

# U.S.-CHINA 21: THE FUTURE OF U.S.-CHINA RELATIONS UNDER XI JINPING

TOWARD A NEW FRAMEWORK OF CONSTRUCTIVE REALISM FOR A COMMON PURPOSE

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*The future relationship between China and the United States is one of the mega-changes and mega-challenges of our age. China's rise is the geopolitical equivalent of the melting polar ice caps – gradual change on a massive scale that can suddenly lead to dramatic turns of events. Can this defining trend of the 21st century be managed peacefully?*

*Former Australian Prime Minister Kevin Rudd, a senior fellow at the Belfer Center, argues it can, if Washington and Beijing commit to reforming an increasingly ineffective system of global order and to placing their relationship on a stable, mutually beneficial long-term footing.*

## KEY CONCLUSIONS

- 1. On balance, the Chinese economic model is probably sustainable.** Expect growth rates around 6% or higher in years ahead—not a collapse.
- 2. Xi Jinping is a powerful leader the U.S. can do business with if it chooses.** Xi is the most powerful Chinese leader since Deng and possibly Mao. He is determined to restore China's place as a respected great power in the councils of the world and to save the Communist Party from corruption.
- 3. Beijing sees America as deeply opposed to China's rise.** Chinese leaders share a five-point consensus regarding U.S. strategic intentions: isolate China; contain China; diminish China; internally divide China; and sabotage China's leadership.
- 4. Washington sees China as seeking to push the U.S. out of Asia.** Rising China is no longer “business as usual” for America. But neither, for the decade ahead, is it becoming a major direct military threat to U.S. interests. Instead, the U.S. sees China as competing for political, diplomatic and security policy space in Asia at America's expense.
- 5. Armed conflict between the U.S. and China is highly unlikely in the coming decade.** Despite deep difficulties, relations are marked by a strategic chill, not a Cold War standoff. Both the U.S. and China are determined to avoid “Thucydides' Trap” – the historical tendency of conflict when rising powers rival ruling powers.
- 6. China will exert more influence by more activist diplomacy in Asia and seek to reform the global rules-based order.** This is a radical contrast to its previous approach of “hide your strength, bide your time, never take the lead.”
- 7. A common strategic narrative for U.S.-China relations is possible.** Such a framework should be “realist” about those areas that are not possible to resolve in the foreseeable future; “constructive” about areas that could be resolved with high-level political effort; and guided by a “common purpose” to build strategic trust, not based on declaratory statements, but on common action in resolving common problems.

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## POLICY RECOMMENDATIONS

From a range of scenarios including cooperation, collaboration, competition, confrontation, and implosion, realizing a collaborative future requires a new “way of thinking” (*siwei* 思维) about the relationship. A framework of Constructive Realism for a Common Purpose requires both sides to:

- 1. Define realism in the relationship.** The U.S. and China must set a “realist” recognition of the fundamentally different, and in some cases actively conflicting, national interests, including on Taiwan; East and South China seas; U.S. alliances in Asia; China’s military modernization; the legitimacy of the Chinese political system; and the management of bilateral, NGO-based and UN multilateral disagreements on human rights and basic freedoms, including Internet regulation.
- 2. Embrace constructive realism in bilateral relations,** including on the U.S.-China bilateral investment treaty; a joint strategy and intelligence task force to counter regional terrorism; a bilateral cyber protocol; military transparency measures; and ratification of the Comprehensive Test Ban Treaty.
- 3. Develop constructive realism in the region,** including the development of a joint strategy to denuclearize and reunify the Korean Peninsula and to implement the Iranian nuclear agreement.
- 4. Build an Asia-Pacific Community.** Xi has welcomed America’s participation in the region’s future, and held open the possibility of reconciling his “Asian Security Concept” with his “Asia-Pacific Dream.” The Asia-Pacific region lacks pan-regional institutional architecture capable of managing, ameliorating or reducing the growing array of political, security and economic divisions across the neighborhood. The East Asian Summit could evolve into an Asia-Pacific Community over time.
- 5. Reform an increasingly ineffective global order.** The mismatch between the growing list of challenges facing the international community on the one hand, and the decreasing ability of both international institutions and national governments to effectively resolve them on the other, is a major problem for all states. Instead of assuming that their positions will always be at loggerheads, the U.S. and China should seize opportunities for multilateral reform, including on climate change; G20; Asian Infrastructure Bank; Chinese leadership of the World Bank; role of the *renminbi* in global capital markets; Law of the Sea; and UN reform.
- 6. Assert Chinese and U.S. global leadership** in resolving disputes, avoiding conflicts, and addressing threats to global order.
- 7. Commit to more robust political and diplomatic machinery.** Building on the summits at Sunnylands in 2013 and Yingtai in 2014, both sides must continue regular working summits between the two Presidents, to be driven and managed by a trusted ‘point-person.’

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