

EAI US-China Relations Statement Factsheet (July 2011)

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Main Issues

1. **Asia-Pacific Issues:** U.S. and China's position on the South China Sea issue, China's criticism of the U.S. alliance system in East Asia, China's position on the Senkaku/Diaoyu Islands dispute

United States	China
<ul style="list-style-type: none"> July 10 Chairman of the Joint Chiefs of Staff Mullen's Remarks at Beijing Media Roundtable July 20 Secretary of State Clinton's Remarks during travel to India July 22 Secretary of State Clinton's Remarks on the South China Sea after ASEAN Regional Forum (ARF), Background Briefing after the U.S.-China Dialogue at Bali July 24 Secretary of State Clinton's Remarks 	<ul style="list-style-type: none"> July 2 People's Daily Online Editorial July 5 Foreign Ministry Spokesperson Hong Lei's Regular Press Conference July 9 Global Times Editorial July 14 People's Daily Online Editorial July 22 China Daily Editorial, People's Daily Online Editorial July 23 People's Daily Online Editorial July 26 People's Daily Online Editorial July 27 People's Daily Online Editorial July 27 China Daily Editorial

2. **U.S.-China Cooperation:** U.S. and China's expectations on the 1st U.S.- China Governors Forum, China's criticism of the U.S. interference in its internal affairs

United States	China
<ul style="list-style-type: none"> July 12 Secretary of State Clinton's Remarks at the USGLC Conference July 15 State's Statement at the U.S.-China Governors Forum in Utah July 25 Secretary of State Clinton's Remarks after the Unofficial Dialogue with the Congressman Dai Bingguo at Shenzhen 	<ul style="list-style-type: none"> July 14 Foreign Ministry Spokesperson Hong Lei's Regular Press Conference July 19 People's Daily Online Editorial July 27 China Daily Editorial

3. **U.S.-China Military Cooperation:** U.S. and China's position on Chairman of the Joint Chiefs of Staff Mullen's visit to Beijing, U.S. and China's position on the obstacles to bilateral military cooperation, China's emphasis on its peaceful development strategy and national defense policy, China's position on its first aircraft carrier

United States	China
<ul style="list-style-type: none"> July 10 Chairman of the Joint Chiefs of Staff Mullen's Remarks at Beijing Media Roundtable July 27 State Department Daily Press Briefing 	<ul style="list-style-type: none"> July 6 People's Daily Online Editorial July 12 China Daily Editorial, Global Times Editorial, China Daily Editorial July 14 People's Daily Online Editorial July 28 Global Times Editorial

4. **Economic Cooperation:** U.S. expectations of BITs and TPP, China's criticism of the U.S. debt default crisis and the limits of the Dollar as a key currency, China's criticism of the conditions for accession to WTO

United States	China
<ul style="list-style-type: none"> July 12 Secretary of State Clinton's Remarks at the USGLC Conference July 25 Secretary of State Clinton's Remarks 	<ul style="list-style-type: none"> July 8 People's Daily Online Editorial July 16 Global Times Editorial July 20 People's Daily Online Editorial July 24 People's Daily Editorial



5. **Human Rights:** U.S. and China's position on Dalai Lama's visit to Washington, China's position on the suppression of anti-government demonstrations

United States	China
<ul style="list-style-type: none"> ● July 15 State Department Daily Press Briefing ● July 16 White House Briefing on the President's Meeting with Dalai Lama ● July 18 White House Press Briefing 	<ul style="list-style-type: none"> ● July 7 Foreign Ministry Spokesperson Hong Lei's Regular Press Conference, Global Times Editorial ● July 9 Foreign Ministry Spokesperson Hong Lei's Regular Press Conference, Global Times Editorial ● July 16 Foreign Ministry Spokesperson Hong Lei's Remarks ● July 17 Foreign Ministry Spokesperson Ma Zhaoxu's Remarks ● July 18 Global Times Editorial ● July 20 People's Daily Editorial, Global Times Editorial

6. **North Korea:** U.S. and China's position on the North-South and U.S.-North Korea denuclearization dialogue at Bali, U.S. position on North Korean vice foreign minister Kim Kae-gwan's visit to New York and the conditions for resumption of the Six-Party Talks, China's position on the renewal of the treaty on friendship, cooperation and mutual assistance between China and the DPRK

United States	China
<ul style="list-style-type: none"> ● July 14 Chairman of the Joint Chiefs of Staff Mullen's Remarks at the Korea Press Roundtable ● July 22 State Background Briefing after the North-South and U.S.-North Korea Denuclearization Dialogue at Bali ● July 24 Secretary of State Clinton's Remarks ● July 25 State Department Daily Press Briefing 	<ul style="list-style-type: none"> ● July 12 Foreign Ministry Spokesperson Hong Lei's Regular Press Conference ● July 14 Foreign Ministry Spokesperson Hong Lei's Regular Press Conference ● July 22 Foreign Ministry Spokesperson Ma Zhaoxu's Remarks on the Resumption of Inter-Korea Dialogue

7. **South Korea:** U.S. concern over cyber security

- July 14 Deputy Secretary of Defense Lynn's Remarks



Issue 1. Asia-Pacific Issues: U.S. and China's position on the South China Sea issue, China's criticism of the U.S. alliance system in East Asia, China's position on the Senkaku/Diaoyu Islands dispute

United States	China
<ul style="list-style-type: none"> July 10, 2011 Chairman of the Joint Chiefs of Staff Mullen's Remarks at Beijing Media Roundtable (Beijing Media Roundtable) Quote: "I recognize the current challenges in the South China Sea. In many ways, they're not new. From my perspective, we have to, I think, pay particular attention to peaceful resolution there, to the freedom of navigation that is a global principle, if you will, which the United States has always stood for and always will, and to, you know, recognize inside that obviously there are multiple countries that have views on the territorial disputes." "So from the United States' perspective, it's important that these differences be resolved between sovereign countries, and at the same time, United States takes a position, you know, that, as I said earlier, we have an enduring presence here, we have an enduring responsibility, and that we seek to strongly support the peaceful resolution of these differences." "And the worry, among others that I have, is that the ongoing incidents could spark a miscalculation and an outbreak that no one anticipated. And we should seek to avoid that under all circumstances." "We have an enduring presence here, we have an enduring responsibility, and that we seek to strongly support the peaceful resolution of these differences." July 20, 2011 Secretary of State Clinton's Remarks during travel to India (Remarks on India and the United States: A Vision for the 21st Century) Quote: "We are also committed to a strong, constructive relationship among India, the United States, and China. Now, we know this will not always be easy. There are important matters on which we all disagree, one with the other. But we do have significant areas of common interest. We could begin by focusing on violent extremism, which threatens people on all – in all of our countries. Ultimately, if we want to address, manage, or solve some of the most pressing issues of the 21st century, India, China, and the United States will have to coordinate our efforts." "As India takes on a larger role throughout the Asia Pacific, it does have increasing responsibilities, including the duty to speak out against violations of universal human rights. For example, we recognize that India has important strategic interests in maintaining a peaceful border and strong economic ties with Burma. But the Burmese Government's treatment of its own people continues to be deplorable." 	<ul style="list-style-type: none"> July 2, 2011 People's Daily Online Editorial (China, US not strategic rivals) Quote: "[H]istory has clearly proven that only a regional multilateral security mechanism will ensure long-term security and stability in East Asia. The alliance led by the United States only benefits a few countries rather than the majority of East Asian countries, so it is expected that the present security structure will not last long. A multilateral security mechanism among East Asian countries has become an unstoppable trend, though it still faces many challenges." "The United States will not fight for the interests of certain countries because it only uses force for its immediate interests. Thus, although the United States is willing to get involve in some disputes in East Asia, it will unlikely be deeply involved." July 5, 2011 Foreign Ministry Spokesperson Hong Lei's Regular Press Conference (Foreign Ministry Spokesperson Hong Lei's Regular Press Conference) Quote: "China has indisputable sovereignty over [the Diaoyu Islands]. Any measure adopted by Japan in the waters off the Diaoyu Islands is illegal and invalid. China has lodged solemn representations to the Japanese side, urging Japan to withdraw the fishing boats from relevant waters immediately. It is learned that the Japanese fishing boats have already left the waters." July 9, 2011 Global Times Editorial (Avoid showdown over Diaoyu dispute) Quote: "China should not hesitate to declare its sovereignty over the area. Moreover, it would seek further measures as it continues to grow in strength in the future." "China does not mean to declare war on Japan, but to display its will in preparing for all possible eventualities concerning the islands. Japan should not take for granted that its military alliance with the US will frighten China, and should leave enough room for China to declare sovereignty over the area." July 14, 2011 People's Daily Online Editorial (World should promote peace, not violence) Quote: "In July, the United States, Japan and Australia held a tentative joint military drill in waters near the South China Sea. The United States is seeking to strategically contain China by utilizing the island and maritime sovereignty disputes between its allies in the Asia-Pacific region and China as well as between China and its neighboring countries, while avoiding a frontal clash with China." "Intervention by the United States and Japan in the South China Sea issue with military alliance will only complicate the conflict and even seriously damage the regional "peaceful multilateralism" process."



- **July 22, 2011 Secretary of State Clinton's Remarks on the South China Sea after ASEAN Regional Forum (ARF) (Remarks on the South China Sea)**

Quote: "ASEAN and China have agreed on implementing guidelines to facilitate confidence building measures and joint projects in the South China Sea. The United States is encouraged by this recent agreement because as a Pacific nation and resident power we have a national interest in freedom of navigation, open access to Asia's maritime domain, the maintenance of peace and stability, and respect for international law in the South China Sea." "We oppose the threat or use of force by any claimant in the South China Sea to advance its claims or interfere with legitimate economic activity. We share these interests not only with ASEAN members and ASEAN Regional Forum participants, but with other maritime nations and the broader international community."

- **July 22, 2011 Background Briefing after the U.S.-China Dialogue at Bali (Background Briefing on North and South Korea, China)**

Quote: "First of all, I think the subject of the South China Sea and the agreement that was reached between ASEAN and China came up in every single one of our meetings, and we had very broad discussions with every interlocutor. Secretary Clinton welcomed this as an important first step; indicated, though, that it was just that, a first step, and that further actions were going to be necessary to reduce tensions, to improve communication, and to develop a framework for how to deal with these challenges, both legally and also operationally. She underscored that the United States had strong principles at stake. We indicated that freedom of navigation – by some measures, about half of the world's global produce and trade travel through the South China Sea, and that we have profound interests in freedom of navigation, open and unimpeded commerce, and also an area in which peace and prosperity were not threatened. [...] I think it would be fair to say that Foreign Minister Yang went out of his way to underscore the importance of a good meeting and forward momentum and progress between the United States and China. In addition to the discussion about North Korea and the South China Sea, both sides, after working pretty hard over the course of the last couple of months – a series of joint ventures that we're going to work on together in East Timor and disaster relief and also in search-and-rescue. Now, these may seem like modest areas of cooperation but they're actually quite significant, and they send a signal that the United States and China are determined to work together and find areas of common pursuit. [...] I would say particularly on the Chinese side, a clear signal of the desire to keep U.S.-China relations on a positive plane and to maintain forward momentum, given upcoming visits. And also, 2012 will be an important setting for China as we go through the major party congress. And I think they very much want to ensure that relations with key states, including the United States, are relatively positive."

- **July 22, 2011 China Daily Editorial (For peace on the sea)**

Quote: "The agreement reached on Wednesday between China and the Association of Southeast Asian Nations (ASEAN) over the South China Sea bears out the political will and wisdom of Asian countries to solve their disputes peacefully." "Such a unified stance is necessary as there have been clear signs that outside forces are developing a penchant for meddling in the issue."

- **July 22, 2011 People's Daily Online Editorial (Cooler head should prevail in South China Sea dispute)**

Quote: "The ASEAN now indeed needs to further promote the integration of many aspects, such as internal politics, economy and diplomacy. However, pinning their hope on the internationalization of the South China Sea issue to strengthen the internal integration and promote international influence is obviously not practical. This will influence the relationship between ASEAN countries and even harm the interests of countries in this region." "What they need now is to cool down the dispute and fully promote the development of the relationship between China and the ASEAN to create a good environment for the final settlement of the South China Sea issue. China believes China and neighboring countries have the ability and wisdom to properly deal with the South China Sea issue."

- **July 23, 2011 People's Daily Online Editorial (Do not let S China Sea issue undermine China-ASEAN ties)**

Quote: "ASEAN member countries should realize that this is what the real intention of the United States in returning to the Asia-Pacific region: following economic interests. The United States will make use of the historic equilibrium to seek self interest. But in the final analysis, the development of U.S.-ASEAN ties will rely on input rather than output." "Some countries are eager to seek interest by nibbling and grabbing. Some external forces also have their hand in to reap unfair gains. China and ASEAN should remain on high alert against this phenomenon and not let the issue undermine China-ASEAN relations that are progressing well."



- **July 24, 2011 Secretary of State Clinton's Remarks** (Remarks on Sovereignty of South China Sea)

Quote: "The United States takes no position on any claim made by any party to any disputed area. What we want to see is a resolution process that will be aided by the code of conduct that ASEAN is working toward, based on the Declaration of Conduct, and that the principles of international law will govern so that there can be peaceful resolution of all the claims. In order to achieve that, every claimant must make their claim publicly and specifically known so that we know where there is any dispute." "All of us have a stake in ensuring that these disputes don't get out of control, and in fact the numbers have been increasing of intimidation actions, of ramming, of cutting of cables, the kind of things that will raise the cost of doing business for everyone who travels through the South China Sea, which as I said earlier is half of all global commerce."

- **July 26, 2011 People's Daily Online Editorial** (Enhance pragmatic China-ASEAN cooperation)

Quote: "The misunderstanding resulting from the excessive exaggerations about China made by some media and people from the West tends to make people neglect the political influence that the deepening of China-ASEAN cooperation could have on the Asia-Pacific region as well as ASEAN's internal integration." "Because it is a win-win scenario, China does not deny the interests it has gained from bilateral cooperation with ASEAN countries. Common prosperity attracts people together and boosts mutual understanding and intimacy." "The heart of the matter is that mutual benefit through pragmatic cooperation brought not only applies to economy and trade but also politics, society and human culture. It will also facilitate the integration process within ASEAN, particularly the communications among the people, which will help solve internal disputes and problems."

- **July 27, 2011 People's Daily Online Editorial** (Let calm, peace return to South China Sea)

Quote: "The United States keeps a close eye on the marine and aerial navigation and its military presence in the South China Sea. [...] it is an advantage for some countries to cling to its presence, which helps to contain China." "There are two reasons behind U.S. 'return to Asia' strategy: First, it wants to choke China's rapid growth. Second, the United States is afraid that ASEAN, Japan and South Korea will leave its side and cross over to China. The United States hopes to keep its interests and monopoly in East Asia and the issue of South China Sea is the best excuse to realize it." "Her [Hilary Clinton] words showed the United States did not want to get involved at the expense of China-U.S. ties. The wishful thinking of some countries that hope to legalize their schemes to nibble away at islands and reefs in the South China Sea with backing from the United States is doomed to fail."

- **July 27, 2011 China Daily Editorial** (Dangerous US Behavior)

Quote: "While China welcomes the US military presence in Asia-Pacific for its constructive role in maintaining regional stability, that does not mean that China will compromise on issues relating to its territorial integrity or national security. Chen criticized the US naval drills in the South China Sea and attempted arms sale to Taiwan, and also urged the US to reduce or halt its military surveillance near China's coast."



Issue 2. Direction of U.S.-Chinese Cooperation: U.S. and China's expectations on the 1st U.S.- China Governors Forum, China's criticism of the U.S. interference in its internal affairs

United States	China
<ul style="list-style-type: none"> July 12, 2011 Secretary of State Clinton's Remarks at the USGLC Conference (Remarks at the 2011 U.S. Global Leadership Coalition Conference) Quote: "We signed an agreement during Hu Jintao's visit here in January, and we said we were going to start a relationship between the National Governors Association and provincial governors in China. The first meeting will be held this summer in Utah with Chinese governors meeting with their American counterparts, and then each governor will bring 2 to 300 business leaders and other officials and go out to other American cities and states." July 15, 2011 State's Statement at the U.S.-China Governors Forum in Utah (U.S.-China Governors Forum Convened in Utah) Quote: "The forum will build on and expand existing cooperation between the United States and China by encouraging state and provincial leaders to share best practices. It will also formalize relationships between the leaders who are best placed to understand the economic, educational, and environmental needs of their respective states and provinces. The goal of the forum is to foster direct interaction at the subnational level in order to promote economic growth and prosperity. Thus, this gathering of subnational leaders will serve as a platform to promote peer-to-peer exchanges between U.S. state governors and Chinese provincial leaders. Special Representative Lewis explained that we envision [this]...forum as merely the first in a series of exchanges. A reciprocal visit of U.S. governors to China is being discussed for October 2011." July 25, 2011 Secretary of State Clinton's Remarks after the Unofficial Dialogue with the Congressman Dai Bingguo at Shenzhen (Remarks on U.S.-China Relationship) Quote: "We think that the practice of continuing consultations and meetings between our officials has been a very important element in moving towards President Obama's and President Hu Jintao's vision of a positive cooperative and comprehensive relationship between the United States and China." 	<ul style="list-style-type: none"> July 14, 2011 Foreign Ministry Spokesperson Hong Lei's Regular Press Conference (Foreign Ministry Spokesperson Hong Lei's Regular Press Conference) Quote: "The theme of the forum is to 'strengthen China-US cooperation at local level and promote common prosperity'. During the forum, governors from both countries will hold meetings and sign several cooperation documents in trade, education, science and technology and other fields." "In order to make the forum a long-term mechanism, the US National Governors Association will send a US governors delegation to pay a reciprocal visit to China in the latter half of this year at the invitation of the Chinese People's Association for Friendship with Foreign Countries. The forum is planned to be held once a year in the future." July 19, 2011 People's Daily Online Editorial (China's peaceful rise is beyond doubt) Quote: "The United States gained tremendous benefits from the two world wars, but two prolonged wars in Iraq and Afghanistan in the past 10 years have cost it several trillion U.S. dollars. The superpower now carries a heavy burden because of the two wars, and whether it has won the two wars is still open to question. The country hurt itself badly while hurting others." "Currently, someone used boundary disputes to violate China's sovereignty and restrict China's development during the critical period of China's development. This will only damage the overall environment of peaceful development and good opportunities for mutually beneficial cooperation and ultimately harm the interests of both sides." July 27, 2011 China Daily Editorial (Dangerous US Behavior) Quote: "Given the increasingly interdependent relations between China and the US, and the commitment by both governments to build a cooperative partnership in the 21st century, it is in both sides' interests to build and maintain good-neighborliness based on mutual respect for each other's sovereignty and national dignity. Washington should show its political will and stop playing with guns on China's doorsteps."



Issue 3. U.S.-Chinese Military Security Cooperation: U.S. and China's position on Chairman of the Joint Chiefs of Staff Mullen's visit to Beijing, U.S. and China's position on the obstacles to bilateral military cooperation, China's emphasis on its peaceful development strategy and national defense policy, China's position on its first aircraft carrier

United States	China
<ul style="list-style-type: none"> July 10, 2011 Chairman of the Joint Chiefs of Staff Mullen's Remarks at Beijing Media Roundtable (Beijing Media Roundtable) <p>Quote: "China and the United States are both Pacific powers, and will be for a long, long time. And we need to, from my perspective, approach this relationship as two leaders with all the responsibilities that that implies. And frankly, I think we need to work a lot harder on strategic trust and transparency. And it's my hope that these reciprocal visits will get us started in this direction, and that they can be sustained even through difficult issues in this region. And the global challenges that we face together are just too vital and too vast for us to continue to find obstacles to a better understanding of each other." "And these are opportunities to understand each other better, to make sure and be clear about what our priorities are, what our – what we agree on and what we disagree on, and to make sure that we can strengthen ourselves through what we agree on – so for instance, looking at opportunities to focus on counterpiracy; to focus on humanitarian assistance and disaster relief; to focus on exercising together with our militaries, first in small ways and then in larger ways – all of which improves the relationship." "But also to focus on the challenges that we have – we certainly know we have challenges in reconnaissance operations, how we see Taiwan, and as that evolves over time, as well as the challenges that exist in the South China Sea."</p>	<ul style="list-style-type: none"> July 6, 2011 People's Daily Online Editorial (China deserves recognition for sincerely promoting peace) <p>Quote: "China has made solemn commitments to the world that it will unswervingly take the road of peaceful development and pursue a defensive national defense policy. It will never seek hegemony, engage in military expansion or arms race, or pose a military threat to any country." "Different countries have different bearing capabilities of military transparency. One country should not interfere in other countries' military transparency... military powers like the United States are "selectively transparent" in military. The information relevant to a country's core national interests and military security is always a closely guarded secret."</p> <ul style="list-style-type: none"> July 12, 2011 China Daily Editorial (More military exchanges needed) <p>Quote: "China will take this opportunity to show its military transparency and openness, but it will also express its opposition to US arms sales to Taiwan as well as concerns about the US' military presence in Asia, specifically its frequent joint military exercises with other navies in and near the Yellow Sea and the South China Sea, and its military operations in the airspace and waters of China's exclusive economic zone."</p> <ul style="list-style-type: none"> July 12, 2011 Global Times Editorial (Military ties can shape Sino-US future) <p>Quote: "Competition, either in economy or ideology, could evolve into hostility. Conflicts between China and its neighbors and the involvement of the US could turn into a China-US confrontation." "Military ties can be the defining barometer of the Sino-US relationship." "The Chinese military can make things better by being more direct, in addition to showing US counterparts around Chinese military facilities."</p>



- **July 27, 2011 State Department Daily Press Briefing** ([State Department Daily Press Briefing](#))

Quote: "We have military-to-military cooperation and contacts with China that are helpful in broadening our cooperation and our understanding of China and its defenses and its defense needs. I don't have any specific comment on this carrier. We've talked before about China's emerging power in the region, and we seek a cooperative relationship with China."

- **July 12, 2011 China Daily Editorial** ([More military exchanges needed](#))

Quote: "China has a positive and sincere attitude to promoting bilateral military ties, and it has consistently and clearly stated it pursues a path of peaceful development - that is harmony and development at home and peace and cooperation abroad. However, China will never compromise over issues concerning its national sovereignty, security and core interests." "It is our belief that under the guidance of the China-US Joint Statement, which is based on respecting each other's core interests and major concerns, the increase in the number of exchanges and conversations between top generals of the two militaries will help deepen mutual understanding and build mutual trust." "This is vital if the two militaries are to avoid miscalculations and conflicts, and is certainly in the interest of both countries in maintaining peace, stability and prosperity in Asia Pacific."

- **July 14, 2011 People's Daily Online Editorial** ([To improve relations, US must respect China's core interests](#))

Quote: "The root cause [of China's aggressive military posture] is the mentality of containment to which the United States has long clung, which lies behind its public statements." "Unless the issue [US arms sales to Taiwan] is completely solved, the two countries cannot develop stable military ties, which will inevitably affect their cooperation in other areas." "At present, the top priority for the United States is to show its respect for China through actions and develop bilateral relations on the basis of mutual trust, equality and mutual benefit. China deserves to be treated as such, no matter whether it is still a 'rising power' or already a 'world power.'"

- **July 28, 2011 Global Times Editorial** ([The impact of China's first aircraft carrier](#))

Quote: "Currently, China's first carrier is aimed at scientific research and training, but it will certainly form some military and political deterrence one day. It is not necessary to deliberately hide this fact. No matter who it concerns, in the long run, a true self-depiction will cause the least trouble. China is a cautious global power. When it has to compete with neighbors for its own interests, it endures unfriendliness from others, as seen by the maritime disputes between China and its neighbors in the South China Sea."



Issue 4. Economic Cooperation: U.S. expectations of BITs and TPP, China's criticism of the U.S. debt default crisis and the limits of the Dollar as a key currency, China's criticism of the conditions for accession to WTO

United States	China
<ul style="list-style-type: none"> July 12, 2011 Secretary of State Clinton's Remarks at the USGLC Conference (Remarks at the 2011 U.S. Global Leadership Coalition Conference) <p>Quote: "We are also pursuing bilateral investment treaties, the so-called BITs. They make it easier to invest in America, and they protect our investments overseas. During that summit with President Hu Jintao, both he and President Obama reaffirmed our commitment to BIT negotiations, and I will be working to resume our talks with India when I visit in a few days."</p>	<ul style="list-style-type: none"> July 8, 2011 People's Daily Online Editorial (<u>Will US default on debt, set dangerous precedent?</u>) <p>Quote: "Since the U.S. political parties only consider their own interests and dare to ignore the interests of foreign creditors, it is highly possible that the United States will damage the interests of foreign creditors for its own political, economic, or security interests some day." "In other words, it may use the debt default to threaten other countries. This is a terrible systematic risk hidden in the current international financial system. The U.S. debt crisis has posed a real dilemma for foreign creditors. They either have to endure the immediate enormous financial risks brought about by the U.S. debt default, or hold more U.S. debt at their peril." "At the same time, the U.S. debt crisis served as a wake-up call to China, the largest foreign holder of Treasury bonds. China should stop increasing its already massive foreign exchange reserves, and be alert of the national financial security risks in excessive holdings of U.S. dollar assets." "Getting rid of the dollar will not only serve the interests of creditor countries, but also ensure the stability and sustainable operation of the international financial system."</p> <ul style="list-style-type: none"> July 16, 2011 Global Times Editorial (<u>US financial privilege should come to an end</u>) <p>Quote: "The US government's inability to service its obligations will surely cause some embarrassment by playing tricks on its foreign creditors such as China, Japan and Germany." "The US will borrow money from other countries or print more greenbacks when it wants. Its creditor countries have to either lend dollar reserves to the US or face growing pressure after more banknotes are printed in the US. Reluctantly fudging its responsibilities, the US has set its debt ceiling. The problem is that most countries in the world prefer the US to lift its debt ceiling continuously with the aim of being paid back their previous investment." "The dollar becomes nothing but a tool to pursue private ends of US." "To gradually wind up the privilege of US dollar might spell a new start for the revitalization of the US economy."</p>



- **July 25, 2011 Secretary of State Clinton's Remarks** (Remarks on Principles for Prosperity in the Asia-Pacific)

Quote: "Because the future of the Asia-Pacific is linked to America's. We are a resident power in Asia—not only a diplomatic or military power, but a resident economic power. And we are here to stay." "That is the spirit behind the Trans-Pacific Partnership, the so-called TPP, which we hope to outline by the time of APEC in November, because this agreement will bring together economies from across the Pacific—developed and developing alike—into a single trading community." "Our goal for TPP is to create not just more growth, but better growth. We believe the TPP needs to include strong protections for workers, the environment, intellectual property, and innovation. It should also promote the free flow of information technology and the spread of green technology, as well as the coherence of our regulatory system and the efficiency of supply chains." "The idea is to create a new high standard for multilateral free trade, and to use the promise of access to new markets to encourage nations to raise their standards and join. We are taking concrete steps to promote regional integration and put ourselves on a path over time to bring about a genuine Free Trade Area of the Asia-Pacific."

- **July 20, 2011 People's Daily Online Editorial** (WTO must balance unequal treaties)

Quote: "Provisions of the 'Protocol on China's Accession to the WTO' such as the No. 15 provision, which refers to determining the price comparability of subsidies and dumping; the No.16 provision, regarding transitional product-specific safeguard mechanism, and the No. 17 provision, referring to reservations by WTO members, are relatively typical unequal provisions" "As major Western economies, particularly the United States, embrace unilateralism, they have intensified the issue[unequal provisions]." "New WTO member states are generally not familiar with international trade rules and urgently need external markets [...] After joining the WTO, new members should actively participate in new multilateral, regional and bilateral trade negotiations, and gradually get rid of the unequal conditions and restrictions by promoting the establishment of fairer and more reasonable rules."

- **July 24, 2011 People's Daily Editorial** (Real effective exchange rate of RMB in decline)

Quote: "The State Administration of Foreign Exchange released the 'Question and Answers on Foreign Exchange Reserves' on July 20 and reaffirmed that the appreciation of the RMB will not directly cause losses in foreign exchange reserves. How does the RMB exchange rate influence China's export trades and overseas investment? [...]Ding Zhijie, president of the School of Banking and Finance under the University of International Business and Economics, said that many people observed that although the exchange rate of the RMB against the U.S. dollar increased, the exchange rate of the RMB against many other currencies shows overall depreciation. Therefore, it is not true that the appreciation of the RMB has accelerated since the reform. [...]Zhang Yansheng, director of the Institute of Foreign Trade under the National Development and Reform Commission, said "China should further the reform of the RMB exchange rate regime and peg the yuan to a basket of currencies rather than just to the U.S. dollar, though it takes some time to make adjustments based on the real effective exchange rate of the RMB. In the past six months, the yuan has risen against the dollar relatively quickly, but its real effective exchange rate has fallen." Xie Taifeng, dean of the School of Finance under the Capital University of Economics and Business, said "Consumer prices are closely related to the exchange rate between two countries' currencies. The real exchange rate is adjusted for inflation, and the real value of the yuan has dropped quickly, so there is really no reason for yuan appreciation." [...]However, in the context of a possible economic slowdown in economic growth, the quite strong expectation of RMB appreciation and the exchange rate that are attracting hot money will hit China's export-orientated enterprises on the one hand but will benefit the overseas investments of China's enterprises on the other hand. Therefore, China should always pay close attention to the "double-edge sword effect" of the exchange rate."



Issue 5. Human Rights: U.S. and China's position on Dalai Lama's visit to Washington, China's position on the suppression of anti-government demonstrations

United States	China
<ul style="list-style-type: none"> ● July 15, 2011 State Department Daily Press Briefing (State Department Daily Press Briefing) Quote: "He [Dalai Lama] is a very important figure in the region. We have met with him in the past. I have no doubt we'll meet with him in the future. During this visit, I don't have anything to announce for any future meetings. But certainly, we take human rights concerns very seriously in Tibet, and as part of our dialogue with China we express those concerns." 	<ul style="list-style-type: none"> ● July 7, 2011 Foreign Ministry Spokesperson Hong Lei's Regular Press Conference (Foreign Ministry Spokesperson Hong Lei's Regular Press Conference) Quote: "China resolutely opposes the Dalai Lama's activities aimed at splitting the motherland through overseas visits as well as foreign governments' and political figures' assistance and instigation in this regard. This position is consistent and clear. We hope that the US adheres to its commitment on the Tibet-related issue and deals with relevant issues in a prudent and appropriate manner with the larger picture of China-US relations in mind." ● July 7, 2011 Global Times Editorial (US camera case seen through political lens) Quote: "In a recent Wall Street Journal report, US company Cisco Systems' deal to help build 500,000 surveillance cameras in Chongqing could help "target political dissent." To coincide with this, Microsoft's agreement with Baidu to launch English-language search services in China is also seen by US media as surrendering to Chinese censorship. Things are upside down here. As for the surveillance camera case, it should not be US media, but the Chinese authorities, who oppose to the installation of US cameras. [...]How could we ask a foreign company, especially a company from a not so friendly country, to handle this project? If the surveillance cameras in New York City were made in China, US congressmen would riot. [...]Some American politicians and scholars always look at China-US business deals through tainted glasses. [...]According to US security standards, we should be deeply worried. Perhaps when faced with the US, there is no absolute security for China. [...]China should follow its own interest and agenda when dealing with the US. Neither attacks nor fawning in the US media should mislead us." ● July 9, 2011 Foreign Ministry Spokesperson Hong Lei's Regular Press Conference (Foreign Ministry Spokesperson Hong Lei's Regular Press Conference) Quote: "Tibet-related issues are purely China's internal affairs. China firmly opposes any country or any person's interference in China's internal affairs under the pretext of Tibet-related issues. Dalai's words and deeds over the past decades demonstrate that he is not a pure religious figure, but rather a political exile long engaged in splittist activities under the religious cloak. China urges relevant US lawmakers to stop condoning and supporting anti-China separatist activities of the Dalai clique."



- **July 16, 2011 White House Briefing on the President's Meeting with Dalai Lama** (Statement from the Press Secretary on the President's Meeting with His Holiness the XIV Dalai Lama)

Quote: "The President reiterated his strong support for the preservation of the unique religious, cultural, and linguistic traditions of Tibet and the Tibetan people throughout the world. He underscored the importance of the protection of human rights of Tibetans in China. The President commended the Dalai Lama's commitment to nonviolence and dialogue with China and his pursuit of the "Middle Way" approach. Reiterating the U.S. policy that Tibet is a part of the People's Republic of China and the United States does not support independence for Tibet, the President stressed that he encourages direct dialogue to resolve long-standing differences and that a dialogue that produces results would be positive for China and Tibetans. The President stressed the importance he attaches to building a U.S.-China cooperative partnership. The Dalai Lama stated that he is not seeking independence for Tibet and hopes that dialogue between his representatives and the Chinese government can soon resume."

- **July 11, 2011 Global Times Editorial** (Foreign dissidents will pay for misjudgment)

Quote: "China is full of social complexities at the moment." "[...]the US and Europe have taken centuries to play it well. Emulating the Western path has led to social turmoil in more than a few countries. China adopts relatively strict limitations on political antagonism, which has contributed to its current prosperity and social stability." "[I]t is also normal that the Chinese authorities deal with these problems while weighing up the benefits for all of society." "Those who do not really understand China misjudge the nation's political future. They are confused by increasing complaints among ordinary Chinese, which emerge along with greater civil participation. They underestimate China's political vigor, and the nation's capacity to head forward while improving itself."

- **July 16, 2011 Foreign Ministry Spokesperson Hong Lei's Remarks** (Foreign Ministry Spokesperson Hong Lei Expressing Solemn Position on US President Obama's Scheduled Meeting with the Dalai Lama)

Quote: "Tibet-related issues have a bearing on China's sovereignty and territorial integrity. We are firmly opposed to any foreign political figure meeting the Dalai Lama in whatever form. The Chinese Foreign Ministry and the Chinese Embassy in the US have immediately made solemn representations to the US side in Beijing and Washington, D.C. respectively. China urges the US to adhere to its serious pledge of recognizing Tibet as part of China and opposing "Tibet independence", cancel the meeting between President Obama and the Dalai Lama right away and refrain from interfering in China's internal affairs and impairing China-US relations."

- **July 17, 2011 Foreign Ministry Spokesperson Ma Zhaoxu's Remarks** (Foreign Ministry Spokesperson Ma Zhaoxu's Remarks on US President Obama Meeting the Dalai Lama)

Quote: "China firmly opposes any foreign leader meeting Dalai in whatever form and any country or any person using Dalai as a pretext to interfere in China's internal affairs. By granting Dalai the visit and arranging a meeting with its top leader, the US seriously breaches basic norms governing international relations, breaks the serious pledges repeatedly made by its Government and impairs China-US relations. The Chinese side expresses strong indignation and firm opposition over that. It takes concerted efforts of both China and the US to maintain sustained and stable development of bilateral relations. We urge the US to take China's solemn position seriously, take immediate measures to eliminate the bad impact, and stop interfering in China's internal affairs and condoning or supporting "Tibet Independence" anti-China separatist forces."



- **July 18, 2011 White House Press Briefing** ([Press Briefing by Press Secretary Jay Carney](#))

Quote: "The President's meeting with the Dalai Lama was an expression of his support for the preservation of Tibet's unique traditions and the rights of the Tibetan people. The President encourages the resumption of dialogue between the Dalai Lama's representatives and the Chinese government to resolve longstanding differences." "The U.S. position on the status of Tibet has not changed. We consider Tibet to be part of the People's Republic of China and do not support independence for Tibet."

- **July 18, 2011 Global Times Editorial** ([Dalai Lama card is losing its power](#))

Quote: "The Chinese are less and less interested in figuring out why the US government needs to meet with the Dalai Lama on a regular basis... the Chinese believe that the US government meets with the Dalai Lama either to appease its domestic hardliners or to vent its dissatisfaction with China in other fields." "As many Chinese experts believe, ignoring them and leaving them alone actually expresses the strongest defiance and opposition." "The Dalai Lama is played as a card by the US government. But this is a useless card as long as Tibet remains stable." "Ideologically different from the West, China inevitably faces various censures from the West. The Dalai Lama is just a drop of spittle on China from the West."

- **July 20, 2011 People's Daily Editorial** ([Dalai Lama meeting damages US Status as world power](#))

Quote: "Tibet-related issues are purely China's internal affairs...the U.S. president's meeting with the Dalai Lama has grossly interfered in China's internal affairs." "It should be noted that the purpose of China's strong opposition to Obama's meeting with the Dalai Lama is not only to safeguard its own core interests, but also to uphold a fundamental principle governing international relations, namely non-interference in each other's internal affairs." "However, [...] China-U.S. relations can only develop in accordance with the U.S. domestic political rules. This is not fair. China-U.S. relations that develop on this basis will also be unstable." "The China-U.S. relationship is the world's most important bilateral relationship. [...] However, maintaining the sustained and steady development of China-U.S. relations needs the joint efforts of both sides."

- **July 20, 2011 Global Times Editorial** ([Forgiving terrorists reveals West's hypocrisy](#))

Quote: "The Hotan incident reminds us again that we should not expect Western support for China's fight against domestic terrorism. The West plays China's terrorist forces as a card, and many are essentially acting as agitators of terrorism. China will have to stand alone in combating domestic terrorism for a long time. China should take firm steps in striking at domestic terrorist forces. In recent years, China has raised its anti-terrorist capacity in Xinjiang and Tibet. During the Hotan incident on Monday, local forces responded quickly and got the violence under control. The overall social stability remains unchanged."



Issue 6. North Korea: U.S. and China's position on the North-South and U.S.-North Korea denuclearization dialogue at Bali, U.S. position on North Korean vice foreign minister Kim Kae-gwan's visit to New York and the conditions for resumption of the Six-Party Talks, China's position on the renewal of the treaty on friendship, cooperation and mutual assistance between China and the DPRK

United States	China
<ul style="list-style-type: none"> ● July 14, 2011 Chairman of the Joint Chiefs of Staff Mullen's Remarks at the Korea Press Roundtable (Korea Press Roundtable) Quote: "I believe that China certainly has influence in Pyongyang, but they also don't have – it's not an infinite amount of influence. I think we have to understand that as we continue to work that challenge, while at the same time, from my perspective, certainly from the PLA leadership, they are very focused on working that issue." ● July 22, 2011 State Background Briefing after the North-South and U.S.-North Korea Denuclearization Dialogue at Bali (Background Briefing on North and South Korea, China) Quote: "I think we, on our part, with the Chinese, indicated that it was imperative that they communicate directly to North Korea, that they take this opportunity for diplomacy and not contemplate further provocative acts, and that the politics in South Korea had shifted significantly, and no one could anticipate that South Korea would continue to demonstrate it's very responsive – that no one could anticipate that South Korea wouldn't respond if provoked." ● July 24, 2011 Secretary of State Clinton's Remarks (Remarks on Visit of North Korean Vice Foreign Minister Kim Kae-gwan to New York) Quote: "[...] we are open to talks with North Korea, but we do not intend to reward the North just for returning to the table. We will not give them anything new for actions they have already agreed to take. And we have no appetite for pursuing protracted negotiations that will only lead us right back to where we have already been." "The U.S. position remains that North Korea must comply with its commitments under the 2005 Joint Statement of the Six Party Talks, relevant United Nations Security Council Resolutions, and the terms of the Armistice Agreement." "As always, we will remain in very close coordination with the Republic of Korea and other partners." ● July 25, 2011 State Department Daily Press Briefing (State Department Daily Press Briefing) Quote: "I think following the North-South meeting that happened on the margins of the Bali multilaterals, there was a question about what the North Koreans would say to us, and so we thought it was timely to, again, have this preliminary session. And as you know, we are particularly interested in hearing them reaffirm that they are prepared to meet their international obligations and that they are prepared to take concrete and irreversible steps towards denuclearization." 	<ul style="list-style-type: none"> ● July 12, 2011 Foreign Ministry Spokesperson Hong Lei's Regular Press Conference (Foreign Ministry Spokesperson Hong Lei's Regular Press Conference) Quote: "China and the DPRK, the two countries exchanged visits to jointly commemorate the day of great historical importance, which would further deepen bilateral good-neighborly friendship and mutually beneficial cooperation." "Thanks to the keen attention of the top leaders and concerted efforts of the two countries, DPRK-China relations have entered a new stage of development with expanding exchanges and cooperation across the board. The DPRK attaches great importance to bilateral friendly cooperative ties and stands ready to make positive efforts with China to consolidate and develop bilateral relations and safeguard regional peace and stability." ● July 14, 2011 Foreign Ministry Spokesperson Hong Lei's Regular Press Conference (Foreign Ministry Spokesperson Hong Lei's Regular Press Conference) Quote: "It [the Treaty on Friendship, Cooperation and Mutual Assistance between China and the DPRK] serves the common interests of all parties to solve problems through dialogue and consultation, safeguard peace and stability of the Korean Peninsula and realize denuclearization and enduring peace on the Peninsula. It is also China's starting point and goal in handling the Peninsula issue. We will stay committed to developing China-DPRK friendly cooperative relations and playing a constructive role in safeguarding regional peace and stability." ● July 22, 2011 Foreign Ministry Spokesperson Ma Zhaoxu's Remarks on the Resumption of Inter-Korea Dialogue (Foreign Ministry Spokesperson Ma Zhaoxu's Remarks on the Resumption of Inter-Korea Dialogue) Quote: "China welcomes the meeting between DPRK and ROK top nuclear negotiators and hopes that all relevant parties make continuous efforts to maintain the momentum of dialogue and strive for positive outcomes as well as an early resumption of the Six-Party Talks."



Issue 7. 5kTWdEVWjdfk, U.S. concern over cyber security

United States

- **July 14, 2011 Deputy Secretary of Defense Lynn's Remarks** ([Media Availability on Department of Defense Strategy for Operating in Cyberspace](#))

Quote: "We absolutely want to coordinate with the Japanese, and some steps have been taken, and we need certainly Japanese -- is a strong ally that we want to embrace in all aspects of our defense, including cyber. So we are -- we are reaching out to our closest allies, and beyond. This is -- this is beyond just your simple alliances. This is a community of interest, as it were." "China is an enormously capable nation in almost every sphere. Cyber is no exception." "With almost every nation, and certainly large nations, we have complex relationships that involve economic ties, military ties, and the -- and so you need to take account of all of those ties, and you need to think through how you want to interact with those nations and make your wishes known and make your displeasure known at any types of activities. And so we work our way through the diplomatic approaches that need to be taken if we feel that we have been threatened in any way."



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