Forty Years of Win-Win Cooperation

China-U.S. Relations in Retrospect and Prospect

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Abstract: Since the normalization of China-U.S. relations in 1979, there have been various disputes and friction between both countries. But their common interests far outweigh their differences and win-win cooperation has been the defining feature of the bilateral relationship. Over the past four decades, both countries have benefited enormously from their stable and healthy interactions, which contribute to peace, stability and prosperity of the world. However, the Trump administration has deliberated major shifts to the U.S.' China policy, labeling China as a "revisionist power" and "strategic rival" while setting many barriers to trade, economic, technological, educational and cultural exchange and cooperation. Despite the ongoing transformation of the strategic relationship between both countries, China and the United States are unlikely to enter into a "de-coupling" or a new Cold War. Faced by growing strategic

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uncertainties, it is still possible for both countries to maintain a generally stable relationship based on their vast common interests. For China, it is important to exercise utmost strategic patience and stamina to ease friction and manage competition with the United States while also promoting the positive aspects of their bilateral relations.

Keywords: China-U.S. relations; win-win cooperation; interdependence; strategic transformation.

It has been 40 years since the People's Republic of China and the United States established a diplomatic relationship on January 1, 1979; the journey has not been an easy one. With different historical experiences, cultures, social systems and ideologies, China and the United States naturally have some disputes and friction, but their common interests far outweigh their differences. Although there have been disturbances in the bilateral relations — even serious ups and downs — over the past four decades, the general trend of the relationship has been developing upwards. Entering the 21st century, the China-U.S. relationship has played a more prominent role in effective global governance. Undoubtedly, win-win cooperation has been the major trajectory and essence of forty years of generally stable and positive interactions between China and the United States, by which both countries have reaped enormous benefits while making ever increasing contributions to world peace, stability and prosperity.

Win-Win Cooperation as Essence of China-U.S. Relations

It is an indisputable fact that both China and the United States have benefited tremendously from their communication and cooperation, which serves as a solid foundation for the development of their bilateral relationship over the past four decades.

China's Gains

40 years of cooperation with the United States have benefited China mainly in four aspects: helping to create an international environment conducive to China's modernization drive; facilitating China's economic growth; helping

to oppose secessionist activities of the “Taiwan independence” forces; and expanding people-to-people exchanges.

China has concentrated on its modernization drive since the reform and opening-up campaign was launched in the late 1970s. A major pursuit of Chinese diplomacy has been to maintain a favorable international environment for its economic development. Maintaining a sound relationship with the United States remains the highest priority on China’s diplomatic agenda, as it is the most important external factor that China has to deal with during its modernization process. After all, the United States is the major creator and stakeholder of the current international system; it has been the head of the Western world and remains the only superpower after the end of the Cold War, playing a leading role in international affairs. Although many Western countries had already established diplomatic relations with China before the normalization of China-U.S. ties, they had to consider the U.S. attitude in deliberating their own stance toward China, and their relations with China could not develop to the fullest extent. That situation changed after China established a diplomatic relationship with the United States. Thus, the normalization of China-U.S. relations and the relatively stable development of their bilateral relationship has been the key factor to the lasting favorable international environment for China, especially in its neighboring regions.

Keeping a sound relationship with the U.S. remains the top priority of China’s diplomacy.

China faced myriad difficulties at the beginning of its reform and opening-up initiative. Not only was it in urgent need of capital and advanced technology, but its economic management also fell far behind that of developed countries. Deng Xiaoping knew this very well and emphasized time and again that “[China had] to absorb and take as reference all the products of civiliza-

tion created by the whole human society to expedite [its] modernization construction.”¹ During his visit to the United States in February 1979, Deng

¹Wang Taiping, ed., *Collection of Theses on Deng Xiaoping’s Diplomatic Thoughts* (Beijing: World Knowledge Press, 1996), p. 6.

expressed this desire earnestly and said that to realize four modernizations of China,²

*... we have to pay special attention to strengthen economic, cultural, scientific and technological exchanges with all countries across the world. The United States is the most economically developed country in the world today, and is in the lead in many areas of industry, agriculture, science and technology, with great achievements in economic management and education. I believe that to further develop friendship between our people and to learn from American people is in full accord with Chinese interests.*³

After establishment of their bilateral relationship, U.S capital poured into the Chinese market. Together with money came American facilities, technology, engineers and managers with advanced management experiences.

One big issue during the initial period of China's reform and opening-up was how to bring a large rural labor force to urban areas. As most rural workers were not well educated and had little specialized training, it was not easy to match them to appropriate jobs. Soon, China began to absorb the labor-intensive industries from the newly industrialized economies in East Asia, which had largely benefited from industrial transfer from the United States. Through this, the employment problem of several hundred million migrant workers was gradually solved. Market was another big problem for China's nascent manufacturing industry. Since the United States has the largest domestic market in the world, it has been the final destination of around one third of China's exports for nearly two decades, making great contribution to China's economic development and integration into the international economic system.

China's accession into the World Trade Organization (WTO) was a significant milestone in the process of its modernization drive. President Jiang Zemin, Premier Zhu Rongji and other Chinese leaders at the time

²The "Four Modernizations" refer to modernization of China's industries, agriculture, defense as well as science and technology. The notion was first proposed (with minor variations) during the 1st National People's Congress of China in 1954.

³CPC Central Committee's Documentation Research Institute, ed., *The Chronology of Deng Xiaoping, 1975–1997* (Beijing: Central Committee's Documentation Press, 2004), Vol. I, p. 480.

were determined to join the WTO, and both President Clinton and President G. W. Bush basically supported free trade and China's accession into the WTO. The Clinton administration in its last year spared no efforts to overcome the many barriers to make the legislation of the Permanent Normal Trade Relations (PNTR) with China successful, which marked a major breakthrough in the China-U.S. relationship since normalization.

Within the decade after joining the WTO, China was able to fully tap into the world market based on its efficient economic mobilization system, and thus doubled its foreign trade volume in every three years, which became a main impetus for its GDP growth. China's GDP in 2001 was \$1.16 trillion, accounting for less than 4 percent of global GDP and ranking only in 6th place. Ten years later, China's GDP reached \$5.88 trillion, accounting for more than 9 percent of the world's total and surpassing Japan to become the second largest in the world. Evidently, China-U.S. economic cooperation has contributed much to China's economic development and improvement of welfare while facilitating its integration into the global industrial and value chains.

The Taiwan issue has been the most important and sensitive core issue in China-U.S. relations. Deng Xiaoping was deeply concerned about the issue, standing firm on China's position while expressing some hope for the United States to play a part in peaceful resolution. As he said,

*We hope that the U.S. will not do anything to jeopardize solving the Taiwan issue through peaceful means. The United States is capable and in a condition to facilitate the Cross-Strait talks. The U.S. can do a lot to promote peaceful settlement of the Taiwan issue.*⁴

The U.S. can play a vital role in preserving stability across the Taiwan Strait.

The U.S. policy toward Taiwan has been marked by duality under "strategic ambiguity": on one hand, it recognizes "one-China"; on the other hand, it maintains a certain military relationship with Taiwan, including selling arms to Taiwan from time to time, which has produced negative ripples

⁴CPC Central Committee's Documentation Research Institute, ed., *The Chronology of Deng Xiaoping, 1975–1997*, Vol. II, p. 766.

on the China-U.S. relationship. Yet, if the secessionist forces in Taiwan threaten the bottomline of its One-China policy, the United States would not hesitate to express its dissatisfaction, criticizing or even severely condemning them. One example was the Clinton administration's criticism of Lee Teng-hui's "two-state theory" in 1999.⁵ As another example, secessionist activities were especially rampant when Chen Shui-bian was in power in Taiwan; then Chinese leadership — President Jiang Zemin, President Hu Jintao, and Premier Wen Jiabao — repeatedly advised President Bush and other high level U.S. officials that "to resolutely oppose and stop 'Taiwan independence' activities, and to preserve peace and stability across the Taiwan Straits is in common strategic interests of both China and the United States."⁶ Fortunately, the Bush Administration listened carefully to the Chinese advice and promptly accepted it. Starting from August 2002, the Bush administration continuously condemned the activities of the Taiwan secessionist forces, such as abrogating Taiwan's "National Unification Council" and "National Unification Guidelines," maneuvers to revise the constitution of the "Republic of China" in pursuit of "*de jure* Taiwan independence," and attempts to join the United Nations in the name of Taiwan. Together with the firm stance of the Chinese government, the Bush administration's stern action played an important role in containing the secessionist forces in Taiwan and thus helped preserve stability across the Taiwan Strait at a rather critical moment.

People-to-people exchange with the United States also benefited China greatly. Believing that China was in urgent need of talents with international training and experience in various fields, Deng Xiaoping decided to send students to study in the United States even before the China-U.S. diplomatic relationship was established.⁷ Over the past four decades, the

⁵For more details, see Kathleen J. Brahney, "U.S.-China: 'Back to Business' After 'Chest-Beating' Over Taiwan?" *Global Security*, July 23, 1999, <https://www.globalsecurity.org/wmd/library/news/china/1999/www9723.htm>.

⁶For example, see "胡锦涛同布什通电话就双方共同关心问题交换意见 [Hu Jintao and Bush Exchange Views over Phone on Issues of Common Concern]," December 7, 2007, http://www.gov.cn/jdhd/2007-12/07/content_827316.htm.

⁷CPC Central Committee's Documentation Research Institute, ed., *The Chronology of Deng Xiaoping Thoughts, 1975–1997* (Beijing: Central Committee's Documentation Press, 1998), p. 71.

Chinese government has sponsored tens of thousands of students and scholars in their study or research in the United States; many more students have finished various degrees in American universities on their own. By 2016, the number of Chinese students having studied abroad had reached 4.58 million, among whom 3.22 million had returned to work in China.⁸ The United States is undoubtedly the first choice for most Chinese students. For instance, among the 608,400 Chinese students enrolled in colleges and universities abroad in 2017, 350,000 were enrolled in the United States.⁹

Benefits for the United States

The United States has gained no less than China from the development of their bilateral relationship. In general, the United States has benefited in four areas: counter-terrorism and preventing proliferation of weapons of mass destruction, economic interests, dealing with climate change, and people-to-people exchange.

Immediately after the terrorist attacks on New York and Washington, D.C. on September 11, 2001, Chinese leaders voiced strong condemnation on the attacks and expressed sincere willingness to work with the United States in counter-terrorism. For example, on his visit to Washington, D.C. ten days after the 9/11 attacks, Foreign Minister Tang Jiaxuan made a clear commitment that “the Chinese people will stand shoulder to shoulder with the American people and the whole international society in the fight against terrorism.”¹⁰ China not only supported all the resolutions of the United Nations Security Council on counter-terrorism, but it also wielded its influence to persuade Pakistan to become a front country in the U.S. war against al-Qaeda and the Taliban. Furthermore, China and the United States established a counter-terrorist consultation mechanism for

⁸“陈宝生: 让留学生‘回国潮’来得更猛烈些吧 [Chen Baosheng: I Wish For Larger Waves of Returning Chinese Students],” *People.cn*, March 12 2017, <http://edu.people.com.cn/n1/2017/0312/c1053-29140221.html>.

⁹“中国赴美留学人数连续 8 年位居榜首, 2017 年超过 35 万 [The Number of Chinese Students Studying in the U.S. Ranked First for Eight Succession Years, at More Than 350,000 in 2017],” *Sohu News*, November 22, 2017, http://www.sohu.com/a/205923360_475836.

¹⁰“新华网: 唐家璇外长就中美关系发表演讲 [Xinhua News: Foreign Minister Tang Jiaxuan Delivers Speech on China-U.S. Relations],” September 21, 2001, <http://mil.news.sina.com.cn/2001-09-21/33977.html?domain=mil.news.sina.com.cn&vt=4&from=wap>.

information sharing, cooperation in law enforcement, and financial assets monitoring.

After the 9/11 attacks, the Bush administration began to prioritize preventing the proliferation of weapons of mass destruction on its political agenda. Soon, China took measures to perfect its proliferation-preventing mechanism to meet international standards, as well as strengthen law-based administrative management. For instance, China joined the Container Security Initiative (CSI) in 2003 and the Nuclear Suppliers Group (NSG) in 2004 — both launched by the United States; in the Six-Party Talks on the Korean Peninsula nuclear issue, China played a triple role by being the host, an active participant, and a mediator between the United States and the Democratic People's Republic of Korea (DPRK). Thanks to Chinese efforts, all parties managed to reach the Common Statement of September 19, 2005, making a remarkable progress toward denuclearization of the Yongbyon nuclear facilities in the DPRK.¹¹ Although the denuclearization process came to a halt later due to complexity of the issue and profound disagreement between the United States and the DPRK, the common efforts by China and the United States to maintain stability on the Korean Peninsula cannot be denied.

China-U.S. cooperation on the Iranian nuclear issue is another case in point. China has been trying to promote dialogue between the United States and Iran while asking Iran to take international concern into full consideration; at the same time, China has called on all parties to adhere to the principle of separating the nuclear issue from normal economic and cultural exchanges. In particular, during the intensive talks from 2013 to 2015, China put forward a number of constructive proposals to foster

China and the U.S.
have vast common
security and
economic interests.

¹¹High-level officials, including President Bush himself, often acclaimed China's "leading role" in the Six-Party Talks. For example, Bush said at the APEC summit in October 2003 that "I want to thank the President (Hu Jintao) for leading the Beijing talks. We talked about how to advance the Beijing talks. We talked about how to advance them to achieving a mutual goal, which is a weapon-free Peninsula...I want to thank the President." See Gerhard Peters and John Woolley, "George W. Bush's Remarks Following Discussions with President Hu Jintao of China in Bangkok," The American Presidency Project, October 19, 2003, <http://www.presidency.uscb.edu/ws/?pid=612>.

consensus among all parties according to the principles of strategic patience and reciprocity. Chinese and other participants' joint efforts led to the conclusion of the Joint Comprehensive Plan of Action (JCPOA) on July 14, 2015. During his telephone call to Chinese President Xi Jinping, President Obama expressed his appreciation for China's "vital role" in making the deal possible.¹²

Apart from ever closer security cooperation, the development of trade and economic cooperation is a strong pillar of the win-win relationship between China and the United States. According to Chinese statistics, their bilateral trade in goods amounted to \$583.7 billion in 2017, a 233-fold increase from 1979 when the two countries forged diplomatic ties, and a 7-fold increase from 2001 when China joined the WTO. While many in the Trump administration and the U.S. Congress tend to blame China for "taking economic advantage of the United States," the U.S. business community generally has a positive view of China-U.S. trade.

The U.S. market has also benefited from the bilateral trade in many ways. For instance, good-quality and cheap Chinese goods provide American consumers with more choices, lower their living costs, and help to keep the inflation level low in the United States. Reportedly, China-U.S. trade helped every American family save \$850 in expenditure in 2015. As another example, American exports to China and two-way investment have created 2.6 million jobs as well as numerous business opportunities in the United States; in 2017, China was one of the top five export markets of goods for 46 American states. Contrary to the Trump administration's narrative on China's economic challenge, trade and economic cooperation has also promoted U.S. industrial upgrading.¹³ In short, we have every reason to say that the China-U.S. trade and economic cooperation is by no means a zero-sum game.

China and the United States had begun to cooperate on energy and environment issues since the G. W. Bush presidency, but their cooperation culminated under the Obama presidency. The conclusion of the "China-U.S.

¹²"Xi and Obama Exchange Views on Visit, Iranian Nuclear Deal Over Phone," Xinhua News, July 22, 2015, http://www.chinadaily.com.cn/world/2015-07/22/content_21375022.htm.

¹³Information Office of the State Council, "关于中美经贸摩擦的事实与中方立场 [Facts and China's Position on China-U.S. Trade Friction]," China Daily, September 25, 2018, <http://language.chinadaily.com.cn/a/201809/25/WS5ba99f4aa310c4cc775e7ea5.html?from=groupmessage>.

Framework for Ten Year Cooperation on Energy and Environment” marked another milestone in this aspect. As the Obama administration regarded climate change as one of the most serious and imminent threats to humanity, China and the United States, as the world’s two largest greenhouse gas emitters, joined hands together for effective global climate governance. Between 2014 and 2016, presidents of both countries released three joint statements on the issue; and the annual Strategic and Economic Dialogue (S&ED) between both governments further enhanced their cooperation, cementing the management of climate change as an important pillar of the China-U.S. strategic relationship. Their dedicated cooperation was crucial to the success of the UN climate summit held in Paris and the conclusion of the *Paris Agreement on Climate Change* in December 2015.

The United States has benefited from people-to-people exchange with China as well. Hundreds of thousands of Chinese citizens travel to America each year to study at different levels of education; not only do they contribute financially to the schools and the local economy, after graduation, many of them also stay to work or do scientific research at various educational or business institutions,

thus maintaining American competitiveness. A new high-level working mechanism on people-to-people exchange was set up during the Obama presidency wherein the areas of exchange in education, science and technology, culture, sports and tourism were all broadened. For example, under a joint initiative, the Obama administration launched the “100K-Strong Program” to sponsor 100,000 Americans for study in China while the Chinese government offered 20,000 scholarships to American students.¹⁴

Undeniably, China-U.S. communication and cooperation have made valuable contribution to international society: the two countries’ joint endeavor in non-proliferation has strengthened the global non-proliferation regime; their cooperation within the Group of Twenty (G20) has helped the world to overcome the lasting effects of the 2008 global financial crisis, with

Talents from China contribute much to the U.S. education system and social prosperity.

¹⁴Zhang Quan, “近八成美国留华学生留下更积极中国印象 [Nearly 80 Percent of American Students in China Have Better Impression of China],” Ifeng News, May 31, 2015, http://news.ifeng.com/a/20150531/43873781_0.shtml.

both countries serving as “twin engines” for global economic growth; they have also worked out a bright prospect for international society to deal with climate change and many other common challenges. As various U.S. administrations after the end of the Cold War have acknowledged, “few global problems can be solved” without U.S.-China cooperation.¹⁵

Striving to Re-Stabilize China-U.S. Relations

The China-U.S. relationship has experienced a new shift since President Trump took office. Labeling China as a “strategic rival,” the *National Security Strategy Report* released in December 2017 and the *National Defense Strategy Report* issued in January 2018 overturned two fundamental consensus shared by all the U.S. administrations prior to Trump. They had agreed that in the post-Cold War era, traditional security threats were giving way to non-traditional security challenges, such as financial crises, climate change, organized cross-border crime, and epidemic diseases, which had to be well managed with joint international efforts, especially through cooperation among major countries. But the Trump administration seems to have embraced the return of geo-strategic competition in the global arena, declaring that the primary security threat to the United States comes from other great powers, in particular China and Russia. All the previous administrations welcomed China’s rise and appreciated China’s contribution to global economic growth and poverty alleviation despite occasional criticism on certain domestic or international policies of the Chinese government. Yet the Trump administration outright blames China as a “revisionist country” and even the “top threat” to U.S. national security and has made frequent tariff threats on China as never seen before. All these new developments indicate that the U.S. policy toward China is undergoing substantial changes.

Nevertheless, a “de-coupling” between the two major economies is quite unlikely. Over the past four decades, China has undertaken strenuous efforts along its way of reform and opening-up while integrating ever more

¹⁵Even foreign policy “hawks” like former Secretary of State Hillary Clinton recognize this. For example, see Hillary Clinton and Timothy Geitner, “A New Strategic and Economic Dialogue with China,” *Wall Street Journal*, July 27, 2009, <https://www.wsj.com/articles/SB10001424052970204886304574308753825396372>.

deeply with the world economy. The global value chain, too, has come into shape on the basis of market law through comparison, competition, selection and combination of the basic economic elements of all countries. The structural forces of the global value chain are so strong that no single country can dominate them for whatever purposes. As two largest economies and trading powers, China and the United States have become indispensable components of the global industrial and supply chains; and their interdependence in economy, trade, research and development as well as in other fields can hardly be severed by administrative orders. Imposing high tariffs or setting other barriers to that mutually dependent relationship would more or less equally harm both sides' interests in the long run. Therefore, this author believes that in spite of the intense trade friction between China and the United States for the time being, trade and economic cooperation will remain as a solid foundation of their bilateral relationship.

In a similar vein, this author does not think that China and the United States are heading toward a new Cold War as many have warned. The Cold War between the Soviet Union and the United States was a unique historical phenomenon in a unique historical era, featuring ideological antagonism and coalition confrontation. These two features, however, are absent in the contemporary China-U.S. relationship. For one, the Chinese government has no intention to spread the so-called "China model" around the world or to be engaged in a "competition of systems";¹⁶ instead, it has been advocating the principle of "seeking common ground while shelving disputes" in international affairs. Similarly, Donald Trump may be the U.S. president who attaches the least importance to international competition of ideology, instead he tends to prioritize economy, trade, innovation and other pragmatic issues on his political agenda.

For another, China has adopted a non-alliance policy throughout, apart from a quasi-mutual defense treaty signed with the DPRK in 1961;

Neither a
"de-coupling" nor a
Cold War will
happen between
China and the U.S.

¹⁶See, for example, "China Not Interested in 'Competition of Systems,' Says Chinese Senior Diplomat," Xinhua, February 17, 2018, http://www.china.org.cn/world/2018-02/17/content_50551306.htm.

Chinese leaders have reiterated that China seeks to “make friends, not allies” with other countries.¹⁷ That guarantees that the strategic competition between China and the United States will not escalate into coalition confrontation like in the Soviet-U.S. Cold War. Besides, although the American alliance system has been an indispensable pillar of the U.S. global hegemony, President Trump seems to have no intention to sacrifice any U.S. interests, albeit short-term ones, for its integrity: under the “America First” doctrine, he has many a time frustrated or even offended the U.S.’ European and East Asian allies; he is widely viewed by many North Atlantic Treaty Organization (NATO) allies as a major problem for the transatlantic relationship.¹⁸ As China continues improving its relations with Japan, South Korea and a few key NATO members, a new Cold War with “China against the West” is not a possible future.

Largely due to the change of the U.S. policy toward China, the China-U.S. relationship is indeed undergoing profound transformation; strategic uncertainty in the bilateral relationship may last for years or even decades. However, as competition has become a “new normal,” there remains much room for cooperation in many fields. When Deng Xiaoping led China to launch the reform and opening-up, he regarded the normalization of China-U.S. relations as a necessary element of China’s grand strategy. History of the past 40 years bears testament to his insight. No doubt, it is in the best interest of both countries to work together to strive for essential stability of China-U.S. relations. Yet it requires mutual accommodation and compromise from both sides. For China, it is important to exercise utmost strategic patience and stamina to ease friction and manage competition with the United States while promoting the positive aspects of their bilateral relations, especially their close commercial, cultural and people-to-people ties. Based on a consensus between both governments on rebalancing their economic relationship, we can hope for a relatively stable model of interaction between China and the United States to take shape with time.

¹⁷“中国外交‘结伴而不结盟’ [China Seeks to ‘Make Friends, Not Allies’],” *Xinhua*, January 2, 2015, http://www.xinhuanet.com/world/2015-01/02/c_127352916.htm.

¹⁸Frank Langfitt, “Trump’s Relationship With NATO, 1 Year into His Presidency,” *NPR News*, December 28, 2017, <https://www.npr.org/2017/12/28/574314910/trumps-relationship-with-nato-1-year-into-his-presidency>.