaign that the deficit and debt problems which endangered the economy must be resolved even if it was at the cost of reduced military strength, since a strong defense depends on a strong economy. Republican candidate Mr. Mitt Romney was firmly against military budget reduction, and he advocated for boosting America's leadership through increasing defense strength with the pivotal military budget accounting for at least 4% of the GDP.

### **(2) The Palestine-Israel conflict and the messy situation in Syria**

Mr. Romney stressed that Israel is the most important ally of the United States in the Middle East, and that the US should dismiss Palestine's thought of establishing a State. When he visited Israel, he said that he would make all efforts to oppose any movement in the world which deny the legality of Israel, and would fight against anti-Israel policies in Turkey and Egypt. He claimed that he had no illusion about the Bashar al-Assad's regime in Syria, advocated a strategy of isolation and pressures against Syria and supported military assistance to Bashar's opposition. Mr. Obama said he had tried to contact the Muslim world since he took the office in order to relax the relations with the Arab countries. If he succeeded in regaining the office, he would persuade Israel to accept the efforts of Palestine for establishing a State. Mr. Obama rejected America's direct involvement in the Syrian issue and opposed the establishment of a Security Zone and military assistance to the opposition forces.

### **(3) The Iran issue**

Both candidates were against rash military actions against Iran, instead they stood for sanctions against Iran. At the same time, they stressed that military approaches could be used when necessary to prevent Iran's access to nuclear weapon, and military means should be the last resort. President Obama said that Iran should be prevented in all ways from gaining nuclear weapons, and Iran should be perished if the country tried to manufacture nuclear weapons. However, Mr. Romney stood for American military actions as long as Iran was close to the capability of making nuclear weapons.

### **(4) Troop withdrawal from Afghanistan**

Both candidates supported troop withdrawal from Afghanistan as planned and hoped that drones should be used against terrorists to reduce casualties on the ground force. However, they had different opinions on the troop withdrawal starting from 2013. President Obama was in favor of a reduction of American troops in Afghanistan, while Mr. Romney said he would rather listen to generals' ideas. Actually he does not want to see an immediate troop reduction.

### **(5) Coping with challenges from Russia**

Mr. Romney severely denounced Obama's Russia policy as favoring Russia while hurting American interests. By naming Russia as the "geo-political arch-adversary", he advocated a hard-line policy towards Russia. President Obama stressed a review of Washington's relations with Moscow and a continued reset of the bilateral relations. He advocated for a consensus with Russia on the issues of Iran and Afghanistan in order to avoid open controversy. On the issue of nuclear arms reduction talks, President Obama expressed the view that the United States and the NATO would make compromise on missile defense systems if President Putin was committed to nuclear arms reduction. However, Mr. Romney considered that Russia's nuclear reduction was limited and he made promise on spending more on missile defense systems and on the restart of missile defense program in Poland.

## **2. Shared positions by the two candidates on foreign policy**

It is not hard to see that both candidates, during their 2012 election campaign, focused on the Middle East, anti-terrorism and other important issues which are closely related to US national interests. They held similar positions on America's strategic priorities with different specific policy objectives and approaches.

President Obama, as the incumbent president, kept a rather low profile, while Mr. Romney, as a traditional conservative and a challenger to the incumbent, presented himself as an aggressive hardliner. However, towards the final stage of the election, Mr. Romney had to make some modification to his position, thus the two candidates sharing more common points than differences.

Similar foreign policy positions held by the two candidates are as follows:

Firstly, the foreign policy philosophies of the two parties become pragmatic. In the election campaign, President Obama prioritized economic concerns instead of the issue of democracy and human rights, and made it his major objective to expand overseas markets. Hence the Democrats described Obama's political philosophy as pragmatism. The Republicans stressed the use of America's strength while paying attention to US practical interests and refraining from shutting the door for dialogues. When underlining US military build-up in the Asia-Pacific region, the Republican Party also expressed its desire to create "Reaganomic Zones" for open trade and investment. This reflects that politicians have to consider how the diplomatic performance should serve economic interests so as to win more constituencies at a time when the country was troubled by a sluggish economy and weak growth and when decision-makers and the public become inward-looking.

Secondly, both candidates emphasized the implementation of Washington's foreign policy by strengthening America's relations with its allies and partners. The Democratic Party elaborated its foreign policy in the platform with the sub-title of "strengthening the alliance, expanding partnership and reviving international institutions" and considered the alliance the cornerstone of America's interaction with the world. In Asia, the United States should pay more attention to strengthening relations with its allies and partners in order to rebalance its diplomacy in the region; and in Europe, the United States should continue to resort to its military superiority in providing security for its allies in the region, and persist in the planned missile defense deployment in Poland, Turkey and Romania. In the GOP's platform, the US foreign policy principles were defined as "exceptionalism", which actually means strengthening US leadership in the world. Since the underpinnings of the US exceptionalism are its allies and partners, Washington should strengthen its alliance with Japan and Australia and deepen its cooperation with partners, India in particular.

Thirdly, both candidates prioritized "Return to Asia" in Washington's foreign policy strategy. Since "Return to Asia" has become an icon in Obama's foreign policy, he has resisted any military expenditure cut in Asia even in the face of

budget deficit reduction. Mr. Mitt Romney was not against American strategic shift to the Asia-Pacific region. He only criticized Obama for not doing enough and his Asian strategy for lacking substance. He advocated for more military funding to an increased military deployment in the region, including the development of large-scale traditional armed force as an option for counterattack, and proposed the boosting of regional defense force.

And finally, both candidates focused on the Middle East in their foreign policy debates. In the third round TV debate on foreign policy, the issues of Iran and Israel were touched upon by both candidates for 47 times and 34 times respectively. The importance of the Middle East in Washington's global strategy is self-evident and the impact of the region's situation in the region on US security is undeniable. Obama's Middle East policy is more or less the same as the proposition of Mr. Romney. They both stood for a strengthened alliance with Israel, supported sanctions against Iran and opposed Iran's possession of nuclear weapons, sought an early disintegration of Syria's Assad regime together with allies and advocated for the eradication of the al-Qaeda and its affiliations.

### 3. Features of the bipartisan views on China

During the 2012 campaign, the presidential candidates from both Parties paid more attention to China than in previous elections, and there are three major changes in the way they talked about China. First of all, China's human rights were criticized in all previous elections, now national competitiveness became a major concern in 2012 and China was mentioned repeatedly as a competitor to the United States. Secondly, the China issue became a domestic issue, while in the past it was an issue of foreign policy. And finally, China became a measuring standard for US strength and weakness, while in the past China was always cited as a proof of US superiority.<sup>1</sup>

Comparatively speaking, the Democrats and Republicans held similar viewpoints on China and considered that competition side is on the rise in China-US relations. In previous elections, China was frequently moralized, educated and patronized. However, the two candidates this time refrained from taking on a condescending air, President Obama even worried that the United States would slip behind China to become the No.2 Country in the world. This indicates that the two political parties in the US have taken China's rise seriously, and at the same time,

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<sup>1</sup> 《美国总统大选与中美关系——价值中国专访中美关系问题专家、美国东西方研究所副总裁David Firestein》 [“American Presidential Election and Sino-US Relations – A interview of David Firestein, Vice President of the EastWest Institute (EWI) and an expert on Sino-US relations by ChinaValue”]. Retrieved from <http://www.chinavalue.net/pvvisit/DavidFirestein.aspx>

it shows that Washington has an increasing misgiving towards challenges China would pose. In the third round of TV debate, one session was devoted to “the Rise of China and Tomorrow’s World”. In the debate, social issues like economy and employment were lumped together with the China issue, implying America’s future would depend on how to cope with China. In their platforms, the parties put the stress on developing relations with China. Yet in an evidently contradictory manner, they worried about uncertainties a rising China would bring while recognizing a peacefully rising and prosperous China would be in the interests of the United States and the rest of the world.

Different from previous post-Cold War debates on China which centered on foreign policy and security, the discussions about China this time focused on economic and trade relations and linked to US declining economy. The candidates debated RMB exchange rate, trade deficit, lower-price dumping and reduced job opportunities, and both of them stood for tough US policies in these fields. Mr. Romney pledged that once elected he would enlist China as “currency manipulator” and pose punitive tariffs on China at any time until the country alters its currency policy. President Obama stressed that diplomatic and trade approaches have already been taken to ask China to abide by the rules. Like issues concerning employment, re-industrialization, reshaping of manufacturing industry and other domestic politics, the China issue has intertwined with political wrangles in the United States, and the voices of trade protectionism against China run rampant in the United States, thus further complicating the China-US relations.

Both President Obama and Mr. Romney stood for dual-tactics of “engagement” and “containment” of China. In his article “How I’ll respond to China’s Rising Power”, Mr. Romney suggested that the United States should “shore up its economic standing, rebuild its military and make China’s path to regional hegemony far more costly than the alternative path of becoming a responsible partner in the international system”.<sup>2</sup> While accusing China, Mr. Romney also welcomed more trade and educational exchanges with China as well as China opening its domestic market to American companies. President Obama proposed that continued efforts should be made to cooperate with China, in particular on issues of easing tensions on the Korean Peninsula and resolving Iranian nuclear problem, and at the same time he emphasized that his administration had redeployed forces and strengthened alliance in the Asia-Pacific region to cope with China’s rise with smart power and low cost.

People from US media, academia and business circles questioned the “China-bashing” by the two candidates. *The Huffington Post* pointed out that “China-

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<sup>2</sup> Mitt Romney, “How I’ll Respond to China’s Rising Power”, *The Wall Street Journal (Asia edition)*, Feb. 12, 2012. Retrieved from <http://online.wsj.com/article/SB10001424052970204880404577225340763595570.html>

bashing” is a “tiresome sport in American politics”, yet it has become as much a part of the modern American political tradition. A decade ago, American politicians bashed China largely for political reasons, while today it is primarily for economic reasons. When China surpasses the United States in manufacturing industry and poised to overtake the US in economic size in the next decade, it is no wonder American politicians are on the offensive.<sup>3</sup> Some insightful people in the United States have realized that, since unemployment problem originated from American economic structure, China-bashing would only shift electorate attention. They pointed out that the United States should face squarely its insufficient competitiveness and work out long-term strategy, since protectionism would not increase jobs in the United States.

#### **4. Obama’s second-term foreign policy orientation shown by his election campaign**

Mr. Obama, after more than one year’s stalemated and tedious campaign, succeeded in keeping the White House by winning the reelection. The Republicans continue to control the House of Representatives, and the Democrats maintain the majority in the Senate. Most of the local governments at the state level are in the hands of the Republicans. The 2012 election is not easy-going for President Obama. He took more electoral votes than Mr. Romney, however he gained only a small advantage of 2.5% in popular votes. The election reveals that the United States is now confronted with severe and prominent problems such as excessive budget deficit, serious unemployment and declining competitiveness. All of these makes the country and its people worry deeply about the future and will have impact on Obama’s future domestic and foreign policies.

##### **(1) In his second term, President Obama will continue to focus on domestic issues and diplomacy will again serve domestic politics.**

The domestic issues played a dominate role in the election only because all vital challenges the United States is confronted with are from the country itself, including sluggish economic growth, grave unemployment and high deficits. The public is very much dissatisfied with the present situation at home and many people raise questions over the country’s future direction. A poll conducted jointly by *The Wall Street Journal* and the NBC shows that 57% of Americans think that

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<sup>3</sup> Daniel Wagner and Dee Woo, “China-Bashing Is a Tiresome Sport in American Politics”, *The Huffington Post*, February 10, 2012. Retrieved from [http://www.huffingtonpost.com/daniel-wagner/chinabashing-is-a-tiresome-sport\\_b\\_1269734.html?ref=china](http://www.huffingtonpost.com/daniel-wagner/chinabashing-is-a-tiresome-sport_b_1269734.html?ref=china)



the United States is not moving in the correct direction.<sup>4</sup> In order to remove these persistent problems, President Obama is determined to push forward some reforms on financial systems, healthcare, immigration and firearms control, etc. However, all these issues are related to bipartisan controversies and are hard nuts to crack. Under such circumstances, President Obama in his second term has to put great amount of energy on domestic affairs.

Even if in future President Obama wishes to accomplish something in foreign affairs, he would find himself impeded by domestic factors. On the one hand, the Republicans in the post-election time can play a strong check-and-balance role over the decision-making of foreign policy since the Republicans won similar popular votes as the Democrats did and the GOP keeps a majority in the House. On the other hand, the US security strategy and diplomatic performance will be affected by budget cuts on military expenditure and overseas assistance. Therefore, President Obama might not be able to divert much energy into diplomacy, but only strive for progress in those areas that could help boost American economy and employment. In the next four years to come, the US foreign policy is expected to centre on economy by strengthening economic diplomacy, speeding up free trade negotiation process, promoting exports and expanding new markets.

## **(2) There will be more continuation than change during Obama's second term.**

Although confronted with a relatively declining strength of the United States, President Obama, in the first four years, has maintained the US supremacy in an effective way through “smart power” diplomacy. President Obama implied that, in his second term, he would return to original agenda, resort to diversified approaches and avoid any ambitious objectives.<sup>5</sup> It is possible to infer that President Obama will still pursue smart power diplomacy and defend US leadership in the international system with both soft and hard approaches. The United States will push its allies to the forefront on regional security and hot-spot issues and support them with its superior strategic strength. At the same time, Washington will work actively to promote multilateral dialogues and negotiations on global issues. Since the United States cannot work alone in resolving the nuclear issues in Iran and the DPRK and on troop withdrawal from Afghanistan, coordination and cooperation with allies and major partners will continue to be an important principle in Obama

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4 《奥巴马2.0时代外交政策：加强接触亚太》 [“Obama's Foreign Policy in 2.0 Era: Strengthening Interactions with the Asia-Pacific”], 凤凰网[ifeng.com], Jan. 28, 2013. Retrieved from [http://news.ifeng.com/gundong/detail\\_2013\\_01/28/21674318\\_0.shtml](http://news.ifeng.com/gundong/detail_2013_01/28/21674318_0.shtml)

5 《奥巴马第二任期外交政策目标料更现实》 [“Obama's Second Term: Foreign Policy Objective is Expected to Be More Realistic”], 联合早报网[zaobao.com], Jan. 22, 2013. Retrieved from <http://www.zaobao.com/special/report/politic/us2012/story20130122-97331>



administration's foreign policy.

President Obama has to pay more attention to the Middle East where conflicts in Syria are getting worse and Iranian nuclear issue remains unresolved. The Middle East is expected to pose more challenges to the Obama administration in the future. The United States will rely more on Israel, Turkey and other allies. When keeping on its strategic contraction in the Middle East, the United States will make efforts to redefine its position in the "new Middle East", ascertain its interests and strategic objectives and reestablish regional alliance and security system.<sup>6</sup>

On its policy toward the Asia-Pacific region, the Obama administration will continue to implement on its "Rebalancing" strategy. The US rebalance to the Asia-Pacific constitutes a major change in President Obama's foreign policy during his first term in office. Investment in the Asia-Pacific region is a consensus between President Obama and Mr. Romney in 2012 election. It is an issue widely supported by the public in the United States with least controversy. In the next four years to come, the Obama administration will pursue, as in the past, its set plan, continue to readjust its military deployment in the region and strengthen US armed forces. While continuing to strengthen the traditional alliance with Japan and South Korea, the United States will attach greater importance to its relations with Viet Nam, India, Indonesia and other new partners. Washington will make greater efforts in its economic "returning" to Asia, expand economic and trade ties with the countries in the region and seek to conclude the Trans-Pacific Partnership Agreement (TPP) negotiations.

### **(3) Washington's China policy is expected to return to pragmatism and its "hedging" strategy will continue.**

During the 2012 election campaign, the two candidates took turns to show their assertive stance on China and both of them played the "China card". Pressed by the Republicans, the Obama administration frequently sued China for trade in the WTO, nearly doubling the cases against China than the previous government. Mr. Romney went further to name China as "fraud" and "cheater", and asserted that he would oppose China on economic issues. Their tough stances on China in fact are driven by their purpose of winning the election. The post-election policy on China will turn back to reality. Many US experts believed that the first promise Mr. Romney was to break, once he was elected, would be "enlisting China as a currency manipulator".

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<sup>6</sup> 唐志超[Tang Zhichao], 《奥巴马第二任期中东政策走向》["Obama's Middle East Policy Direction during the Second Term"], 中国社会科学院西亚非洲研究所网站[Website of the Institute of West Asian and African Studies, Chinese Academy of Social Sciences]. Retrieved from <http://iwaas.cass.cn/dtxw/xydt/2013-01-16/2497.shtml>

President Obama, in the third-round TV debate, called China “adversary”, or may be “potential cooperator”. It is expected that in future he will not regard China as a real enemy or a threat, rather an important potential strategic competitor. With an established China policy in his first term and a deep understanding about China, President Obama will continue his China policy, that is, to make the China-US relationship the most important bilateral relationship, while continuing its “hedging” strategy of both engagement and containment. On the one hand, the United States will work actively to keep open channels of dialogue with China, and through these channels, the United States will explain further that its rebalance-to-Asia strategy is not targeted at China and will seek China’s coordination and cooperation on major international issues and global problems. On the other hand, it will not relax its containment and counteractions against China, and will guard against challenges China might pose to the US hegemony, and make efforts to involve China into the US-led international political and economic systems. To sum up, the China-US relations in the next four years will show a prominent feature of “broader cooperation and fiercer competition”.

## ***B. The Evolving American Political Landscape and Its Impact on Foreign Policy***

Barack Obama’s victory in election was attributed to his campaign tactics and the mistakes made by the GOP camp. However, the changing political landscape in the United States is the underlying factor influencing the election situation in the United States and determining its future policy orientations.

### **1. The changing political landscape seen through the 2012 presidential election**

Under huge pressures brought about by many economic and social problems like slow economic growth, persistent high unemployment and “budget cliffs”, the Democratic Party and the Republican Party became more and more impetuous and emotional and less and less inclusive. They attacked each other during the election, thus intensifying the political polarization at home and worsening political parties’ clashes. The positions of the two parties tend to go to the extremes with narrowing maneuvering ground. The ever-increasing political polarization is splitting the

whole society.

First of all, with highlighted defects, the US political system becomes dysfunctional in its performance and government credibility is declining. The two Parties engaged in fierce fighting on issues concerning deficit cut, balanced budget, social security system, reforms on immigration policy, financial regulations, climate change and the end of wars in Iraq and Afghanistan. Following the victory of the Republican Party in the 2010 mid-term election with the House under its control, Obama's every new policy proposal came across congressional oppositions. The Obama administration was lame-ducked in the last two years of his first term with no laudable legislation passed. President Obama was called the most polarized President. Now the political posture in the current new Congress is still polarized and the stalemate remains intact.

Secondly, the partisan interests override the national interests and the struggles between the two parties are led astray. With increasing influences, both the Democratic liberalists and the Republican conservatives reject compromises. The country is troubled by many grave problems which need to be resolved urgently, however, the two parties refuse to cooperate and pass bucks to each other. President Obama attacked the Republicans for putting partisan interests ahead of the national interests and engaging in "class warfare". The Republicans called President Obama "the source of evils" and criticized his re-employment program as premature and his reforms on healthcare and financial regulations as being eroded by vested interest groups. Although President Obama won more electoral votes than Mr. Romney, his marginal 2.5% advantage in popular votes over Mr. Romney leaves the Republicans very much unconvinced and dissatisfied. The Republicans are expected to make more troubles in the House of Representatives for the government, sharpening further its contradictions with the Obama administration. In 2008, when he entered the White House for the first time, President Obama called on avoiding "partisan arguments which have long poisoned America's politics". However, four years later, such an impasse in Washington's political arena has worsened instead of being improved.

Thirdly, the division in the American society has deepened. The populism is resurgent. The Occupy movement which claimed to have the support of 99% of Americans repudiates another 1% elites in power. The left-wing Occupy movement regards the government the key to solving the problems, while the right-wing Tea Party regards the government itself as the problem. Their irreconcilable political attitudes have torn the whole society apart, reflecting a grave reality of government

losing trust of its people.

And finally, the middle class falls apart and the consensus is difficult to reach. The middle class is the hardest hit in the financial crises, and its number is shrinking and the political division within the middle class is widening. The black and Latino voters moved close to the Democratic Party, and the Republican Party was in favor of the white Christian identity and values. The American people held opposing views on issues of employment, taxation, Medicare, immigration, abortion and gun control. As a result, both Parties have lost their effective representation of the middle force.

## **2. Reasons for changes in the US political landscape**

Firstly, with a weak economy, the prospect for recovery is uncertain. By launching the wars in Iraq and Afghanistan, the United States has lost a decade of opportunities. Since the outbreak of the financial crisis, the US economy has suffered a heavy setback with a frail recovery. With annual growth rate lingering around 2%, the economy maintained a zero employment growth. Unemployment rate hovered around 8% for a long time, economic confidence index has fallen to -65<sup>7</sup> and a debt crisis almost erupted because the federal government debt was to hit the limit. In face of such a situation, neither the Democrats nor the Republicans are able to find a solution.

Secondly, both the Democratic Party and the Republican Party follow stricter party-line and become less inclusive. The US political parties used to attach importance to diversification and inclusiveness in order to maximize their representation. As a result, with a wide middle ground, there were always some support from the opposition to the rational propositions. Now both parties maintain clear-cut party-line, making it increasingly difficult to reach compromise and consensus. At the nomination conventions of both parties and in three election debates, the two candidates gave identical responses to questions and held similar positions in their policy orientation, while maintaining irreconcilable values.

Thirdly, the public confidence is declining, and anti-regime and anti-wealth sentiments are on the rise. It has become the consensus that political parties' polarization and confrontation are worsening. Many people's confidence in the government and the Congress is in its lowest point. The financial crisis in 2008 has shaken completely American people's confidence. President Obama once said that,

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<sup>7</sup> Gallup's economic confidence index is based on replies to two questions by the general public in the US, namely the evaluation of recent US economic situation and the direction of the economic development. The Index's theoretical scale is between -100 to 100.

“America is in crisis full of bruises, people are losing their homes and jobs, business is in slump, health care is too costly and school education is disappointing.” However, what is more horrifying is the fear brought over by American people’s eroded confidence. They fear that the decline of the United States is inevitable and the next generation will lower their expectation of the nation.

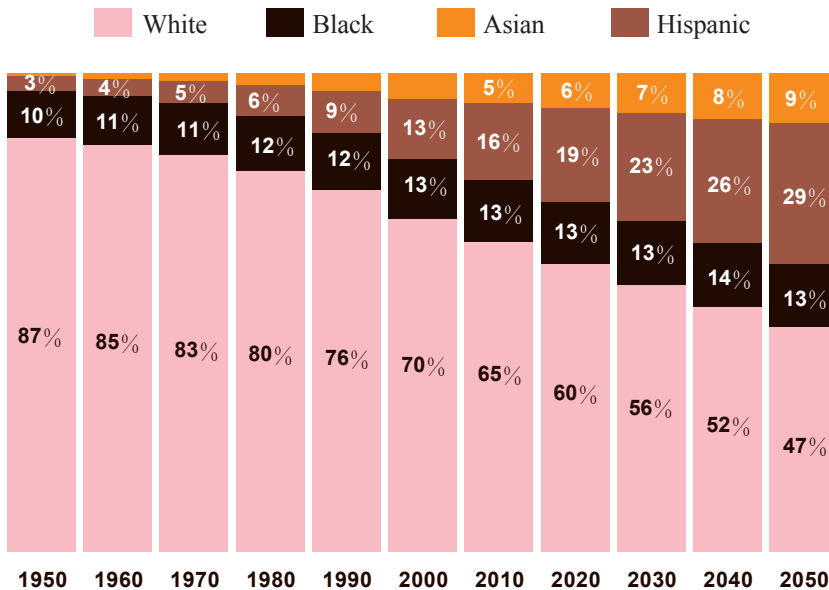
Fourthly, the emergence of other forces in the world pushes the reshaping of a new international landscape. The United States has turned from the only superpower to a special polar in a multi-polar world and its influence over the world affairs is declining. The Obama administration, in its first term, opted to play selectively a “back-seat driver” role in the world under the pretext of “smart power”, and the war of Libya was a case in point. In sharp contrast, the newly emerging forces represented by China and other BRICS countries are rising. They have participated actively in the world economic governance and played their part in handling global as well as regional issues, thus winning a bigger voice in the world and exerting their influence on the reshaping of international structure.

And finally, the rapid growth of ethnic minority constituency in the United States has a profound impact on the changes in the electoral political landscape. The population of ethnic minorities has been growing fast, they have shown a great enthusiasm for politics and a number of swing states have more ethnic minorities. All this constitutes one of the major factors for Obama’s successful reelection. The figures provided by the US Census Bureau in May 2012 show that, by July 2011, the white newborn babies accounted for 49.6% of the total newborns, and the ethnic minority newborn babies including the Hispanic, Asian, African Americans and mixed ethnicity accounted for 50.4%. This is the first time in American history that the white American newborns are less than 50% of the total.<sup>8</sup> The Pew Centre predicted in 2008 that the ethnic minorities in the US would become the majority by the year of 2050. The white population in the US is on the wane in numbers, and such a trend is extending from the elite circle to the mainstream of the society. The traditional group of the white will not easily give up their power and privileges. The formation of the Tea Party is actually a resistance from the low-and-middle Christian white population to this social change. The ethnic minorities are expected to have a louder voice gradually in American politics. And the long-term impact on the American society and its politics by the current changing demographic structure should not be underestimated.

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<sup>8</sup> Hope Yen, “Census: Minorities now surpass whites in US births”, NBCNews.com, May 17, 2012. Retrieved from [http://www.nbcnews.com/id/47458196/ns/us\\_news-life/t/census-minorities-now-surpass-whites-us-births/](http://www.nbcnews.com/id/47458196/ns/us_news-life/t/census-minorities-now-surpass-whites-us-births/)

**Figure 1: The Changing Face of America, 1950-2050 (Percent of Total Population)**



Source: Pew Research Centre projection, April 22, 2013.

### 3. How does the changing domestic political landscape affect the US foreign policy?

As the polarization in politics and the partisan struggles intensified in the United States, the Obama administration will have to face a more divisive US in its second term. President Obama will still be restrained by a tough Congress, although he has got himself freed from pressures by winning once again the election and will have less constraint on domestic political front than in the previous term. In the face of severe situation at home intertwined with sharp partisan conflicts, President Obama cannot devote enough resources, energy and time to foreign relations. In future, the United States will find it hard to deal with major crises and global issues alone. And the Obama administration will have to pursue multilateralism and seek coordinated cooperation with partners if it wants to score diplomatic achievements.

Furthermore, there are more and more big cities with a majority of population coming from the black, Hispanic, Asian Americans and other ethnic minorities and with increasing proportion of ethnic minorities in the elite. According to *Forbes*, the Asian Americans have doubled in numbers during the past 30 years, accounting

for about 6% of the total US population. Immigrants from Asia and their next generation receive better education. Fifty percent of Asian Americans over 25 years old have university diploma, and this figure is twice the level of the nation as a whole.<sup>9</sup> Compared with other countries in the world, the interest groups in the United States exert influence on the foreign policy more often for the benefit of their compatriots overseas. Obama's rebalance to Asia is more or less attributed to the lobbying of Asian interest groups. With the Asian Americans getting stronger, President Obama is expected to invest more in Asia in the economic, diplomatic and security fields.

On China policy, the United States is expected to become tougher in restraining China. China and the United States will confront with more challenges in Asia. The United States, when beset with frequent crises at home, tends to find an "adversary" to stimulate people's sense of urgency and fighting will. During the 2012 election, President Obama and Mr. Romney described China as US major competitor and adversary. Many Americans think that China, longing to replace the United States to be the No.1 Country in the world, will challenge the US economically and pose security threats to the country. Based on this, the United States will work harder to restrain the rise of China under the name of Rebalancing and to ensure its dominant position in various international areas. Meanwhile, constrained by domestic political landscape, the United States has to cooperate with China in international affairs. For example, in dealing with global economic problems and hotspot issues in the Asia-Pacific region and over the world, in response to climate change and energy shortages, and in addressing the Iranian nuclear issue, the North Korean nuclear issue and the Syrian crisis, the United States can hardly achieve anything without China's cooperation.

### ***C. Post-Election Personnel Changes and the Decision-making of the US Foreign Policy***

In his first term, President Obama concluded the war in Iraq, formulated the troop withdrawal date from Afghanistan, had Osama bin Laden killed and consolidated the US alliance in Asia. His capability and performance in foreign affairs have been recognized by American public in general. During the 2012

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<sup>9</sup> 《经济利益超人口比例 亚裔移民成影响美国正能量》[“Economic Interests Surpass Population Proportion: Asian Immigrants Are a Plus to America”], 中新网[chinanews.com], Sept. 16, 2012. Retrieved from <http://www.chinanews.com/kong/2012/09-16/4186292.shtml>



election, the Republican candidate Romney criticized Obama's foreign policy on specific issues, such as US anticlimactic resetting of relations with Russia, a standstill in the Middle East peace process, the neglect of Iranian nuclear weapon program, controversial development program of drones and the cover-up of terrorist attacks against the US consulate in Benghazi. However, to a great extent, Mr. Romney tacked to the moderate centre, seeking above all to distance himself from the Neoconservative Right. The Republican nominee stressed his desire for peace and his policy position, whether in tone or in content, was not much different from the current policy. Therefore, the Republican nominee helped Mr. Obama gain points in foreign policy debate as well as a victory in his re-election.<sup>10</sup>

After his success in election, Mr. Obama started to establish his diplomatic and national security teams who share the same perceptions with him on foreign policy, and to consolidate further his dominating control over foreign affairs. As a re-elected president, Mr. Obama will enjoy more freedom in diplomacy without the fear for opponents' threats and he will get himself more involved in foreign affairs than in previous four years.<sup>11</sup> In terms of influence on foreign policy, the President, the White House advisors and the National Security Council (NSC) have a bigger voice than the Department of State and the Defense Department. For instance, the Rebalancing has got the approval of the President, yet the former Secretary of State Hillary Clinton and former Assistant Secretary of State Kurt Campbell for East Asia and Pacific Affairs have more assertive inputs in the strategy. Their respective departure from posts signifies that the "Hillary factor", which has made the Rebalancing more aggressive, will be fading. Now Ambassador Susan Rice, the former US Permanent Representative to the United Nations, has succeeded retiring National Security Assistant Thomas E. Donilon. President Obama nominated the NSC Senior Director for Asian Affairs Daniel Russell to be Dr. Campbell's successor, and Evan Medeiros, NSC China advisor, to become NSC Senior Director for Asian Affairs. All these personnel changes show that the Asia-orientated strategy will be carried out under the leadership of the White House.

Some US scholars pointed out that since the White House advisors tend to be party politics veterans with limited experience in diplomacy, their stewardship on foreign policy would undermine gravely the US overseas interests. For example, Vali Nasr, dean of the School of Advanced International Studies (SAIS) at John Hopkins, argues that President Obama's policies, especially toward Afghanistan

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10 Lexington, "The foreign-policy debate: A Win for Obama", *The Economist (Online)*, Oct. 23, 2012. Retrieved from <http://www.economist.com/blogs/lexington/2012/10/foreign-policy-debate>

11 Geoff Dyer, "Obama seeks initiative on foreign policy", *Financial Times*, Sept. 25, 2012. Retrieved from <http://www.ft.com/intl/cms/s/0/df4cb1e2-0731-11e2-b148-00144feabd0c.html#axzz2TtFrsQDe>



and Iran, are not based on strategic considerations but rather are designed to satisfy public opinion.<sup>12</sup> Such a situation will be changed when the newly appointed Secretary of State John F. Kerry and Defense Secretary Chuck Hagel step in their posts. This is because both of them have a long-term political career as Congressmen and experiences in the War in Viet Nam. They are keenly aware that the excessive involvement in foreign wars should be avoided, and they do not have great ambition for their political future. Compared with Hillary Clinton, they act in a moderate and steady-going manner, emphasize cooperation and balance, pay attention to diplomatic approaches and avoid the pursuit of instant success and salvation. In his statement at the Senate confirmation hearing, Secretary Kerry said that “global leadership is a strategic imperative for America, not a favor we do for other countries”.<sup>13</sup> After taking office, Secretary Hagel met his first challenge of coping with setbacks brought over by huge military expenditure cut. He has ordered a review of the US military strategy approved by the Defense Department in 2012 in order to adopt necessary measures to practice austerity.<sup>14</sup> In addition, both of them have great interest in the Middle East. Both of them oppose unilateral militarism and support engagement and negotiation. The US Middle-East policy, with their stewardship, is expected to be reinforced in order to maintain US dominance in the region. The new US approach toward the Middle-East will coordinate, in certain way, with the adjustment of the Rebalance to the Asia-Pacific Region strategy.

In conclusion, whether the National Security Advisor Rice or Secretary of State Kerry will play a bigger role in the US diplomacy depends on the following factors: the first is their relationship with the President, and whether they could have an effective division of labor and cooperation with the President. The second is their diplomatic experience, and whether they are capable of resolving a major crisis or initiate any important diplomatic proposal which concerns war and peace. The third is whether they will come across competition and constraints from their foreign and security affairs teams. Although Ambassador Rice and Secretary Kerry have different perceptions on foreign affairs, yet with President Obama firmly in command of foreign affairs, Washington will continue to implement its foreign policy in a pragmatic manner.

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12 Warren I. Cohen, “The Dispensable Nation: American Foreign Policy in Retreat’ by Vali Nasr”, *The Washington Post*, May 3, 2013. Retrieved from [http://www.washingtonpost.com/opinions/the-dispensable-nation-american-foreign-policy-in-retreat-by-vali-nasr/2013/05/03/b7b01178-ac14-11e2-a198-99893f10d6dd\\_story.html](http://www.washingtonpost.com/opinions/the-dispensable-nation-american-foreign-policy-in-retreat-by-vali-nasr/2013/05/03/b7b01178-ac14-11e2-a198-99893f10d6dd_story.html)

13 Statement of Senator John F. Kerry, Nominee for Secretary of State, Washington DC, Jan. 24, 2013. Retrieved from <http://www.state.gov/secretary/remarks/2013/01/203455.htm>

14 《五角大楼新预算案 “勒紧裤带过日子”》 [“Pentagon’s New Budget: Practicing Austerity”], 《参考消息》 [Reference News], April 12, 2013, p.6.

## II. THE EVOLUTION OF “REBALANCING TO ASIA-PACIFIC” STRATEGY DURING OBAMA’S SECOND TERM

The “rebalance” strategy was a major landmark initiative during the Obama administration's first term, and it was almost not questioned or challenged in the election debate. Obama's first foreign trip after winning the re-election included Thailand, Myanmar and Cambodia. He became the first US president to visit Myanmar and then attended the East Asia Summit, which show his continued efforts and deliberate intention of greater involvement in Asia-Pacific affairs.<sup>15</sup> There have been indications that after re-election Obama will continue his “rebalance” strategy and make some adjustments in implementation, turning it from a “triumphant” strategic eastward stride to a more stable, long-term operation in the region.

### *A. The Fine-Tuning and Changes of the “Rebalance” Strategy*

Judging from the speech by Mr. Donilon, the President’s national security adviser at the Asia Society in March 2013, and Secretary of State Kerry’s first trip to Asia, Obama is fine-tuning and changing the pace, contents, ways and approaches in implementing the “rebalance” strategy.

#### **1. Moderating the tone**

Obama has claimed in high-profile that he is “America’s first Pacific President”,<sup>16</sup> “the United States has been and will always be a Pacific nation,” and “will play a larger and long-term role in shaping the Asia-Pacific region and its

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15 袁鹏 [Yuan Peng], 《美国大选对外交政策的影响》 [“The Impact of US Election on Its Foreign Policy”], 《国际问题研究》 [International Studies], No.6, 2012, p.21.

16 Remarks by President Barack Obama at Suntory Hall, Nov. 14, 2009. Retrieved from <http://www.whitehouse.gov/the-press-office/remarks-president-barack-obama-suntory-hall>

future”.<sup>17</sup> But recently, when US politicians interpret “rebalancing” strategy, their rhetoric has become mild. Mr. Donilon not only explained the “rebalance”, but also made it clear that the strategy “doesn’t mean diminishing ties with important partners in any other region. It does not mean containing China or seeking to dictate terms to Asia. And it isn’t just a matter of our military presence.” Deputy Secretary of Defense Carter also emphasized that the strategy “is not aimed at any ... individual country or group of countries”.<sup>18</sup>

## **2. A moderate readjustment in resource prioritization**

Mr. Kerry said in the Senate confirmation hearing that he was “not convinced that increased military ramp-up is critical yet, and that the US has a lot more military bases and forces in the Asia-Pacific region than any other nation in the world, including China today.”<sup>19</sup> Mr. Chuck Hagel said in his confirmation hearing that he “believes the rebalancing to Asia-Pacific can be done smartly, using air and sea and geographically distributed ground forces, without sacrificing the needed US presence in the Middle East”.<sup>20</sup> Both of them revealed common thought of adjusting “rebalance” rhythm. Following his inauguration, Mr. Kerry selected Europe and the Middle East for his first overseas visit, and the Middle East was also the place Mr. Obama chose for his visit after he swore into office. It indicates that the Obama administration will re-determine the priorities of its global strategy: the Asia-Pacific is of long-term and strategic significance, while the Middle East is of greater urgency and immediate importance.

## **3. Emphasizing balanced efforts in political, economic, security and other fields**

In his first term, President Obama took faster steps to carry out a military and diplomatic “rebalance” strategy. As a result, the United States’ new diplomatic and military deployment posture in the Asia-Pacific region has taken shape. However, in terms of balance of contents, “rebalance” the strategy lacked economic and development dimensions. Currently, there is a unanimous view in the United States

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17 Remarks by President Obama to the Australian Parliament, Nov. 17, 2011. Retrieved from <http://www.whitehouse.gov/the-press-office/2011/11/17/remarks-president-obama-australian-parliament>

18 Cheryl Pellerin, “Partnerships Highlight US Rebalance within Asia-Pacific Region”, April 9, 2013. Retrieved from <http://www.defense.gov/News/newsarticle.aspx?ID=119733>

19 Elizabeth C. Economy, “John Kerry on China and the Pivot”, Feb. 28, 2013. Retrieved from <http://thediplomat.com/china-power/john-kerry-on-china-and-the-pivot/>

20 Advance Policy Questions for the Honorable Chuck Hagel. Retrieved from <http://www.armed-services.senate.gov/statemnt/2013/01%20January/Hagel%2001-31-13.pdf>

that the “rebalance” is a comprehensive strategy that “harnesses all elements of US power - military, political, trade and investment, development and values”.<sup>21</sup> Trade, investment and development are expected to become key contents of the “rebalance” strategy for the second term of the Obama administration and it will be a long-term trend.

#### **4. From sowing discord to managing control on territorial disputes in Asia**

Due to former Secretary of State Clinton's forceful diplomatic style as well as the fact that military “rebalance” need good instrument, the United States acted in high-profile when it got itself involved in China's territorial disputes with neighboring countries. Since the beginning of Obama's second term, the United States has become cautious in words and deeds on related issues. For example, during Japanese Foreign Minister Fumio Kishida's visit to the US, Secretary of State Kerry appreciated Japan's restraint on the Diaoyu Islands issue, without mentioning the US-Japan Security Treaty. When Japanese Prime Minister Shinzo Abe visited the United States, he repeatedly mentioned the Diaoyu Islands issue, but President Obama refrained from making public response. When Kerry visited Japan and Deputy Secretary of Defense Carter visited Indonesia, both of them urged the parties to territorial disputes to exercise restraint. Clearly, the United States is attempting to maintain the status quo and manage to control the disputes through exerting pressures on both sides.

#### **5. The US positioning of China is turning slightly positive**

During Obama's first term, he positioned China in a passive and negative way when he pushed forward the “pivot” strategy. To Hillary Clinton, the then Secretary of State, the China-US relationship is, to put it on positive terms, a part of US partnerships with emerging powers outside the US alliances, but to put it on negative terms, “it is a bilateral relationship which is most complex and most consequential that the United States has never managed”.<sup>22</sup> The Defense Strategic Guidance 2012 put China as a “potential adversary” posing challenge to the US military forces.<sup>23</sup> Now the United States has recognized that whether the China-US relations can be

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21 Tom Donilon, “The United States and the Asia-Pacific in 2013”, The Asia Society, New York, March 11, 2013. Retrieved from <http://www.whitehouse.gov/the-press-office/2013/03/11/remarks-tom-donilon-national-security-advisory-president-united-states-a>

22 Hillary Rodham Clinton, “America's Pacific Century”, East-West Centre, Honolulu, Hawaii, Nov. 10, 2011. Retrieved from <http://www.state.gov/secretary/rm/2011/11/176999.htm>

23 The US Department of Defense, “Sustaining US Global Leadership: Priorities for 21st Century Defense”, Jan. 2012. Retrieved from [http://www.defense.gov/news/defense\\_strategic\\_guidance.pdf](http://www.defense.gov/news/defense_strategic_guidance.pdf)

handled properly is one of the key factors to the success of US Asia-Pacific strategy, and therefore the Obama administration turns to be positive in positioning China-US relations. When Donilon made a speech at the Asia Society, he stated for the first time that it is the third pillar of the US “rebalance” strategy to build a constructive relationship with China. He responded positively to China's initiative on building a new type of relations among major countries, saying “it falls on both sides—the United States and China—to build a new model of relations between an existing power and an emerging one.”

### ***B. Reasons for the Fine-Tuning and Changes***

The original purpose of US “rebalance” to the Asia-Pacific region was to shift the focus of US strategic resources from the Middle East to the Asia-Pacific and from Northeast Asia to Southeast Asia. However, to shift the strategic center of gravity eastward constitutes a fundamental subversion of US traditional global strategic prioritization and bears great risks. It met with increasing criticism at home and abroad when implemented. Therefore it faces pressures for further policy readjustments.

Firstly, the sustainability of the “rebalance” has been questioned. The essence of Obama administration’s global strategic readjustment is strategic contraction, of which the fundamental goal is to solve the problem of being overstretched strategically due to the wars in Iraq and Afghanistan. The reallocation of resources against such a backdrop should not break the bottom line of strategic contraction. However, due to excessive input by the Obama administration, the “rebalance” which was meant for a long-term operation became a short-term one aimed at quick results and instantaneous gains, resulting in its aggressive and expansionist surge as well as rapid increase in the demand for resources. Although the US Government has repeatedly stressed that the rebalance will not be affected by public spending reduction, yet “no matter what the administration officials say, these cuts (cuts in military budget) will affect our (the US) posture in Asia profoundly”,<sup>24</sup> and will also limit the US Government’s ability to increase economic assistance to Asian partners and allies. For example, a Congressional Service Report (CRS) noted that the Obama administration’s request for aid for the East Asia and Pacific region for 2013 remained pegged below US \$1 billion, nearly the same amount earmarked

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24 Daniel Blumenthal, “Against the East Asia ‘pivot’”, Website of *Foreign Policy*, Nov. 18, 2011. Retrieved from [http://shadow.foreignpolicy.com/posts/2011/11/18/against\\_the\\_east\\_asia\\_pivot](http://shadow.foreignpolicy.com/posts/2011/11/18/against_the_east_asia_pivot)

before the announcement of its strategic “pivot”.<sup>25</sup>

Secondly, it is over three years since the rebalance (including the previous “returning to Asia” and “pivot”) was implemented. Its layout in the Asia-Pacific region is just unfolding, and its overall impact on US foreign policy is initially displaying, however, it has already produced some unexpected and uncontrollable negative effects: (1) The strategy boosted premature actions by some Asia-Pacific countries, augmenting the risk of US involvement in regional conflicts. The Philippines has provoked a confrontational incident over the Huangyan Island and Japan has staged a farce of “purchasing the Diaoyu Islands”. All these show that the US over-commitment and its allies’ excessive expectations are not in the US interests. (2) The “rebalance” strategy is generally interpreted as “containment” of China, intensifying strategic suspicions between China and the United States. (3) The strategy also raises concerns in some Asian countries, and they are reluctant to be forced to choose sides between China and the US.

Thirdly, the evolving situation in the Middle East and Northeast Asia makes the United States have too many things to take care of at the same time.<sup>26</sup> In the Middle East, the US withdrawal from Iraq does not mean the United States will leave the Middle East oil, anti-terrorism, the expansion of democracy, allies’ security and other strategic interests in the region unattended. On the contrary, because the entire Middle East region is still in continuous turmoil, the US has to protect its strategic interests in a more complicated environment. When dealing with multiple hot-spot issues like the war in Libya, Syrian civil war, the Iranian nuclear issue and the Israeli-Palestinian conflict, the Obama administration's approaches have been fiercely criticized at home for “lack of coherence” and “double standards”. Since the outbreak of a new round of anti-US movement in the Middle East in September 2012, the United States has found it more difficult to keep aloof from the situation. In addition, the United States and South Korea has intensified deterrent countermeasures against recent satellite-launch and the third nuclear test by the DPRK. As a result, the crisis in the Korean Peninsula has reached an unprecedentedly dangerous level. The above-mentioned has made the United States hesitant and more cautious in shifting its strategic focus to Southeast Asia and, if necessary, the current eastward shift may even be reversed. Therefore the rebalance strategy is easier said than done.

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25 George Amurao, “US ‘pivot’ as bankrupt diplomacy”, Asia Times Online, Sept. 19, 2012. Retrieved from [http://atimes.com/atimes/Southeast\\_Asia/NI19Ae01.html](http://atimes.com/atimes/Southeast_Asia/NI19Ae01.html)

26 阮宗泽[Ruan Zongze], 《东张西望话美国》[“The United States Has Too Many Things to Take Care of at the Same Time”], 《时事报告》[*Report on Current Affairs*], No. 2, 2012, p.46.

### ***C. The Prospects***

Overall, after Obama's re-election, he is correcting imbalances and deviations existing in the implementation of rebalancing to the Asia-Pacific strategy. The current readjustment is only a technical one and serves the purpose of making the strategy more balanced, and will not change the overall direction and basic layout of US Asia-Pacific strategy. Some obvious changes are as follows: The pace of military rebalance may slow down a bit in order to absorb negative effects arising from over-doings in the early implementation of the strategy. By so doing, the United States also wants to avoid greater resources constraint in the Asia-Pacific region which will disturb US resource allocation with the Middle East and Northeast Asia as priority areas. Economic rebalance will be intensified, focusing on increased investment and development projects so as to expand US economic presence in the region. On regional territorial disputes, there is growing tendency that the United States will try to manage them through legal and multi-channel governance and make efforts to institutionalize Asian security mechanisms, turning the ASEAN Defense Ministers Meeting-plus (ADMM-plus), East Asia Summit (EAS) and other multilateral mechanisms into the platforms to discuss territorial disputes.

These readjustments and changes have their positive side. The slow-down, correction and discretion on the US side in the management and control of territorial disputes could pass out strong signal to its Asian allies to maintain regional stability and avoid a new conflict. It could also serve to dispel some countries' illusions of using US "rebalance" to the region to kidnap the United States for their own interests, help urge those who are trying to make a big fuss about territorial disputes to return to reason, thus easing the tension in the Asia-Pacific region. The general trend is turning from highlighting US balancing role in the region to refraining from excessively irritating China.<sup>27</sup> Its positive repositioning of China will help reduce China-US strategic suspicions, and it is a positive trend for China-US relations.

### ***D. Case Study: The Continuous Warming of the US-Japan Relations***

When the Obama administration carries out its rebalance strategy in the Asia-Pacific, Japan becomes very quickly a third-party factor in the China-US relations. The fine-tuning and changes made by the United States to its rebalance strategy

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<sup>27</sup> Xu Jian, "Building towards a New-Type China-US Relationship", *China International Studies*, March/April 2013, p.47.



naturally affects the development of US-Japan relations, which in turn have impacts on Washington's implementation of the strategy.

## **1. Manifestations of a warming US-Japan relationship**

### **(1) Closer security ties**

The United States has made clearer security commitment to Japan. In September 2010, former Secretary of State Hillary Clinton said openly that the US-Japan Security Treaty applied to the Diaoyu Islands. Since then, the White House and officials of the Defense Department made the same remarks, supporting Japan and opposing any third party's unilateral actions to change the status quo of the Diaoyu Islands. After the DPRK's third nuclear test in February 2013, President Obama called Japanese Prime Minister Shinzo Abe and reiterated the US nuclear protection of Japan. At the same time, military cooperation between the United States and Japan has intensified. The two countries agreed in August 2012 to make a revision to their defense cooperation guidelines and expand the action scope of Japan's Self-Defense Force. In September 2012, the two countries reached an agreement on the deployment of X-band early warning radar system in Japan. They have conducted joint development of the "Standard-3" interceptor missile system to improve the compatibility between the two countries. Although the United States has deployed controversial "Osprey" transport aircrafts in Japan, Japan still wants to purchase F35 fighter planes from the former. In addition, the two countries have conducted frequent military exercises with increased scale, content, geographical extent and more specific targets.

### **(2) Marked improvement of US-Japan economic ties**

The two countries have made a breakthrough on the TPP issue. In November 2012, former Japanese Prime Minister Noda met with President Obama and expressed Japan's desire to join the TPP talks. During Prime Minister Abe's visit to Washington in early 2013, the two countries issued a joint statement, which confirmed that in case of Japanese accession to the TPP talks, all commodities would be included and no prior and unilateral commitment be required for any tariff exemption. This has cleared the way for Japan's entry into the TPP negotiations.

## **2. Reasons for the warming of US-Japan relations**

**(1) Direct reasons:** When former Japanese Prime Minister Yukio Hatoyama was in



power, he broke off the 2006 agreement on US troops' redeployment in Japan and put forward his initiative of establishing an East Asia Community with the United States excluded, thus deteriorating US-Japan relations. Following the Fukushima nuclear disaster in 2011, Washington dispatched its aircraft carrier to Japan and provided assistance, which became an opportunity for a restoration of the bilateral relations. Prime Minister Shinzo Abe, after taking office, expressed his desire to implement the 2003 agreement between Japan and the United States, and has made great efforts to settle the relocation issue of the Futenma Air Base, resulting in a relaxation of bilateral tensions.

**(2) In-depth reasons:** Japan is a long-term ally of the United States on security. The two sides have clear common objectives, namely, to deal with the threats caused by the development of DPRK's nuclear program and the uncertainties brought over by China's rise. Japan spares no efforts to render financial support to the United States. In the fiscal year of 2013, Japan increases its defense budget for the first time in 11 years, becoming the only country among the US allies to increase defense budget. Japan has participated in most of trilateral security cooperation led by the United States in the Asia-Pacific region, such as the US-Japan-India, US-Japan-Australia and US-Japan-Korea security cooperation. In economic field, the US and Japan depend on each other to a high degree, and they are also major investment and trade partners to each other. Japan's participation in the TPP talks is of great importance to the United States, which will help Washington gain access to Japan's relatively closed agricultural, manufacturing and financial markets, and provide a platform for the two countries to settle their trade disputes on automobiles and beef, thus consolidating US leading position in the Asia-Pacific economic order.

### **3. Possible impact of an overall restoration of the US-Japan relations on China**

**(1) The regional security environment will be worsened, yet China's security will not be affected substantially.**

This is mainly because the United States does not want to jump into direct confrontation with China. In terms of China-US relations, China has its influences on nuclear issues of both North Korea and Iran, the Syrian issue and other hot-spot issues in the world, and the United States looks forward to cooperating with China on these issues. President Obama's new foreign and national security teams are moderate in their attitudes toward China, which might help increase contacts

between the two countries. At present, the United States is beset with serious debt and deficit reduction problems with a prospect of a sharp cut of defense budget, and its energy is sapped by the war in Afghanistan and Iranian nuclear issue to a large extent. Therefore, the United States currently does not have much time and energy to care about the islands disputes between China and Japan. Before Japanese Prime Minister Abe's visit to the United States early this year, Mr. Michael Auslin, a Japan specialist from the American Enterprise Institute, appealed to Shinzo Abe in his article on *The Wall Street Journal* that Japan should make commitment "not to fire the first shot" regarding the Senkaku Islands (the Japanese name of the Diaoyu Islands),<sup>28</sup> showing the US reluctance to be pulled by Japan into conflicts with China.

**(2) In short-term it will not affect China's economy, but in the long run it will exert some impacts.**

There is huge domestic resistance in Japan against its entry into the TPP talks. According to Japanese Ministry of Agriculture, Japan's agricultural output value is expected to lose 4 trillion yen annually, against half of the agricultural output now. When Shinzo Abe visited the United States, he did not make a clear commitment on the TPP issue out of the consideration of appeasing the agricultural sector and winning the Senate election. This is one of the reasons why the United States gave a cold shoulder to Abe's visit. In the long run, once Japan joins the TPP, China's exports will suffer serious setback, the East Asian economic integration process will encounter stumbling blocks, and China's East Asian integration strategy will fall into an awkward situation.



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<sup>28</sup> Michael Auslin, "An Open Letter to Shinzo Abe", *The Wall Street Journal (Asia edition)*, Feb. 20, 2013. Retrieved from <http://online.wsj.com/article/SB10001424127887323495104578311651565558658.html>

### III. “TRANSCENDING” THE MIDDLE EAST: SEEKING PEACE AND AVOIDING WARS

During the election in 2012, Obama’s Middle East policy became the focus of the Republican Party’s fierce attack on his foreign policy, and was labeled “weak”, “naïve”, “appeasement”, etc. The reality also shows that the turmoil in the Middle East is evolving out of the expectations of the United States. In comparison with the previous policy of strategic contraction to “get out of” the Middle East in a hurry, Obama will seek to play a greater role in the region in his second term by seeking a breakthrough to turn from passive responses to active exertion of influence. At the same time, he will seek peace and avoid wars and “transcend” the various restraints imposed by the Middle East on the US, instead of simply “withdrawing from” or “returning to” the Middle East.

With regard to the geopolitical rebalance in the US global strategy, “the Asia-Pacific’s political and economic future and the future of the United States are deeply and increasingly linked,”<sup>29</sup> while the Middle East is “a place where American policymakers often learn humility the hard way”<sup>30</sup>. The Obama administration intended to achieve the US global strategic shift from the Middle East to the Asia-Pacific and avoid getting involved too deeply in the turbulent situation of the Middle East. But the turbulent situation of the Middle East highlights the dilemma the US faces in promoting democracy and ensuring security, making it difficult to “transcend” the Middle East; it also put more constraints on US shift to the Asia-Pacific, making the strategic “rebalance” seem to be indecisive and hesitant. With Obama’s fine-tuning of the rebalance strategy in his second term from a relatively radical approach to a comparatively mild one, he will spend more time and energy to revitalize American diplomacy in the Middle East. In a certain sense, the involvement of the American Middle East policy will be interacted and coordinated

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29 Joseph Y. Yun, “Democracy and Human Rights in the Context of the Asia Rebalance,” Testimony before the Senate Committee on Foreign Relations, Subcommittee on East Asian and Pacific Affairs, March 21, 2013. Retrieved from [http://www.foreign.senate.gov/imo/media/doc/Yun\\_Testimony1.pdf](http://www.foreign.senate.gov/imo/media/doc/Yun_Testimony1.pdf).

30 William J. Burns, “America and a Changing Middle East”, Remarks at Princeton University, May 4, 2013. Retrieved from <http://www.state.gov/s/d/2013/209008.htm>.

with the adjustment of its “rebalance” strategy in the Asia-Pacific, and they will both promote the global geopolitical balance of US diplomacy.

In addition, it should be pointed out that the deep-rooted reason for the eastward shift of US strategic focus is the change of US understanding of China. The reason why Obama reflected and fine-tuned the “rebalance” strategy and the way how he did it are also related to China, and his increasing involvement in the Middle East and Europe will affect China’s position in US diplomatic agenda. As the US has realized that the key to a smooth implementation and success of the strategic “rebalance” to the Asia-Pacific is the appropriate handling of China-US relationship, it is expected that progress will be achieved in exploring ways of peaceful coexistence between China and the United States in the Asia-Pacific region. If the US increases its diplomatic involvement in the Middle East to an appropriate extent, it will be conducive to strengthening China-US cooperation in the region through expansion of common interests, and to consolidating the content of strategic dialogue and cooperation between the two countries.

### ***A. Strengthening Crisis Management in the Region***

The turbulent situation in the Middle East which started in 2010 prompted the US to accelerate the change of its Middle East policy from conflict-resolution to crisis management. On the one hand, it is because the US cannot eradicate on others’ behalf the root causes of the turbulence in the Middle East, which resulted from serious imbalance of political, economic and social development as well as unfair distribution of rights and interests. On the other hand, constrained by heavy domestic tasks of economic recovery and uncertain future of withdrawing troops from Afghanistan, the United States had to take its own capacity into consideration and be more reserved in diplomatic and military responses. Soon after his second term began, Obama and his cabinet members paid several visits to the Middle East and sought to establish a triangular “Turkey-Israel-Jordan” alliance so as to lay a strategically reliable foundation for future risk management on the Syrian issue.

However, it should be seen that due to the uneven distribution of US interests and influence in the Middle East countries, the Obama administration will continue to avoid handling those countries in the same way and will treat them differently on the basis of individual cases. For example, it may take the opportunity to push countries like Tunisia, Egypt and Yemen to establish a representative democratic

political system, support calls for reform to improve America's own reputation, and "soften" Islamic extremism; it will neglect the calls for "democratization" in Saudi Arabia, Bahrain and Yemen in order to maintain cooperation between the United States and those governments on military security; and on the Syrian issue, it will follow the policy of limited intervention by relying on the United Nations Security Council, the United Nations General Assembly, international conferences of "Friends of Syria", and regional organizations such as the Cooperation Council for the Arab States of the Gulf to put more pressure on the Assad administration and coordinate with others to integrate the opposition forces in Syria. When attending the "Friends of Syria" conference in Rome, US Secretary of State John Kerry announced that the United States will provide immediately an additional US\$60 million in "non-lethal" assistance to the opposition forces in Syria.<sup>31</sup> The United States is also trying to facilitate the second Geneva conference together with Russia, and has invited various parties of the conflict to the conference for negotiation. Facts show that the Obama administration is strengthening risk management on the Syria issue, exercising its leading role mainly from "behind the scenes" rather than doing everything all by itself. It aims to influence the development of the regional situation as far as possible so as to minimize any negative impact of the turbulent situation on US interests while avoiding the diplomatic risk of putting all political resources in the Middle East.

### ***B. Trying to Placate Both Sides on the Palestinian-Israeli Issue***

The Palestinian issue has been long delayed for resolution. But on the US Middle East agenda, it is less urgent than the civil war in Syria and less strategically important than the Iranian nuclear issue. The Palestinian-Israeli issue is fading out of the core position in the US Middle East strategy. In March 2013, President Obama chose Israel as the first destination for his official overseas visit; Secretary of State John Kerry also made efforts to push the Palestinian-Israeli peace process forward. On the one hand, such gestures are out of the necessity for the United States to improve relations with its "little partner" Israel. During Obama's first term of office, the United States and Israel had constant discord over the "Two-State Resolution", the 1967 borderline, the construction of Jewish settlements and the resumption of peace talks. Israeli Prime Minister Netanyahu openly disagreed with

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<sup>31</sup> John Kerry, "Remarks with Italian Foreign Minister Giulio Terzi and Syrian Opposition Council Chairman Moaz al-Khatib", Rome, Italy, Feb. 28, 2013. Retrieved from <http://www.state.gov/secretary/remarks/2013/02/205457.htm>

Obama and even instigated fighting against the Gaza Strip, swearing to “keep the United States in the Middle East”,<sup>32</sup> which obstructed the implementation of Obama administration’s Asia-Pacific strategy. Since the beginning of 2013, Obama and Kerry have repeatedly put US commitment to the security of Israel on a par with the Middle East peace process on open occasions and no longer criticized Israel for its construction of settlements, which shows that the United States is making use of the Palestinian-Israeli issue to show its goodwill to Israel by emphasizing their friendship so that Israel will not cause further trouble for the United States.

On the other hand, such efforts are made as a remedy to US credibility on the Palestinian-Israeli issue. Obama once proposed a more balanced policy to address the Palestinian-Israeli issue in his Cairo speech and promised at the UN General Assembly in September 2011 that the Palestinian dream of establishing a State of Palestine would become true in the coming year. However, since 2011, the United States has clearly opposed Palestinian efforts to seek UN membership status through the UN Security Council by threatening a veto and freezing part of its economic and humanitarian assistance to Palestine, which seriously damaged the image of the United States as an “impartial mediator”. After his re-election, Obama has actively pushed for peace and negotiation between Palestine and Israel and mediated Palestine’s internal conflict in order to remedy its image and revitalize confidence of its Arab allies in the United States; he also intends to confine Palestine on the track of bilateral dialogue with Israel so that Palestine will not resort to the UN again over the establishment of a Palestinian State and put the United States in a passive position.

### ***C. Limited Capacity of the US to “Transcend” the Middle East***

The current round of turbulences in the Middle East took place against the background of accelerated transition of the international system in which the balance of power is changing towards a direction that is unfavorable to the United States and other Western countries. Therefore, the US faces many constraints on its effort to “transcend” the Middle East.

Firstly, the wrong strategic orientation during the George W. Bush administration had serious repercussions so that up to now the Obama administration is still chewing the bitter fruits and facing an unstable Iraq, a

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<sup>32</sup> Oded Eran, “The United States in the Middle East: The Year in Review”, *Strategic Survey for Israel 2012-2013*, The Institute for National Security Studies of Israel, p.19.

stagnant Palestinian-Israeli peace process, a recalcitrant Iran and a group of undependable Arab countries. The US is challenged with great difficulty to sustain the foundations of the Pax Americana in the Middle East.<sup>33</sup> Therefore, it is hard to “transcend” the regional turbulent reality.

Secondly, the economic situation in the Middle East is in chaos and countries in the region have a worsening environment for investment with rising unemployment and stagnant economy. It is the view in the Western academia that if the economy continues to decline, the anti-democracy forces will grow stronger. The United States hopes to push for economic integration in the Middle East by drawing on the experience of central and eastern European countries in the 1990s so as to provide impetus to political changes. However, troubled by impact of the international financial crisis, the United States is greatly hampered by its domestic economic predicament and political deadlock with regard to its capacity to devise strategies for the Middle East.

Thirdly, the US alliance system in the Middle East has changed with rising autonomy of countries in the region. For example, the Morsi administration in Egypt adopted a more balanced all-round diplomacy; Turkey has become a regional “star” through active diplomacy; the Gulf countries showed unprecedented enthusiasm to regional affairs through actions like sending joint forces “the Peninsula Shield” into Bahrain and increasing members of the Cooperation Council for the Arab States of the Gulf. Traditional security threats such as the Iranian nuclear issue and the Palestinian-Israeli conflict have formed their own logic of evolution with more and more deadlocks which are hard to be resolved in the near future. The US capacity of situation control has weakened unprecedentedly and the United States may suffer a total failure due to its mishandling of a single problem.

Lastly, as the multi-polarization becomes an inevitable trend, the United States and other big powers will check each other in the Middle East. At the beginning of the “Arab Spring”, leaders of the United States, European countries, and Russia coordinated with each other on their positions over the Middle East situation by visits, summit meetings and jointly-signed articles, which expanded their cooperation to a certain extent. But at the same time, their strategic competition stepped up. The war in Libya greatly deepened the internal conflict of NATO, while the Syria issue, the Iranian nuclear issue and the Palestinian-Israeli conflict showed clearly the profound disagreements between the US-led Western countries on one side and Russia and China on the other. Other forces outside the region

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33 Leon Hadar, “Why Stay in the Middle East”, *The National Interest*, March 27, 2013. Retrieved from <http://nationalinterest.org/commentary/why-stay-the-middle-east-8259>

also mediated peace in the Middle East and played either a competitive or complementary role vis-à-vis the United States, which further highlighted the irreplaceable role of the United States for the Middle East peace and drew the US diplomatic attention and resources back to the Middle East.

### ***D. Case Study: Uncertain US-Iran Relations***

As the US-Iran rivalry is an epitome of the evolution of the US Middle East strategies, this case study centers on the US-Iran relations to show the development trend of the Middle East strategy of the Obama administration. Obama has given new signals for reconciliation with regard to the Iranian nuclear issue and his attitude towards Iran since re-election. However, with the new and uncertain elements brought about by the Iranian presidential election, it is yet hard for the US and Iran to bridge the huge gap between confrontation and dialogue. The development of the Iranian nuclear issue will still be in a stalemate, consuming a good part of diplomatic and military resources of the Obama administration.

## **1. Signs of the US easing its policies on the Iranian nuclear issue and Iran**

### **(1) Toning down Iran's nuclear threat**

The United States believed that Iran's nuclear program was proceeding slowly due to computer virus attacks, designing defects of centrifuges, physical attacks on nuclear experts, and shortage of key raw materials resulting from sanctions imposed by the UN Security Council. So the US felt somewhat less urgent to prevent Iran from possessing nuclear weapons. Judging from the message Obama delivered to Iran's supreme leader Ali Khamenei last year, and his remarks at the first press conference after re-election, the United States is changing its standpoint: it not only hopes to prevent Iran from possessing nuclear weapons, but also reaffirms Iran's right to peaceful use of nuclear energy. Therefore, the United States no longer urges Iran to "suspend uranium-enrichment program", but hopes Iran would prove that "it was not manufacturing nuclear weapons". The United States insists that Iran limit its enriched uranium purity to 3.5 - 5%, and accept the nuclear inspections of the International Atomic Energy Agency (IAEA). This means Obama is trying to find a grey zone between Iran actually possessing "nuclear weapons" and its "nuclear capacity" of a certain degree, and may proceed to recognize Iran's limited right to



uranium enrichment.

## **(2) Raising the threshold of war on Iran**

Obama has repeatedly reiterated that the United States will not rule out the use of force in pressing Iran to abandon its nuclear program, but there is only one red line for using force on Iran, namely Iran's development of nuclear weapons. This stance distinguishes "nuclear weapons" from "capability of nuclear breakthrough" and in fact refuses to set a more specific deadline for military action. Vice President Biden further interpreted the "red line" as not allowing Iran to acquire "nuclear weapon devices" in the presidential election debate. In September 2012, Israeli Prime Minister Netanyahu went to the United States to attend a UN General Assembly meeting and pressed the American side for setting "red lines". But he was refuted by the then Secretary of Defense Leon Panetta: "Red lines are kind of political arguments that are used to try to put people in a corner."<sup>34</sup> The United States also constantly put off the estimated time when Iran might acquire the capacity of nuclear breakthrough to the future. In March 2013, Obama said Iran would need over one year or so to actually develop a nuclear weapon. In the US view, the speed of Iran's nuclear weapon development is slower than that given in the intelligence assessment of Israel. An uncertain factor has also been added by the United States, i.e. whether Iran will ultimately make the political decision to possess nuclear weapons.

## **(3) Balancing the dual policy of "carrot and stick"**

Obama attributed Iran's deteriorating economy and increasing infighting to US pressure on Iran and took them as an important international success achieved by the United States. On that basis, backed by the political resources he had accumulated through being tough on Iran, Obama began to adjust his "carrot and stick" policy to make it more balanced. Firstly, Obama considered clandestine activities are more effective in preventing Iran from developing nuclear weapons and has waged a war of attrition in areas of secret operations such as the Internet and intelligence. Secondly, Obama kept on escalating sanctions on Iran and improving their legitimacy so that they have become an effective means to raise the cost of Iran's nuclear program, and push for Iran's political change through pressure as well as to gain bargaining chips in the negotiation between Western countries and Iran. In the future the United States will attach more importance to the role of sanctions as a lever to expand the diplomatic space for resolving the Iranian nuclear

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34 Hilary Leila Krieger, "Washington won't define 'red lines', Obama tells US rabbis", *Jerusalem Post*, Sept. 16, 2012, p.2.

issue. Thirdly, the United States clearly ruled out the option of “containment” in preventing Iran from developing nuclear weapons and believes there is still time for a diplomatic solution to the issue. In January 2013, John Kerry promised in his confirmation hearing statement to “work to give diplomacy every effort to succeed”. Vice President Joe Biden also expressed US intention to have direct talks with Iran at the Munich Security Conference held in February 2013.

#### **(4) Intensifying “public diplomacy”**

Obama intensified public diplomacy on Iran and expected that greater social crisis would occur during the Iranian presidential election in June so that the United States might take the opportunity to turn it into a milestone for transforming Iran’s political system. The Voice of America had started to broadcast in Persian and the US Department of State opened its Persian language twitter account. Now the United States launched the Virtual US Embassy Tehran to strengthen communications with the Iranian people. The United States also tried to bring about a split in Iranian society by removing the Iranian anti-government organization the Mojahedin-e-Khalq (MEK) from the list of terrorist organizations, thus unfreezing its assets in America and enabling it to do business with American enterprises. Obama’s first diplomatic move after his re-election was to impose more sanctions on five Iranian enterprises for jamming international satellite broadcasts to Iran and Internet censorship. Such move served to make better use of social media to rally potential anti-government forces in Iran.

## **2. Multiple factors contributing to the new development of the US-Iran relationship**

### **(1) Impact of the turbulent situation in the Middle East**

The turbulent situation in the Middle East has exerted great impact on the United States and Iran with regard to their strategic positions in this region, adding new complicated factors to the US-Iran relationship. On the one hand, Iran’s traditional political rivals such as Saudi Arabia and Egypt don’t have time to put pressure on Iran due to their domestic problems. The security situation of Israel, which is considered as a “little Satan” by Iran, has worsened and put Israel in a position of strategic defense. On the other hand, Iran sang high praise for the “Arab Spring” and regarded it as the awakening of the Islamic world. Iran actively advocated democracy, gave strong support to the Assad administration,

strengthened exchange of visits with Egypt and Jordan, took the opportunity to expand the scope of activities of its navy, and intervened in the sectarian conflicts in Bahrain and Yemen, etc., hence is probably the biggest winner in the “Arab Spring”. A new regional arrangement is needed for Obama to prevent Iran from becoming an “enclave” in US hegemony in the Middle East. Although the United States successfully persuaded its allies and Iran’s major trade partners to join the sanctions against Iran, such sanctions are highly demanding for US allies in Europe and Asia and some of them have to bear part of the cost.<sup>35</sup> In the future, it is doubtful to what extent Europe, which is burdened with the European debt crisis, and Asia-Pacific countries such as Japan and South Korea, which have increasing demand for energy, could comply with the sanctions without weakening their alliance with the United States.<sup>36</sup>

## (2) Expanded space for Obama’s policy toward Iran

Within the United States, Obama has to accommodate the hardliners on Iran as they still control the Congress and the mass media, but opposition to war has become the political consensus as the public are fed up with war. According to *Foreign Policy in the New Millennium: Results of the 2012 Chicago Council Survey of American Public Opinion and US Foreign Policy*, 70% of Americans oppose a military strike on its own if the UN Security Council does not authorize such a strike; 51% oppose a military strike against Iran even if there is a UN authorization. On the other hand, 79% of Americans support the UN Security Council continuing diplomatic efforts to get Iran to stop enriching uranium, and 67% think the United States should be ready to hold talks with Iran.<sup>37</sup> The American academia has also changed its attitude toward Iran, especially on the Iranian nuclear issue. Most scholars hold that a military strike against Iran will have serious consequences and that the United States should try every means to avoid war. Moreover, according to the new plan for US military spending cut, the US navy will suspend in different stages the service of four aircraft carriers now on active duty. Starting from January 2013, due to technical malfunctions, it has been unable to send a Nimitz-class aircraft carrier to the Gulf. It is the first time since 2010 that the United States has been unable to maintain the presence of two aircraft carriers in the Gulf, which will have a direct influence on the effect of US deterrence on Iran and will definitely

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35 阎梁, 何劭汶[Yan Liang & He Jinwen]: 《欧盟、美国对伊朗的经济制裁: 政策分歧及其弥合》[“The Economic Sanctions of the European Union and the United States on Iran: Policy Discrepancies and the Solution”], 《欧洲研究》[*Chinese Journal of European Studies*], No.3, 2012, p.110.

36 Annie Lowrey, “Obama Calls Oil Sufficient to Cut Reliance on Iran”, *The New York Times*, March 31, 2012, p.A1.

37 Dina Smeltz, “Foreign Policy in the New Millenium”, Sept. 10, 2012. Retrieved from [http://www.thechicagocouncil.org/UserFiles/File/Task%20Force%20Reports/EMBARGO\\_CCS\\_2012.pdf](http://www.thechicagocouncil.org/UserFiles/File/Task%20Force%20Reports/EMBARGO_CCS_2012.pdf)

weaken the “stick” side of US policy toward Iran.

### **(3) Iran’s room for “reconciliation”**

Under the influence of sanctions imposed by Western countries, Iran’s oil exports have dropped and inflation has risen rapidly. To shake off economic crisis has become the top priority and a life-and-death issue for the Iranian government.<sup>38</sup> The political hardliners and reformists are divided on the country’s governance and on attitudes toward Western countries, and an increasing internal split exists among the political elite. In order to improve Iran’s domestic and international environment, the route of “incremental nuclear development” proposed by Iran’s supreme leader Ali Khamenei is gaining advantage. Since 2012, Iran has been somewhat reserved in nuclear development and slowed down its development of nuclear raw materials and launch vehicles. In January 2013, Khamenei issued a religious decree banning the development of nuclear weapons and claimed that the religious decree would be registered as a legally-binding international document. In March 2013, Khamenei said on the occasion of Nowruz (Persian New Year) that he was not opposed to talks with the United States, but was not optimistic about these talks.<sup>39</sup> Such a stance was comparatively more moderate than before.

## **3. A faint possibility for a diplomatic breakthrough**

### **(1) Self-contradictory US policy toward Iran**

The US policy toward Iran has three goals: restricting Iran’s diplomacy, reforming its political system, and reversing its program for developing nuclear weapons. The three goals are interrelated and interacted, but sometimes they are contradictory to each other. For example, the US diplomatic containment of Iran will isolate and hurt the reformists and other moderate political forces in Iran; severe sanctions against Iran will provoke the Iranian people to give more support to the government’s nuclear program; active support to the political reform of Iran will lead to the anti-government forces in Iran being labeled as “colluding” with the United States and consequently losing votes in domestic politics. The measures that the US has taken against Iran are also contradictory. For example, the US has always portrayed the Iranian nuclear issue as “the biggest challenge to regional security” and “a major threat to international security” by shaping strong negative

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38 牛新春[Niu Xinchun]:《伊朗的“经济圣战”：一场政权保卫战》[“Iran’s ‘Economic Holy War’: A Battle to Safeguard the Government”],《国际问题研究》[*International Studies*], No.1, 2013, p.96.

39 “Ayatollah Khamenei: Iran Will Raze Israel to Ground in War”, Press TV, March 21, 2013. Retrieved from <http://www.presstv.ir/detail/2013/03/21/294655/iran-will-raze-israel-to-ground-in-war/>

public opinions through political mobilization.<sup>40</sup> Consequently, it has become necessary in domestic politics to be tough on Iran, which means the US policy toward Iran can hardly be reversed.

## **(2) Iran's increasing tendency to put more emphasis on internal affairs**

According to the American media, the current slow-down of Iran's nuclear development and its somewhat moderate attitude towards Western countries are designed to avert an international crisis before the presidential election in June 2013.<sup>41</sup> With the beginning of electoral politics, the internally-split Iran can hardly put forward or implement important diplomatic proposals, nor can it engage in serious negotiations on its nuclear program with the IAEA and the P5+1 (permanent members of the UN Security Council plus Germany). It is predicted that after the election, there is a great possibility for the incumbent President Ahmadinejad and his faction to be ousted. The new President will be more aligned with the supreme leader Khamenei and will not fundamentally change Iran's political path and nuclear program. Therefore, a compromise is unlikely on major issues of concern such as insisting on the right to uranium enrichment, demanding to lift all sanctions, seeking to normalize the Iranian nuclear issue. On the contrary, Iran made great efforts to improve its economic independence by developing "resistance economy"; it formulated a plan on "survival without oil income" to reduce its dependence on oil; it also tried to explore markets in Asia. All these measures reflect Iran's determination to strengthen its own capacity-building by actively responding to pressure.

## **(3) Restraints from other political forces**

From the perspective of the Middle East, other political forces in the region are increasingly becoming decisive factors that will influence the development of the situation. For example, due to sectarian conflicts, the Gulf countries joined together to isolate Iran and did not support the US in promoting "democracy" in Iran. In order to increase arms sales to those countries, it is still necessary for the US to portray Iran as their common "enemy". Another example is Israel. Threatening war is one of the important means of the Netanyahu cabinet of Israel to maintain its influence on the Iranian nuclear issue. In addition, Israel also has ulterior motives such as maintaining its nuclear monopoly in the Middle East and avoiding substantial negotiations with Palestine by means of fanning the Iranian

40 王明芳[Wang Mingfang]: 《政治动员与冷战后美国对伊朗的政策》[“Political Mobilization and the US Policies on Iran after the Cold War”], 《国际政治研究》(季刊) [International Politics Quarterly], No.1, 2012, p.142.

41 Jay Solomon, “Iran Cools Nuclear Work as Vote Looms”, *The Wall Street Journal (Asia edition)*, April 2, 2013, p. A1.

nuclear issue. The US commitment to the security of the Gulf countries and Israel will be contradictory to its “reconciliation” signal to Iran, which is harmful to the establishment of trust between the United States and Iran. From an international perspective, the so-called international alliance against Iran created by the Obama administration is fragile. For example, the European allies followed the United States to impose sanctions on Iran because on the one hand, they were unwilling to use force against Iran; and on the other hand, they hoped to find a fundamental solution to the Iranian nuclear issue and accept the inclusion of issues other than the nuclear issue into the agenda. Both of the two positions are obviously different from those of the United States. Moreover, even if Iran reaches agreement with the United States and Europe on the nuclear issue, it is unclear when the UN Security Council will end the application of relevant sanctions. Therefore, “reconciliation” has quite limited appeal to Iran.



## **IV. THE ADJUSTMENT OF US POLICY TOWARD CHINA IN OBAMA'S SECOND TERM**

With the end of US presidential election and China's leadership transition, the United States began to fine-tune its policy toward China and there have been some positive signals. China-US relations face new opportunities. In the next four years, it is possible that the China-US relationship will turn over a new leaf, reversing the slumping trend in Obama's first term of office. But due to the deep structural contradiction and disagreements that can hardly be bridged between the two countries, the further development of China-US relations is faced with serious challenges, and the establishment of a new type of relationship between the two countries has a long way to go.

### ***A. Opportunities for Improving China-US Relations***

Since Obama's re-election, US policy toward China has witnessed some positive developments. The China-US relations face unprecedented opportunities.

#### **1. Directly responding to China's proposal for establishing a new type of major-country relationship with a positive stance**

In March 11, 2013, US National Security Advisor Donilon directly responded to China's proposal for establishing a new type of major-country relationship in his speech at the Asia Society and believed that China and the United States were likely to get out of the historical vicious circle in which a rising power and an established power are destined for conflict. He said,

*"We do not want our relationship to become defined by rivalry and confrontation. And I disagree with the premise put forward by some historians and theorists that a rising power and an established power are somehow destined for conflict. ... A better outcome is possible. But it falls to*

*both sides—the United States and China—to build a new model of relations between an existing power and an emerging one. Xi Jinping and President Obama have both endorsed this goal.”*<sup>42</sup>

On March 14, 2013, when Obama congratulated Mr. Xi Jinping for being elected the President of China, he also hoped to work with China to build a new type of major-country relationship based on healthy competition rather than strategic game. On June 7, 2013, when Obama explained why he was to hold an informal summit with Xi at the Annenberg Retreat in California, he said that such an unusual arrangement reflected the importance of US-China relations, so that both sides had the opportunity to discuss a wide range of issues to explore a new model of cooperation between countries on the basis of mutual respect and mutual benefit. After their first meeting, Obama told the press, “We have a unique opportunity to take the US-China relationship to a new level. And I am absolutely committed to making sure that we don’t miss that opportunity.” Obama’s attitude shows that China and the United States are reaching a consensus.

## **2. Pushing ahead with exchange of high-level visits**

Since February 2013, senior officials such as US Treasury Secretary Jacob J. Lew, Secretary of State John Kerry, Deputy Secretary of State William Burns, Chairman of the Joint Chiefs of Staff Martin Dempsey and National Security Adviser Thomas Donilon visited China one after another and conducted close consultations with their Chinese counterparts. Secretary of Defense Chuck Hagel invited Chinese Defense Minister Chang Wanquan on the phone to visit the United States. The fact that the United States offered to hold an informal summit in California shows that Obama was eager to deepen personal understanding and working relationship with Xi Jinping so as to further promote the bilateral relations. After the meeting at the Annenberg Retreat, the United States expressed its willingness to continue maintaining close contact with China through exchange of visits, meetings, telephone conversations, letters and other ways, and expected to hold similar meetings in China again to realize an exchange of visits as early as possible.

## **3. Promoting exchanges in all fields and at all levels**

In education, Stephen A. Schwarzman, an US entrepreneur and founder of the

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<sup>42</sup> Tom Donilon, “The United States and the Asia-Pacific in 2013”, The Asia Society, New York, March 11, 2013. Retrieved from <http://www.whitehouse.gov/the-press-office/2013/03/11/remarks-tom-donilon-national-security-advisory-president-united-states-a>



private equity firm Blackstone established a US\$300 million endowed scholarship program at Tsinghua University in order to promote trust and understanding between China, the United States and the rest of the world. In the military field, the United States invited China to participate in the 2014 RIMPAC(Rim of the Pacific) exercises. This year, the US Pacific Command has planned about 40 exchange activities with China including joint search and rescue exercise, military medical cooperation, etc.<sup>43</sup> The two sides also finalized two joint military exercises to be held this year.

## ***B. Reasons for Positive Changes in China-US Relations***

Since Obama's re-election, several major factors that influence US policy toward China have been favorable for the improvement of the bilateral relations.

### **1. Personnel adjustment of the national security team**

In Obama's second term, with Secretary of Defense Leon Panetta, Secretary of State Hillary Clinton and other officials leaving their posts, John Kerry, Chuck Hagel and other Atlanticists succeeding their positions, there has been fine-tuning of the US foreign policy with more focus on the Middle East and Europe. At his confirmation hearing, Kerry expressed his concern about the US strategy of "pivot" to the Asia-Pacific and was worried that increasing US forces in the Asia-Pacific could prompt Chinese concern of encirclement.<sup>44</sup> Hagel advocated engagement and dialogue. He said in an interview:

*"China is going to emerge and grow. It should; we should welcome that. They're going to be competitors, they are now, as are India, Brazil and other nations. That's OK. Trade, exchanges, relationships, common interests; all those emerging nations ... are all captive to basically the same kinds of things: stability, security, energy sources, resources, people. Everything that we have to have in our country to prosper, so do the Chinese."*<sup>45</sup>

43 Reuters, "From opera to exercises, US and China deepen military ties", May 22, 2013. Retrieved from <http://uk.reuters.com/articale/2013/05/22/uk-usa-china-military-idUKERE94LOVO20130522>

44 Associated Press, Jan. 24, 2013. Retrieved from <http://cnsnews.com/news/article/kerry-skeptical-need-more-us-forces-asia>.

45 Robert Nolan, "Chuck Hagel, in His Own Words, on US Foreign Policy Challenges," *US News & World Report*, Jan. 3, 2013. Retrieved from <http://www.usnews.com/opinion/blogs/world-report/2013/01/03/chuck-hagel-on-afghanistan-syria-and-china>

## 2. Burdened by US domestic politics

Due to difficult US economic recovery and serious “polarization” of domestic politics, the economy and internal affairs will continue to be the top priorities for the Obama administration during his entire second term. The health care bill, immigration reform, deficit reduction and other thorny issues will consume a lot of time and energy of the Obama administration so that it will not have much time to attend to diplomacy. This is evident from the 2012 US presidential debate which focused on domestic economy, rather than diplomacy. In the three presidential debates, only one was on foreign policy, and the other two are all dominated by domestic policy. The presidential candidates made reference to “China” 61 times, as compared with reference to “energy” 69 times, “deficit” 72 times, “health insurance” 91 times and “tax” 276 times,<sup>46</sup> which are all domestic political issues.

On the diplomatic front, China is not a top US priority. In the 2012 presidential debates, among all international issues, Iran was mentioned more than China, which indicates that the United States attaches more importance to the Iranian nuclear issue than the issues related to China.<sup>47</sup> Obama made five State of the Union addresses. Among them, the 2009 State of the Union address referred to China once; the 2010, 2011 and 2012 State of the Union addresses referred to China twice, four times and five times respectively with a fairly negative stance; The 2013 State of the Union address mentioned China only once with a fairly positive stance, showing China’s status in the issues facing the United States has declined.

Meanwhile, Obama no longer faces pressure for re-election. So on China-related issues he does not have to consider factors related to presidential campaign and be tough on China, but can take a more pragmatic and flexible China policy, with more consideration on leaving his diplomatic legacy in history. In 2013, there is no mid-term election and members of Congress do not need to show their opinions by referring to China, which means the absence of an important factor disrupting China-US relations.

## 3. The positive role of think tanks

American think tanks always have great influence on US policy toward China. When Hillary Clinton was Secretary of State, the United States declared a high-profile “pivot” to Asia, and its aggressiveness caused more worries from China. Recently, famous American policy analysts and China experts have expressed their

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<sup>46</sup> The word frequencies are counted by the author based on transcripts of the presidential debates. The transcripts are retrieved from <http://www.debates.org/index.php?page=debate-transcripts>

<sup>47</sup> See transcripts of the presidential debates at <http://www.debates.org/index.php?page=debate-transcripts>.

views, invariably criticizing Obama's China policy in his first term, and suggested the government adjust its China policy to enhance contact and cooperation with China. In an article published in *Foreign Affairs*, Robert Ross, a China expert, criticized Obama's China policy for being counterproductive to the purpose of US "pivot" to the Asia-Pacific and proposed that there is a need to adjust its China policy. He pointed out:

*"The pivot has already damaged US security interests, and the cost will only grow. If Washington continues down its current path, Chinese resistance to US policies will inevitably increase, preventing bilateral cooperation on crucial issues from trade to global economic stability. ... As China rises, a policy of restraint, rather than alarmism, will best serve US national security."*<sup>48</sup>

In early 2013, on the eve of Obama's inauguration for his second term, Kenneth Lieberthal, a China expert from the Brookings Institution, recommended that Barack Obama and Xi Jinping should hold half-day summits at least four times per year, and that the Strategic Security Dialogue (SSD) be enhanced to convene four day-long meetings a year to discuss respective core security concerns and build mutual strategic trust.<sup>49</sup>

Bonnie Glaser, a China expert from the Center for Strategic and International Studies, also suggested that the Obama administration should meet with Xi Jinping as soon as possible to actively set the tone for China-US relations. She also pointed out, "The US and China have been discussing the meaning of a 'new type of major country relations'. Reaching an understanding on this concept along with a plan to implement it would be a worthwhile objective."<sup>50</sup>

David Lampton from Johns Hopkins University also urged the leaders of the two countries to designate a senior official with overall day-to-day responsibility for bilateral ties, institutionalize military-to-military cooperation, avoid engaging in close surveillance, cyber theft and other activities generating "ill-feelings", negotiate and sign a bilateral investment treaty, and build economic and security institutions in Asia that include both countries. He proposed to form a "wise person" group consisting of influential individuals in both societies who could jointly conceptualize and recommend specific next steps to promote mutual trust

48 Robert Ross, "The Problem with the Pivot," *Foreign Affairs*, Nov./Dec. 2012, pp.70-82.

49 Kenneth Lieberthal, "Bring Beijing Back In," Brookings Research Papers, Jan. 17, 2013. Retrieved from <http://www.brookings.edu/~media/Research/Files/Papers/2013/1/big%20bets%20black%20swans/bb%20bringing%20beijing%20back%20china%20lieberthal.pdf>

50 Bonnie Glaser & Brittany Billingsley, "US-China Relations: Strains Increase amid Leadership Transitions," *Comparative Connections*, Jan. 14, 2013. Retrieved from [http://www.csis.org/files/publication/1203qus\\_china.pdf](http://www.csis.org/files/publication/1203qus_china.pdf)

based on cooperation.<sup>51</sup>

The former US Assistant Secretary of State Kurt Campbell, the maker and implementer of the “pivot” to Asia strategy, also published an article in *Financial Times* and maintained that the number of China-US dialogue mechanisms should be increased to turn verbal commitments into action and the leaders of the two countries should hold a “working meeting”.<sup>52</sup>

The US hardcore allies that support US “pivot” to Asia also want the United States to improve relations with China. Former Australian Prime Minister Kevin Rudd pointed out in an article published in *Foreign Affairs* that the leadership transition of the two countries provided a valuable opportunity to improve bilateral relations and proposed that the leaders of the two countries have regular summit meetings and raise their military exchanges to a ministerial level; the United States should invite China to join the “Trans-Pacific Partnership Agreement” (TPP) negotiations and even sign a new joint communiqué.<sup>53</sup>

#### 4. Deepened China-US interdependence and close cooperation

In the economic sphere, China-US trade and investment have grown rapidly. In 2012, the total volume of China-US bilateral trade amounted to US\$484.7 billion, a record high. As of the end of 2012, the actual US investment in China reached US\$70.2 billion; the US is still the largest source of foreign investment in China. Meanwhile, Chinese investment in the US continued to grow. In 2012, Chinese non-financial direct investment in the US was US\$1.87 billion, an annual increase of 65%. As of the end of 2012, the total non-financial investment in the US by Chinese companies amounted to US\$9.4 billion, with a wide range of investment involving many fields.<sup>54</sup> China has contributed a lot to the US export increase. From 2003 to 2012, US exports to China increased by 294%, far higher than the average growth rate of exports to other regions (111%).<sup>55</sup>

51 David Lampton, “A New Type of Major-Power Relationship: Seeking a Durable Foundation for US-China Ties,” *Asia Policy*, Number 16, July 2013. Retrieved from [http://nbr.org/publications/asia\\_policy/free/ap16/Asia\\_Policy16\\_Lampton\\_July2013.pdf](http://nbr.org/publications/asia_policy/free/ap16/Asia_Policy16_Lampton_July2013.pdf)

52 Kurt Campbell, “Steps to Improve US-China Relations,” *Financial Times*, Apr. 22, 2013. Retrieved from <http://blogs.ft.com/the-a-list/2013/04/22/the-mechanisms-of-the-us-china-relationship>

53 Kevin Rudd, “Beyond the Pivot: A New Road Map for US-Chinese Relations,” *Foreign Affairs*, March/April 2013, pp.13-15.

54 商务部网站[Ministry of Commerce of China]: 《2012年中美经贸合作进一步深化》[“China-US Economic and Trade Cooperation Continued to Deepen”], April 8, 2013. Retrieved from <http://mds.mofcom.gov.cn/article/date/201302/20130200033519.shtml>.

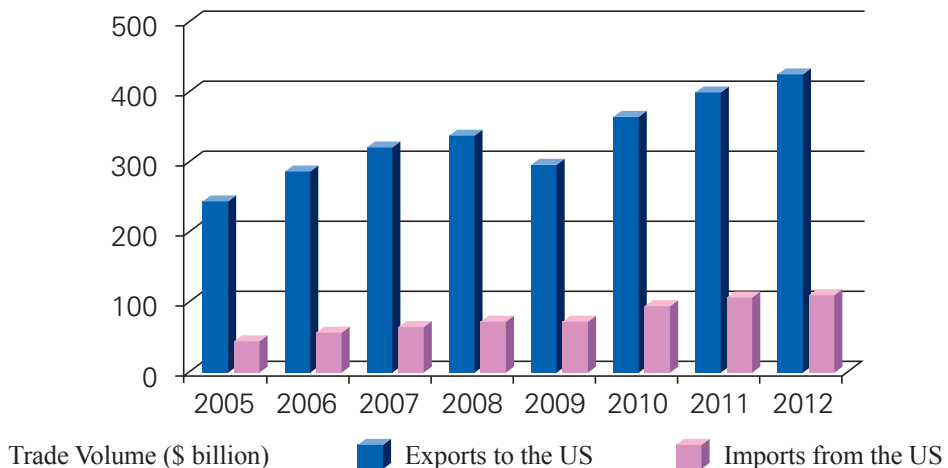
55 The US-China Business Council, “US Exports to China by States 2003-2012,” April 25, 2013. Retrieved from <https://www.uschina.org/sites/default/files/2012%20State%20Exports%20Report%20Overview.pdf>

**Table 1: Top ten US export markets in 2012**

Country/Region	Total (US\$billion)	Avg. Annual Growth 2003-2012 (%)	Total Growth 2003-2012 (%)
Canada	263.0	7.0	73
Mexico	208.4	10.1	127
<b>China</b>	<b>108.6</b>	<b>16.9</b>	<b>294</b>
Japan	66.8	4.0	36
UK	48.8	5.9	60
Germany	46.2	7.1	73
Brazil	42.5	17.9	298
South Korea	40.1	8.8	97
Netherlands	37.1	8.5	96
Hong Kong	35.8	12.8	182

Source: The US-China Business Council, "US Exports to China by States 2003-2012".

The high-level economic interdependence between China and the US can be reflected from the focus on economic issues during the 2012 US presidential election. Previous US presidential elections invariably involved American policies on Taiwan, Tibet, human rights, etc. whenever China was mentioned. However, during this presidential election, the presidential candidates focused primarily on issues related to China-US economic relations such as job, enterprises, trade, market, exchange rate, etc., which shows the importance of developing China-US economic relations to the US economy. Obama's *2012 State of the Union address* referred to China five times, all related to economy.

**Figure 2: Total Sino-US trade (2005-2012)**

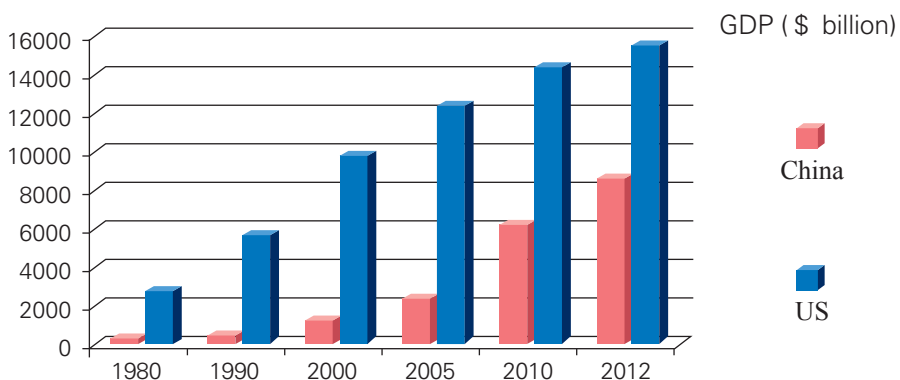
Source: *Trade Report* on the website of Ministry of Commerce of China.

As the foundation of China-US relations, non-governmental relations between the two countries are constantly consolidated. In recent years, China-US relations have been stable on the whole with a good atmosphere and no major setbacks. People-to-people exchanges have been increasing year by year, with the number of people traveling between the two countries amounting to 3 million a year, and the number of Chinese students in the United States has been ranked first among foreign students in the US for three consecutive years. In 2010, the US government launched the “100,000 Strong Initiative” to increase the number and diversity of Americans studying in China so that by 2014, the number of Americans studying in China will reach 100,000.

In the field of military security, the military mutual trust between the two countries is also rising. After the China Aerospace Science and Technology Corporation successfully launched the Apstar 7 communications satellite in March 2012, the US Department of Defense signed a contract with China quickly to rent the satellite to provide communication services for the US Africa Command. In May 2013, the US military made the decision to renew the contract. Without a certain degree of mutual trust, it is impossible for the US military to rent a Chinese satellite.

In international affairs, along with the rise of China’s comprehensive national strength, the United States wants China to assume more international responsibility, and its willingness to cooperate with China gets increasingly strong. John Kerry made clear during his visit to China that “the United States wants a strong, normal, but special relationship with China, and that’s a special – because China is a great power with a great ability to affect events in the world.”<sup>56</sup>

**Figure 3: A comparison between China’s GDP and US GDP (1980-2012)**



Source: *China Statistical Yearbook* and the World Bank database.

<sup>56</sup> John Kerry, Solo Press Availability in Beijing, April 13, 2013. Retrieved from <http://www.state.gov/secretary/remarks/2013/04/207469.htm>

The North Korean nuclear issue can serve as an example. After North Korea conducted a third nuclear test in February 2013, China's attitude was getting tough on North Korea. China voted for and implemented the UN sanctions on North Korea, which won positive response from Washington. John Kerry acknowledged during his visit to China that China was dealing with the North Korean nuclear issue very seriously. Joseph Y. Yun, Acting Assistant Secretary of the East Asian and Pacific Affairs said at a Congress hearing that the United States and China will launch an unprecedented collaboration in order to ensure the denuclearization of the Korean peninsula.<sup>57</sup>

In the Middle East, the United States faces many difficult issues, such as the Iranian nuclear issue, the Syrian crisis and the war in Afghanistan. Therefore, the United States is in urgent need of support and cooperation with China. The United States imposed sanctions against Iran through the UN to limit its oil exports in an attempt to force it to abandon the nuclear development program. As China is a big buyer of Iranian crude oil, its efforts to implement the sanctions are crucial for the effectiveness of those sanctions. Since the Syrian crisis broke out in 2011, the United States has hoped that the UN Security Council could pass a resolution to interfere in Syria's internal affairs, but have been repeatedly rejected by countries like China and Russia. China's position is critical as to whether the Syrian issue can be resolved by force or not. The United States plans to withdraw troops from Afghanistan in 2014, but terrorist attacks against US forces occur frequently, so the United States is very pessimistic about the security prospect after its troops withdrawal. The United States fears that al-Qaeda and the Taliban might come back, so it eagerly wants China to assume responsibility for maintaining stability in Afghanistan and in the region as well.

### ***C. Challenges for China-US relations***

Since Obama's re-election, the development of China-US relations have shown a positive trend, but some negative factors still exist and are deep-rooted, so there is no reason for being blindly optimistic about China-US relations in the next four years. In recent years, in addition to the existing conflicts and disagreements between the two countries on such issues as trade, human rights and Taiwan that have not been fundamentally resolved, new grudges have emerged in some areas.

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<sup>57</sup> Joseph Yun, "Rebalance to Asia II: Security and Defense: Cooperation and Challenges," Statement before the Senate Committee on Foreign Affairs Subcommittee on East Asian and Pacific Affairs, April 25, 2013. Retrieved from <http://www.state.gov/p/eap/rls/rm/2013/04/207981.htm>



Cyber-security comes first. In February 2013, a US cyber-security company issued a report accusing Chinese military of having invaded the networks of more than 100 companies of the United States and other Western countries to steal confidential business information. In the speech at the Asia Society on March 11, 2013, US National Security Advisor Donilon talked at length about the issue of cyber-security and urged China to investigate and try to prevent cyber-enabled theft in its territory. He said that the cyber-security “is not solely a national security concern or a concern of the US government. Increasingly, US businesses are speaking out about their serious concerns about sophisticated, targeted theft of confidential business information and proprietary technologies through cyber intrusions emanating from China on an unprecedented scale.”<sup>58</sup> On March 13, 2013, US President Barack Obama for the first time publicly criticized the Chinese government for supporting cyber-attacks and hoped that China and other countries would comply with international rules. Under Secretary of State Robert Hormats pointed out that in Sino-US economic relations, one of the biggest reasons for mistrust is due to a combination of problems such as infringement of intellectual property rights, commercial infringement, and a variety of cyber problems and intrusions.<sup>59</sup> It can be seen from the above US positions that the United States is linking cyber-security with trade issues and network security has become a new focus of the battle field in Sino-US economic and trade relations.

However, the Snowden case that broke out in June 2013 completely exposed the US double standard and hypocrisy on cyber-security. On the one hand, the United States accused China of launching cyber-attacks and cyber-enabled theft; on the other hand, the US carried out Internet surveillance and information theft on other countries including China, playing the trick of a thief crying out “Stop thief!” After the exposure of the US surveillance scandal, the United States not only did not apologize and reflect on their despicable action, but expressed veiled criticism on China for not extraditing Snowden back to America. Although the two sides have established a working group on cyber-security and have had discussions at the Strategic and Economic Dialogue, with their existing mutual suspicion, it is difficult to solve this problem in a short term for two reasons: (1) Cyber attacks are very secret and scattered, difficult to be traced and prevented; (2) There is a huge difference between China and the United States over their understanding of cyber-security, and they can hardly reach a consensus on the definition of such terms as

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<sup>58</sup> Tom Donilon, “The United States and the Asia-Pacific in 2013”.

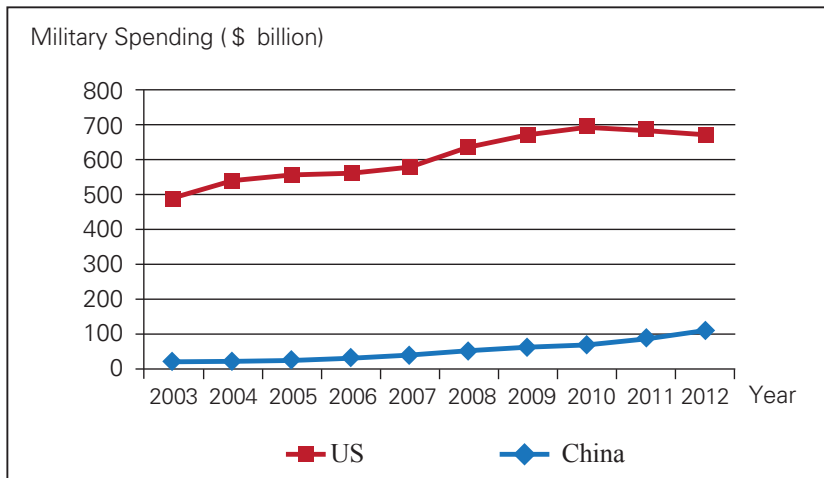
<sup>59</sup> 冯迪凡[Feng Difan]: 《专访美副国务卿霍马茨: 希望尽快重启中美双边投资协定谈判》[“The US Undersecretary of State Robert Hormats hopes to reopen China-US bilateral investment agreement negotiations as soon as possible”], 《第一财经日报》[*China Business News*], April 11, 2013. Retrieved from <http://www.yicai.com/news/2013/04/2617900.html>



“information” and “cyber-attack”.

With regard to the Diaoyu Islands, there is a danger for China and the United States to be dragged into the troubled water by Japan with the risk of aggravated conflicts. Although over the sovereignty of the Diaoyu Islands, the United States has always said they do not take a position, but the Chinese side is very unhappy with the United States for the security guarantee it provides to Japan and wants the US to be truly neutral. In April 2013, Chuck Hagel met with Japanese Defense Minister Itsunori Onodera. With regard to the Diaoyu Islands, he said that “the United States opposes any unilateral or coercive action that seeks to undermine Japan’s administrative control.” In response, Chinese Ambassador to the US Cui Tiankai warned the United States without mentioning name: “Other parties should not lift the Japanese stone and let it fall on their own feet. Do not lose the greater benefits because of small gains; do not invite long-term harm due to the immediate needs of the moment.”<sup>60</sup>

**Figure 4: Comparison of military spending of the US and China**



Source: US defense spending is from the *SIPRI Yearbook 2013* of Stockholm Peace Research

Institute. China’s defense spending is calculated based on *Statistical Yearbook of China*.

Note: As China’s defense spending in 2012 is not available, the current figure is the budget figure.

In addition, the US concern over China’s military modernization is also growing. In addition to its deep concern over China’s annual double-digit growth in military spending, the United States is also concerned that US control of the Western

60 《驻美国大使崔天凯就钓鱼岛问题对媒体发表谈话》 [Chinese Ambassador Cui Tiankai’s Talk on the Diaoyu Islands], 外交部网站 [Website of the Ministry of Foreign Affairs of China], April 30, 2013. Retrieved from [http://www.fmprc.gov.cn/mfa\\_chn/dszlsjt\\_602260/ds\\_602262/t1036735.shtml](http://www.fmprc.gov.cn/mfa_chn/dszlsjt_602260/ds_602262/t1036735.shtml)

Pacific will be weakened by China through its development of advanced weapons such as anti-satellite weapons, anti-ship missiles, nuclear deterrence, regional power projection, cyber warfare capabilities, and improved command and control systems. Such a concern is clearly stated in *China's Military Power Report 2013* published by the US Department of Defense. China is also deeply unsatisfied and concerned about the US augmenting its military presence in the Asia-Pacific region, thinking that the move aims to hinder the rise of China. The current lack of strategic mutual trust is most evident in this area, and is also most difficult to change.

### ***D. The Prospects of China-US Relations***

Obama's first term of office witnessed a declining trend of Sino-US relations; now there are signs that in his second term of office, Sino-US relations is expected to recover from a weak start. Without unexpected events, in four years, the China-US relations will remain stable, and the US policy toward China will get more moderate and pragmatic. The next four years will be a rare window period for the two countries to negotiate a specific road map to build a "new type of major-country relationship".

On some specific issues, China and the United States will probably achieve major breakthroughs. For example, with the third nuclear test of North Korea, China has adjusted its policy on the North Korean nuclear issue, thereby reducing its disagreements with the US; if North Korea continues to adopt a tough position, China and the United States will have closer coordination on the issue. Moreover, during John Kerry's visit to China, the two countries issued a Joint Statement on Climate Change and agreed to establish a working group on the issue, which shows that the two countries are expected to achieve a breakthrough on the climate change issue. Since the Copenhagen Conference on Climate Change, both China and the US have attached greater importance to climate change and energy savings and there have been more frequent consultation and communication between the two countries with a preliminary consensus on not to challenge the bottom line of each other.<sup>61</sup> Even on issues such as cyber security which seems to be without a solution, China and the United States can manage their disagreements and build strategic mutual trust through developing codes of conduct on a multi-lateral platform as the issue is not a bilateral one, but a global one. By so doing, the negative factors for

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61 张海滨[Zhang Haibin]:《中美气候变化合作的前景及我对策》[“The Prospects of China-US Cooperation on Climate Change and Suggestions for China's Corresponding Policy”],《国际战略研究简报》第81期[*International Strategic Studies Brief(81)*],北京大学国际战略研究中心[International Strategic Research Center of Peking University], May 13, 2013.

the bilateral relations can be turned into opportunities for improving relations.

However, there is a structural contradiction and a lack of strategic mutual trust between China and the United States. The two countries still have fundamental disagreements with regard to issues such as arms sales to Taiwan, the South China Sea, counter-terrorism and human rights, and it is difficult for them to reach a consensus on those issues. Although the China-US relations seem to be calm on the surface, there are surging undercurrents. Quarrels and conflicts could erupt at any time, which calls for vigilance to prevent them from getting out of control. For example, in April 2013, after years of dormancy, the China-US disagreements in counter-terrorism was unexpectedly aired. After the terrorist attack broke out in Bachu County, Xinjiang Uygur Autonomous Region, the US State Department spokesman urged China to investigate the incident and protect the human rights of Uighur citizens. In contrast, when a similar terrorist bombing happened in Boston, China soon conveyed condolences to the victims and their families and severely condemned the terrorists. However, the United States did not condemn the ethnic separatists and terrorists in Xinjiang, which inevitably led to dissatisfaction of China. The Chinese Foreign Ministry spokesperson reproached the United States for its lack of compassion and “double standard” on terrorism.

It is foreseeable that during the four years of Obama’s second term, the China-US relations will remain stable and can even make further progress. But from a long-term perspective, the Sino-US relations are at a historical turning point full of uncertainty with the possibility of either improvement or deterioration. Will the bilateral relations in the post-Obama era continue to maintain stability and avoid being affected or hijacked by factors such as domestic political landscape, government personnel adjustments and allies? How to manage and control disagreements in various areas and develop new areas for cooperation? Will China and the United States be able to establish a new type of major-country relationship by getting out of the historical circle in which a rising power and an established power would certainly be in conflict? The four years of Obama’s second term are critical to answering these questions. Thankfully, the top leaders, the governments and peoples of both countries are making efforts to lay the strategic foundation for China-US relations in the next two or three decades.



## V. BUILDING A NEW TYPE OF MAJOR-COUNTRY RELATIONSHIP THROUGH MULTIPLE CHANNELS

With the smooth leadership transition of the governments in China and the United States, “China-US relationship is now in an important historical moment for development between the past and the future.” Both sides should, on the basis of past experience and lessons, join the efforts to build up China-US cooperative partnership, and try to “blaze the trail of a new type of major-country relationship, which would be unprecedented in history and enlightening for late-comers.”<sup>62</sup>

### *A. Mitigating or even Getting Rid of Unwarranted Interference from Electoral Politics*

With domestic political polarization and sustained development of social fragmentation in the United States, it’s hard to see any signs of abatement of fierce political battles between the two parties. In this political environment, it will remain to be the “immutable law” in a rather long period that American politicians will win more support from voters by “bashing” China. But different from the past, the consequences of such a practice have become increasingly manifest. Firstly, the “China factor” has become an internal element influencing US domestic politics. In the past elections, the “China issue” simply involved security challenges or ideological differences, but now it is entwined with economy, employment and people’s livelihood, thus increasing the complexity of China-US relations. Secondly, American elections have become an uncertain factor affecting the ups and downs of China-US relations. Whenever a general election is coming, it is uncertain that to what extent China-US relations will be impacted, which has created a bottleneck for the two countries to invest more resources in the development of bilateral

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62 钱彤[Qian Tong]: 《习近平会见美国总统国家安全事务助理多尼隆》[“Xi Jinping Meets with Thomas E. Donilon, National Security Advisor to US President”]. Retrieved from [http://news.xinhuanet.com/politics/2013-05/27/c\\_115927286.htm](http://news.xinhuanet.com/politics/2013-05/27/c_115927286.htm)

relations. Thirdly, the malicious propaganda during the elections has poisoned the political atmosphere for developing the bilateral relations. The irrational remarks during elections highly mislead the people in both countries and seriously damage the public opinion favoring the healthy development of the relations. The result is that ordinary Americans have a perception of China which lags far behind the reality, and the Chinese people generally believe that although the verbal attacks of American politicians on China arise partly out of election considerations, but compared with the high-sounding diplomatic language, the election rhetoric actually exposes their real views on China, thus deepening strategic mistrust between the two countries and making it more difficult to build strategic trust.

To provide China-US relations with a relatively objective, rational basis for assessment and increase the prospect for long-term stable development of the relations, discussions on China in American electoral politics should be rational. In particular, unfounded criticism on China to win the favor of voters should be avoided. China welcomes objective and rational debates on American policy toward China and hopes the two major political parties in the United States will reach minimum consensus on maintaining overall development of China-US relations. As for the extreme aspects of the electoral language of American politicians, China needs not to take it too seriously, but should make it clear to American politicians in appropriate ways that the damages done to China-US relations by extreme words and actions should not be underestimated because they are extremely difficult to repair in the future and the political and diplomatic costs will be very high.

### ***B. Setting the New Type of Major-Country Relationship as a Common Vision for the Development of China-US Relations***

As China-US bilateral relations has already become a pair of bilateral relations which will influence the future of the world in the 21st century, their strategic positioning and strategic orientation are concerned with bilateral, regional and world development trend and outlook for the future. Therefore, a common vision for the development of China-US relations is not only a strategic issue, but also a realistic challenge.

Since President Xi Jinping first proposed for China and the United States to build “a new type of major-country relationship” during his visit to the US in 2012,

he has advocated on several occasions that China and the United States should blaze a trail for “a new type of relations between major countries that features equality, mutual trust, inclusiveness, mutual learning, cooperation and common prosperity”. The United States also gave positive responses. The US National Security Advisor Donilon responded positively in his speech at the Asia Society, saying that “it falls to both sides, the United States and China, to build a new model of relations between an existing power and an emerging one.”<sup>63</sup> Secretary of State John Kerry also said during his visit to China that the United States will “take a strategic, broad and long-term vision in positioning bilateral ties”, and would like to work with China to “inject strong impetus for the two countries to build a new type of major-country relations”.<sup>64</sup> In their summit meeting at the Annenberg Retreat in California, President Xi and President Obama furthered their consensus on establishing a new type of relationship between major countries and clarified its meaning as “no conflict, no confrontation, mutual respect, cooperation and win-win results”.

The new type of major country relationship between China and the United States is not castles in the air; it is in line with the existing positioning of “positive cooperative partnership” and “positive, cooperative and comprehensive relationship”. As for the next step, the two countries should focus on working out the roadmap for a new type of bilateral, regional and global cooperation, and build concrete carriers to support the new type of relations. For example, the two countries have established the goal of building up a new type of military relations. Such an approach can be expanded to cover other areas such as politics, economy and culture so that the concept of a new type of major-country relationship between China and the US can be more concrete and substantiated.

### ***C. Exploring New Channels to Enhance Trust and Remove Suspicions***

In recent years, China-US dialogue and communication channels are becoming increasingly diversified and comprehensive, but the “trust deficit” is still the biggest

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63 Tom Donilon, “The United States and the Asia-Pacific in 2013”.

64 钱彤[Qian Tong]: 《习近平会见美国国务卿克里时强调中美要探索构建平等互信、包容互鉴、合作共赢的新型大国关系》[“Xi Jinping stresses that China and the United States should try to build a new type of major country relationship featuring equality, mutual trust, inclusiveness, mutual learning, cooperation and win-win approach during his meeting with US Secretary of State John Kerry”], April 13, 2013. Retrieved from [http://news.xinhuanet.com/politics/2013-04/13/c\\_115377206.htm](http://news.xinhuanet.com/politics/2013-04/13/c_115377206.htm)

constraint troubling relations between the two countries. As a result, a variety of conspiracy theories are prevalent and to a certain extent the China-US “strategic mistrust” has not decreased but increased. The reason for that can be attributed not only to the structural factor of natural apprehensions that an established power has towards an emerging power, but also to factors at the level of operation, such as the timing and methods of communication. So the work of enhancing mutual trust between China and the United States should be adjusted and strengthened accordingly.

Firstly, a pragmatic attitude should be adopted toward strategic mutual trust. The enhancement of strategic mutual trust and the establishment of a new type of major-country relationship between China and the United States are complementary to each other and it is also a long and tortuous process to achieve them. So on the one hand, there is no need for both sides to be overanxious for quick results and expect too high; on the other hand, both sides should not lose confidence in the long-term development because of momentary setbacks.

Secondly, on vital interests and issues of major concern, China and the United States should seek a breakthrough or managerial innovation, because the degree of mutual respect for each other’s vital interests and major concerns indicates the extent to which the two sides can build strategic mutual trust. The two countries should have a dialogue so as to understand each other’s policy bottom line and explore possible space for mutual compromise or coordination.

Finally, the ways to enhance strategic mutual trust by expanding contacts and exchanges should be strengthened. A variety of mechanisms are essential for communication and dialogue to establish strategic mutual trust, but its deficiencies and shortcomings are that the two sides are often trapped in a dilemma of “honesty but no belief”, which means that no matter how honestly one explains, the other just listens but does not believe. A viable way out of this dilemma is to break down barriers and deepen exchanges. The US invitation to China for the first time to participate in the 2014 RIMPAC military exercises is a new attempt. If such kind of cooperation and exchange can be continuously expanded, it will be a substantial step for the buildup of China-US strategic mutual trust.

### ***D. Jointly Taking Part in the Building of Future Asia-Pacific Order in Accordance with the Principle of Inclusiveness***

The essence of US “rebalance” is to respond to the dramatic changes in the Asia-Pacific power structure, shape and influence the path and direction of the evolution of the regional order in the Asia-Pacific. However, the establishment of the regional order should get rid of the shackles of the Cold War mentality, especially the thinking of unilateral dominance. Today’s regional order in the Asia-Pacific results from two historic heritages: the Cold War and one-sided US-Japan peace-making, and it is naturally deficient with regard to the international law and moral justice. If the United States has recognized that such an order with irrational factors included has become unsustainable, it should adopt an open attitude and co-design the future of the Asia-Pacific region with countries in the region. But as the US “rebalance” puts excessive emphasis on the principle of “allies first”, it has clearly been stuck in the two aforementioned historical stereotypes, with the military encirclement of China further strengthened. The Trans-Pacific Partnership Agreement (TPP) promoted by the United States remains open only in words.

Since the beginning of Obama’s second term, the US “rebalance” strategy has witnessed some positive fine-tuning and changes. In particular, China-US relations have been clearly listed as the third pillar of the “rebalance” strategy, which also shows that the United States has fully recognized that the key to the success of the rebalance is whether it can properly handle China-US relations, which is a core issue that involves the direction of the Asia-Pacific regional developments in the future. In his speech at Tokyo Institute of Technology, Secretary of State John Kerry proposed to build a “Pacific Dream”, which conveyed the US intention to work with Asia-Pacific countries, including China, to shape the future of the region.

Myanmar should become a potential party for China-US cooperation and coordination. To a large extent, the US rebalance toward the Asia-Pacific is the US return to Southeast Asia, which is especially represented by the breakthrough of US-Myanmar relations. However, the fact that Myanmar has improved relations with the West does not mean that it will completely tilt to the West. Myanmar pursues a comprehensive and flexible foreign policy and wants to maintain a balance between major powers such as the United States and China and avoid excessive reliance on any single power, turning its strategic status into a bargaining chip with major powers rather than acting as a strategic pawn of major powers. Therefore, China and the United States should strengthen coordination and work



together to help Myanmar promote its open-door policy so as to push forward its domestic political reconciliation as well as economic and social transformation, which is truly in the common interests of China, the United States and Myanmar.

With regard to the territorial disputes in Asia, the intention of the US dispute management is essentially to maintain the status quo of the Asia-Pacific order by putting pressure on both sides of the disputes. By so doing, the United States can convey a strong signal to Asian countries that the US hopes to maintain regional stability and does not want to be involved in new regional conflicts so as to deter some countries from taking advantage of US “rebalance” strategy for their self-interests, thus prompting those countries that intend to make a big fuss about territorial disputes to come to their senses. However, such dispute management is a passive one because it usually favors American allies and is not conducive to the ultimate resolution of the disputes. If the United States gives up the principle of “allies first” with regard to territorial disputes without breaching obligations to them, the chances of peaceful settlement of territorial disputes in Asia will increase considerably, and what’s more, the United States can justifiably play the mediating role with a “neutral” position.

### ***E. Uplifting the Level of China-US Cooperation in the Middle East***

The mechanism for China-US Middle East Dialogue should be enriched to incorporate the common interests of China and the United States such as regional security, energy security, combating piracy and non-proliferation, and efforts should be made to move China-US cooperation on these issues in the Middle East from position coordination to cooperation in such areas as policy initiatives and joint action. As to the civil war in Syria, there have been signs for the United States and Russia to make a compromise, which provides space for promoting peace through multilateral efforts. Without abandoning the unilateral peace efforts, China can join the multilateral peace promotion timely to help Syria achieve domestic political reconciliation. On the Palestinian-Israeli peace process, China supports the United States and Europe to continue playing a major role as mediators, but in the field of development assistance, China can make its own contribution. In May 2013, Palestinian and Israeli leaders visited China in succession, which indicates their common expectation that China play a bigger role in the Middle East peace process.

On the Iranian nuclear issue, China and the United States have common interests and concerns as to nonproliferation, so there is space for the two sides to have further cooperation and coordination. But China does not agree with the United States on its one-sided emphasis on sanctions, and the US cannot count on China for more cooperation on the one hand, and forcibly add Chinese companies to the list of sanctioned entities on the other. The US need realize that if a military strike against Iran is not the ultimate solution to the Iranian nuclear issue, then China can play a special role in facilitating talks, and that maintaining China's economic interests in Iran is the only way to ensure China's capability to play that special role. The United States also need recognize that the Iranian nuclear issue is only one of the difficulties it faces in the Middle East. Persistent isolation of Iran in fact has added up to the difficulty for the United States to manage and control a series of issues, including among others the Syria issue, the Palestinian-Israeli peace process, the reconstruction of Iraq and counter-terrorism. The end of the presidential election in Iran and the success of the moderate candidate Hassan Rouhani provide opportunities for easing the tension between the United States and Iran. If the US can show greater flexibility on the above issues, there will be a larger space for coordination and cooperation between China and the United States.

(This report is completed in August 2013 and the original text is in Chinese. )



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# ABSTRACT

During their meeting at the Annenberg retreat in California in June 2013, the Chinese President Xi Jinping and the US President Barack Obama mapped out the future trans-Pacific cooperation between China and the United States. To put the strategic consensus reached by the two leaders on building a new type of major-country relationship into practice has become a pressing research task for think tankers in both countries. This report starts with US foreign policy debates during the 2012 presidential election, proceeds by examining the evolving political landscape and resultant foreign policy orientation of the United States, with a special focus on analyzing and summing up US adjustments of its Asia-Pacific strategy and its Middle East strategy, and ends by exploring the prospect of Obama administration's China policy in its second term.

The report is of the view that the Obama administration, during its second term, will take measures to alter its assertive Asia-Pacific strategy and make it more stable and pragmatic. As a result, the tense situation in the Asia-Pacific region is expected to be relaxed somewhat. More US diplomatic resources and endeavors will be redirected to the Middle East, and its previous strategic retreat from the Middle East will slow down, though its overall principles and policies of seeking peace and avoiding wars will remain unchanged. China and the United States will find themselves entangled in controversies and contradictions on regional issues, cyber security and other issues. However, their differences and frictions are, in general, still manageable. So long as the two countries move toward the same direction, it is possible for them to work together and build a new type of major-country relationship through their deepened and expanded cooperation.

Edited by Office of Research Management, CIIS

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