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中国国际经济交流中心
China Center for
International Economic Exchanges



Hong Kong Forum on
U.S.-China Relations
香港中美論壇

THE WAY FORWARD

Conference Summary

26-28 January 2021



**Hong Kong Forum on
U.S.-China Relations**
香港中美論壇

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ACKNOWLEDGEMENT



Tung Chee-hwa

*Chairman of the China-United States Exchange Foundation;
Vice Chairman of the 13th CPPCC National Committee of China;
Former Chief Executive of Hong Kong Special Administrative Region*

First of all, I want to thank all the speakers who joined us in this event. Do you know that our speakers were actually spread out in nine different time zones? Our European friends dialed in at 2 am in the morning. My great appreciation to all, for your sacrifice and your contributions.

Second, I want to thank all the participants for watching or listening in. I hope the discussions in the past few days have been helpful to you — in understanding the challenges and what should be done to put the China-U.S. relationship back on the road to progress.

Indeed, our many speakers and panelists have pointed out what should be done. If I were to summarize the thoughts expressed in these three days, I'd say: Return to the dialogue table. Restore respect and trust. Allow competition and cooperation to coexist. Think about the developing countries and low-income people that need help. Know that all mankind lives on this same planet and all share a common destiny. ACT now!

The road is not easy, but together we'll find a way. One discussion is never sufficient. Changes of circumstances will require us to revisit the issues and rethink. When the pandemic and travel restrictions are over, I'd be happy to host this forum again. We can then meet, face to face, in this wonderful city of Hong Kong.



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This year’s webinar can be found at www.chinausfocus.com/special/2021forum



EXECUTIVE SUMMARY

After a challenging year in which the world was tested by the impacts of COVID-19, global leaders and experts recognized the unprecedented changes facing the United States-China relationship and urged the two countries to work together to usher stability and security back into the international community. Following the inauguration of President Joe Biden in the United States, distinguished experts gathered virtually over three days, Jan. 26 to 28, 2021, to assess the future of bilateral relations. They examined key issues and areas of cooperation in the CUSEF's second international forum themed "The Way Forward," co-hosted by the China Center for International Economic Exchanges (CCIEE).

Last year was a year of unprecedented turmoil in which the pandemic sent humanity a message: The world is fundamentally changing, and the U.S.-China relationship remains crucial. The "Hong Kong Forum on U.S.-China Relations" featured more than 40 past and current major stakeholders and influencers, including former prime minister of Japan Yasuo Fukuda, CCIEE Chairman and former vice premier of the People's Republic of China Zeng Peiyan, former prime minister of Italy and former president of the European Commission Romano Prodi, former Prime Minister of Canada Jean Chretien, former U.S. secretary of commerce Carlos Gutierrez, current government officials, senior business leaders and renowned scholars from the United States, China and other Asia-Pacific countries. They came together to address the current challenges facing bilateral relations. The discussion focused on how China and the U.S. should move forward in light of the new U.S. administration and used the opportunity to identify areas of cooperation between the two countries to tackle global challenges, including climate change, the environment, food security, cybersecurity and COVID-19.

Former prime minister of Japan Yasuo Fukuda stressed that less division and instability is something all nations are seeking, given the risks and problems that need to be resolved immediately and which cannot be solved without the support of the U.S. and its leadership, especially in international trade and finance. However, he noted, "The U.S. must first contain its biggest issue — COVID-19 — before it can help the rest of the world."

Aside from the pandemic, speakers conveyed their desire for progress through continued dialogue between U.S. and Chinese officials. Although there was a general sense of optimism around the new U.S. administration, speakers also spoke candidly about the challenges that will remain on both sides, while emphasizing the importance of global governance during an era of heightened risk. "I don't think there will be a major change in China-U.S. relations despite the new administration. However, there will be more dialogue," said Romano Prodi, former prime minister of Italy and former president of the European Commission. "The tensions within the U.S. and competition with China are prevalent among both the Republicans and Democrats. Thus, there will be a necessity for deeper dialogue and exchange of views."

This exchange of views must happen "not just by words but by deeds," said former U.S. senator and former ambassador to China Max Baucus. Although the future of the relationship remains uncertain, President of the Chinese People's Institute of Foreign Affairs (CPIFA) Wang Chao expressed confidence in the foundation of U.S.-China relations, which has been "built through our joint efforts over generations." He added that goodwill remains unchanged and that cooperation will prevail.

Adding to the optimism and hope for progress in both trade and policy negotiations, CCIEE Chairman Zeng Peiyan said that to seek win-win cooperation, China and the U.S. must first rebuild mutual trust by restarting and improving multilevel engagement mechanisms. Ultimately, they should use the results of those dialogues as the fundamental conduit to address issues and challenges and play a leading role in managing relations. He also stressed that the two countries must “reshape and restart economic and trade relations, which have always been the ballast and stabilizer of the overall relationship.”

Emphasizing the detrimental effects of a complete China-U.S. decoupling, former U.S. secretary of commerce Carlos Gutierrez said that the bilateral relationship should not be based solely on transactions. Rather, it should encourage a more strategic partnership that increases areas of collaboration while eradicating areas of friction. “When you call someone an enemy, they become your enemy,” he said. “We are not an enemy of China, and I don’t think China is an enemy of us. Words matter.” Former U.S. Trade Representative Carla Hills expressed a similar sentiment, predicting that there will be significant changes in how the U.S. handles its international relationships. Under Biden, she said, “The tone in which we deal with all international governments, including China, will be more diplomatic.”

Both President Xi Jinping and President Joe Biden were the topic of several discussions during the forum. Tung Chee-hwa, founder and chairman of the CUSEF, outlined how the two countries share mutual goals and underscored the need for all nations to abide by the same rules-based system. He noted that China will work to protect that system and maintain global harmony. Addressing areas of cooperation, Mr. Tung noted: “President Biden has said that his four priorities are the pandemic, the economy, climate change and racial injustice. There is no question that the two countries can work together on at least the first three priorities.” In his opinion, “It is time to turn the page on the negatives of the past few years and start to work with one another again” because that path offers renewed hope for the future of the U.S.-China relationship.

Closing the forum, Mr. Tung reiterated the importance of productive dialogue and thanked the speakers for their insightful input over the three days. “Indeed, our many speakers and panelists have pointed out what should be done,” he said. He summarized their thoughts as returning to the dialogue table, restoring respect and trust and allowing competition and cooperation to coexist. “Let’s work together now,” he said. “The road is not easy, but together we will find a way.”

Conference Agenda

Hong Kong Forum on U.S.-China Relations “The Way Forward”

All dates and times are listed in Hong Kong Standard Time
Event Moderator: James Chau, Editor-at-Large, China–US Focus

Jan 26th, Tuesday

- 08:30 – 11:00 am **Opening Session: U.S.-China Relations—Outlook**
- 08:30 – 08:40 am **Welcome Remarks**
Carrie Lam, Chief Executive of Hong Kong Special Administrative Region
- 08:45 – 10:30 am **Keynotes**
Zeng Peiyan, Chairman of China Center for International Economic Exchanges (CCIEE); former Vice Premier of China
Jean Chretien, Former Prime Minister of Canada
Romano Prodi, Former Prime Minister of Italy; Former President of the European Commission
Yasuo Fukuda, Former Prime Minister of Japan
Carlos Gutierrez, Former U.S. Secretary of Commerce
Carla Hills, Former U.S. Trade Representative
Tung Chee-hwa, Chairman of the China-United States Exchange Foundation; Vice Chairman of the 13th CPPCC National Committee of China; Former Chief Executive of Hong Kong Special Administrative Region

Jan 27th, Wednesday

08:30 – 10:00 am Session 1: Trade and the Economy

Coronavirus has thrown the world into its worst recession since the Second World War. Recovery won't happen within a short time. The existing global trading system has been served a double whammy—the trade war and the pandemic. Is returning to normal, globalized order—a rule-based multilateralism—the most effective way back to global economic recovery? Between China and the US, is it most important that the two nations should resume normal communication, eliminate the tariffs against one another, restart BIT negotiation, and push for WTO reform?

Moderator:

Lawrence Lau, Ralph and Claire Landau Professor of Economics at the Chinese University of Hong Kong; and **Kwoh-Ting Li** Professor in Economic Development, Emeritus, at Stanford University.

Keynotes:

Michael Spence, Nobel Laureate in Economics; Philip H. Knight Professor Emeritus of Management in the Graduate School of Business and Senior Fellow of the Hoover Institution at Stanford University

Zhang Xiaoqiang, Executive Vice Chairman and Chief Executive Officer of China Center for International Economic Exchanges (CCIEE)

Panel:

Myron Brilliant, Executive Vice President and Head of International Affairs, U.S. Chamber of Commerce

Kishore Mahbubani, Distinguished Fellow at the Asia Research Institute (ARI), National University of Singapore (NUS)

Xu Bu, President of China Institute of International Studies

Zhang Yuyan, Director of Institute of World Economics and Politics, and Chief Expert of National Institute for Global Strategy, Chinese Academy of Social Sciences (CASS)

Zhu Min, Former Deputy Managing Director of IMF; Former Deputy Governor of the People's Bank of China

Chen Anning, Vice President of Ford Motor Company Group, President and CEO of Ford Motor (China) Co., Ltd

09:40 – 10:00 am **Panel Discussion**

10:00 – 11:30 am **Session 2 : Trade and the Economy**

Integrating individual nation's needs and regional interests can enhance prosperity for the region and help stabilize global economy. RCEP, the latest example of economic regionalization, is the region's tangible action to reaffirm multinationalism, and a major step towards building an open global economy. China has also expressed its willingness to join the CPTPP. Should China and the US work together on constructing a high standard trading system that can lead to a high level Asia-Pacific free trade zone?

Moderator:

Victor Fung, Honorary Chairman of Li & Fung Limited and Vice Chairman of the China–United States Exchange Foundation

Keynotes:

Bi Jingquan, Executive Vice Chairman of China Center for International Economic Exchanges (CCIEE); Vice Chairman of the Committee on Economic Affairs of the 13th CPPCC National Committee of China

Stephen Roach, Senior Fellow at Jackson Institute of Global Affairs; Senior Lecturer, School of Management, Yale University

Panel :

Craig Allen, President of the United States-China Business Council

Chen Wenling, Chief Economist of China Center for International Economic Exchanges (CCIEE)

Bob Holden, Chairman and CEO of United States Heartland China Association; Former Governor of Missouri

Jerry Liu, President of Cargill China and Managing Director of Cargill Starches, Sweeteners and Texturizer (CSST)

Wang Yiming, Former Vice President of Development Research Center of the State Council, China

Zhu Guangyao, Former Vice Minister, Ministry of Finance, China

11:10 – 11:30 am **Panel Discussion**

January 28th, Thursday

10:00 – 11:30 am **Session 3 : Technology and Global Challenges**

History has shown that technological advancement benefits mankind, but politicizing technological advancement can lead to disasters. Coronavirus pandemic has created tremendous challenge for the world. To overcome it, it should be obvious that the world needs technological cooperation and not decoupling. Aside from pandemics, mankind also faces other global challenges such as terrorism, natural disasters, and climate change. As all nations are but a community sharing a common human destiny, should we not cooperate under the framework of the United Nations and international laws, and help one another, with abler nations doing more? It is inevitable that nations will compete. But are there not common grounds where competition can be based on rules and directed towards positive result that benefits mankind?

Moderator:

Jiang Zengwei, Former Chairman of China Council for the Promotion of International Trade

Keynotes:

Steven Chu, Nobel Laureate in Physics; William R. Kenan Jr. Professor and Professor of Molecular and Cellular Physiology at Stanford University; Former U.S. Secretary of Energy

Xie Zhenhua, Special Adviser on Climate Change Affairs, Ministry of Ecology and Environment of China; President of the Institute of Climate Change and Sustainable Development, Tsinghua University

Panel :

He Yafei, Distinguished Professor of Yenching Academy of Peking University; Former Vice Minister of Foreign Affairs, China

Frank Meng, Chairman, Qualcomm China

Miao Wei, Vice Chairman of the Committee on Economic Affairs of the 13th CPPCC National Committee, China

Bill Owens, Co-founder and Executive Chairman of Red Bison; Former Vice Chairman of the U.S. Joint Chiefs of Staff

Wang Binghua, Former President of State Power Investment Corporation Limited, China

Ian Yang, Corporate Vice President and President of Intel China

Zhou Zixue, Chairman of the Board of the Semiconductor Manufacturing International Corporation (SMIC)

09:40 – 10:00 am **Panel Discussion**

10:00 – 11:30 am Session 4 : People to People Exchange

Mankind faces many challenges. To overcome them, we need to draw from wisdom and experience of different cultures and civilizations. By communicating with and learning from one another, the world community can strengthen itself against global challenges. In the past four years, we saw many disruptions to people exchange between China and the U.S. Such disruptions deepen misunderstanding and prejudice. On the other hand, people exchange should benefit both, and is also what the two peoples desire. Is there room for China and the U.S. to increase exchanges and communication in the areas of education, sports, tourism, civil institutions, think tanks? Would that not create a positive environment for stable development of China-U.S. relations?

Moderator:

Fred Teng, President of the America China Public Affairs Institute

Keynotes:

Stephen Orlins, President of the National Committee on United States-China Relations

Wang Chao, President of the Chinese People's Institute of Foreign Affairs

Panel :

Max Baucus, Former U.S. Ambassador to China; Former U.S. Senator from Montana

Neil Bush, Founder and Chairman of the George H.W. Bush Foundation for U.S.-China Relations

David Firestein, President and CEO of the George H. W. Bush Foundation for U.S.-China Relations

Lin Songtian, President of the Chinese People's Association for Friendship with Foreign Countries

Shao Qiwei, Chairman of the former China National Tourism Administration (CNTA)

John Zhao, Founder and Chairman of Hony Capital

11:10 – 11:27 am Panel Discussion**11:27 – 11:30 am Closing Remarks**

Tung Chee-hwa, Chairman of the China-United States Exchange Foundation; Vice Chairman of the 13th CPPCC National Committee of China; Former Chief Executive of Hong Kong Special Administrative Region



Zeng Peiyan 曾培炎



Jean Chretien 讓·克富蒂安



Romano Prodi 羅馬諾·普羅迪
Former Prime Minister of Italy, Former President of the European Commission



Tung Chee-hwa 董建華



Lawrence Lau 劉遵義



Michael Spence 邁克爾·斯賓塞



Xu Bu 徐步



Zhang Yuyan 張宇燕



Zhu Min 朱民



Stephen Roach 斯蒂芬·羅奇



Craig Allen 克雷格·艾倫



Jerry Liu 劉軍



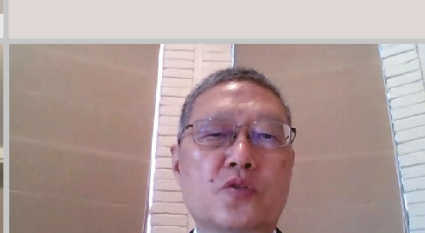
Wana Yimina 王一鳴



Steven Chu 朱棣文



Xie Zhenhua 解振華



He Yafei 何亞非



Wang Binohua 王炳華



Ian Yang 楊旭



Zhou Zixue 周子學



Max Baucus 馬克斯·鮑卡斯



Neil Bush 尼爾·布什



David Firestein 方大為



Hong Kong
U.S.-China
香港中



Yasuo Fukuda 福田康夫
Former Prime Minister of Japan



Carlos Gutierrez 卡洛斯·古鐵雷斯



Carla Hills 卡拉·希爾斯



Zhang Xiaoqiang 張曉強



Myron Brilliant 薄邁倫



Kishore Mahbubani 馬凱碩



Chen Anning 陳安寧



Victor Fung 馮國經



Bi Jingquan 畢井泉


**Forum on
Relations
美論壇**



Chen Wenlina 陳文玲



Bob Holden 包龍圖



Zhu Guangyao 朱光耀



Jiang Zengwei 姜增偉



Frank Meng 孟樸



Miao Wei 苗圩



Bill Owens 比爾·歐文斯



Fred Tena 滕紹駿



Stephen Orlins 斯蒂芬·歐倫斯



Wang Chao 王超



Lin Songtian 林松添



Shao Qiwei 邵琪偉



John Zhao 趙令歡
Founder & Chairman of Hong Capital
及香港實業董事及總裁

OPENING SESSION

U.S.-CHINA RELATIONS — OUTLOOK

Keynote Speeches



Zeng Peiyan

*Chairman of China Center for International Economic Exchanges (CCIEE);
Former Vice Premier of China*

Zeng Peiyan focuses on once-in-a-century new developments and new issues, and solutions to the predicament of China-U.S. relations.

He points out that an important reason for the predicament is that the U.S. harbors strategic suspicions and anxieties toward China, believing a rising socialist China will inevitably become a threat, and that the two countries will inescapably fall into the Thucydides trap. But he believes that it's completely wrong and dangerous to see and handle China-U.S. relations based on a Cold War mentality and ideological prejudices. Then he explains his perspectives on China-U.S. relations:

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- Differences in social systems don't mean China and the U.S. will necessarily come to confrontation. Traditionally, China has advocated seeking common ground while shelving differences, and has respected the choices of the people of all countries for their own development paths. It also has no intention to change the U.S. or to replace the U.S. on the world stage. At the same time, it is impossible for the U.S. to reshape China in its own terms.
- Changing times have upended the theoretical foundation of the Thucydides trap. Thanks to technological innovations and economic globalization, the interests of all countries are interwoven, leaving them mutually dependent. In order to meet common challenges and promote common development, China and the U.S. should abandon the zero-sum thinking of a rising power versus an incumbent one, and build a China-U.S. relationship defined by coordination, cooperation and stability.
- China is a participant in and contributor to the current international order, rather than a challenger and saboteur. The country has no reason to challenge and overthrow the present international order, which has delivered benefits. China calls for its reform and improvement, rather than developing alternatives from scratch.
- China's development brings the world opportunities, not threats. With limited resources, it has lifted 1.4 billion people out of poverty and ensured that all can live and work in peace and contentment. This in itself is a contribution, rather than a threat, to the world. In addition, China-U.S. trade has grown by a factor of more than 250 in the past 40 years or more since diplomatic relations were established, and two-way investment has climbed to nearly \$240 billion from virtually zero.

Zeng hopes that with the Biden administration in office, China and the United States can enhance their strategic mutual trust by working together on the following fronts:

- Restarting and improving communication at multiple levels. Washington should remove restrictions on people-to-people exchanges, and the two sides need to conduct Track II dialogues in such fields as education, science, technology and culture to increase mutual understanding and improve public opinion.
- Reshaping economic and trade relations. Based on an objective evaluation of the phase one deal, the two countries need to restart a new round of economic and trade negotiations as they work to push relations back onto the right track.
- Enhancing global governance. The two countries need to strengthen coordination, build a framework for cooperation, and join hands with other nations to tackle pressing global issues and major challenges, including pandemic control, world economic stability, climate change, poverty alleviation, food security, cyber security, anti-terrorism and nonproliferation.



Jean Chretien

Former Prime Minister of Canada

Chretien sees a world at war against COVID-19, which affects everyone. As a result, unity is essential. He believes people must help each other across international lines, to find a final solution and is optimistic that the world will make progress. Progress is essential, he said, because if we don't succeed, the economy will not come back.

A big element is making sure that relations are good between China and the United States. China is already the second-biggest economy in the world. Simply put, Chretien says, the world is depending on China, and China is depending on the world.

Canada does a lot of trade with China, he notes, despite some political difficulties in relations over the last two years. And he is happy to point out that two-way trade grew more than 6.5 percent in 2020.

In Chretien's view:

- Things will turn out well in the future if we have trust and dialogue. That is the only way forward.
- America now has a president who has a lot of experience, who has been around for a long time, who has traveled the world and is reasonable. He will be a uniter.
- It is necessary to increase wealth around the world. Notably, China has contributed greatly over the last 30 years.

Countries must set aside their individual egos and work for the greater good, Chretien believes. Dialogue is the right approach for lasting progress and happiness.

In his view it is inevitable that China and America will both keep growing, as will Europe and Canada will keep growing — that is, if we don't fall into the trap of bitterness and resentment.



Romano Prodi

*Former Prime Minister of Italy;
Former President of the European Commission*

Prodi expresses a European point of view, calling this moment “absolutely interesting.”

He underlines that European trade with China last year surpassed its trade with the United States, a great historic change because for so many years trade was dominated by the United States.

But from his European vantage point, Prodi doesn't think there will be a major change in the relationship between China and the United States, though he does think there will be more “politeness.” In the last year, this was not characteristic of the meetings between the Chinese and the Americans, he notes, with a feeling of competition with China shared by Republicans and Democrats.

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Among other things, Prodi notes:

- The European Union and China signed an important agreement on investments and reciprocal trade, which is also important for relations between the United States and China.
- The European Parliament will probably raise some political problems, but it is a very important first step.
- There will be parity between China, the United States and Europe, so we have to discuss from the beginning this type of relationship, which will establish a level playing field in new discussions about trade between three of the world's big engines.

Prodi notes the importance of technology sector to the economy. We will still have many points of tension, he says, especially in technology related to military applications.

But there are also fields in which he foresees rapprochement, starting with the environment. He says that the perspective has totally changed from when he was president of the European Commission and the Kyoto Protocol was created.

He is happy to find Europe, China and the United States now together working for the environment, calling this “a great new perspective of cooperation.” He believes the environment is so important and carries so

many consequences that it will facilitate dialogue between the three big economic entities.

Prodi concludes with a word of hope for new cooperation that will work to reach environmental goals.



Yasuo Fukuda

Former Prime Minister of Japan

Yasuo Fukuda makes a point about pandemic response that is clear to many: China adopted effective anti-coronavirus measures that enabled it to successfully sustain its economic growth last year. While the United States, Europe and Japan were slow to act, he says, China increased its international influence around the world through mask diplomacy and vaccine diplomacy. There is no doubt that these initiatives have produced a very positive impact, Fukuda says.

Meanwhile, Fukuda believes many people breathed a sigh of relief when U.S. President Joe Biden took office. But the new president faces both internal and external problems that need to be addressed. Fukuda sees patterns: America's problems require coordination and stability to avoid division. Of course, that is our shared expectation, he says. Around the world, there are many issues and risks that have to be addressed immediately. None of them, in Fukuda's view can be solved without the cooperation of the United States.

He believes that, for the time being, the United States may not have the ability to help other countries or even contribute much to global development. It is undeniable, however, that the U.S. plays a leadership role. It is also true that it should shoulder its due international responsibilities. When it comes to international trade and finance, its role is particularly prominent, Fukuda says.

Seven years from now, China's GDP is projected to be equivalent to that of the United States, he notes. And their combined GDP may exceed 40 percent of the global total. By then, of course, both countries will have taken up enormous responsibilities on the world stage, Fukuda says. What roles will they play by then? The world will have to wait and see.

But the resolution of their current divisions, Fukuda says, will have a positive and far-reaching impact on both countries, and on the entire world. He asks the U.S. and China to call for other nations to join their efforts and play leadership roles.

Unfortunately, in Fukuda's view, countries around the world are too busy with pandemic control to address medium- and long-term problems or issues outside their own borders. This is a reality that we have to face now, he says.

More broadly, Fukuda believes that all countries can grow together and thrive if they coordinate through organizations like the InterAction Council and the CCIEE. Topics will expand into more areas, he says. He hopes, also, that in addition to "old politicians like us," more young people will join the discussion.



Carlos Gutierrez

Former U.S. Secretary of Commerce

Gutierrez, a friend of China since 1992, emphasizes that the last four years are not the norm — and certainly should not be a road to the future. He does not believe China and America are strategic rivals.

He says we must wait and see what the Biden administration does, but the term “enemy” should be rejected. When you call someone an enemy, they become your enemy, Gutierrez says.

It’s not possible, in his view, to decouple the two largest economies in the world because they rely so much on each other. During the Bush administration, he notes, there was talk about welcoming the rise of China, which is good for the world. China has made the global economy grow. In Gutierrez’s view, this should be welcomed.

We must not create a technological cold war, he says. It’s impossible to decouple technology, but even if it were, doing so would turn China and the U.S. into separate islands.

Still, there’s been talk of technological supremacy, Gutierrez says. “Everyone has the right to have a big goal, a big target,” he says. “The U.S. would aspire to continuing to add great innovation and technology supremacy. But that doesn’t mean that it’s supremacy at the expense of China.” Likewise, he hopes that reaching China’s goal does not come at the expense of the U.S. “We can reach that stage of managing our progress without it being against one side or the other,” he says.

In other areas:

- The relationship should not be transactional but strategic. The U.S. can contribute more to China, and China can contribute more to the U.S.
- We should not link commercial matters with issues of national security or geopolitics.
- We need to reinstate our mechanisms of dialogue, rather than by communicating by press release or tweets. We need to get back to the table.
- If China and the U.S. continue to move down a path of antagonism, it will hurt our people and the world.

A top priority for Gutierrez is to start discussing how to de-escalate tariffs. “We cannot restore our friendship by having a gun to each other’s head,” he notes.

In the post-pandemic period, Gutierrez sees an opportunity for a golden era of growth and prosperity. But that requires a solid, trusting relationship between China and the U.S.

**Carla Hills***Former U.S. Trade Representative*

Relations between the United States and China over the past four years have been rocky, largely because of U.S. President Donald Trump's protectionist trade policies and China's assertive responses. But Hills believes that this won't continue under President Joe Biden, who is "a multilateralist and comes to the office with a high level of experience."

Key members of his foreign policy team also have substantial international experience, she notes. But he and his team will not want to appear to be soft on China, so a return to Obama era policies is unlikely anytime soon.

Changes will happen in the way the U.S. deals with its international relationships, she believes. The tone will be far more diplomatic and strategic. Biden has made clear that his policy toward China will be multifaceted. He has stated that he will rely upon cooperation, where possible; competition, where that is inevitable; and confrontation, where there is a crossing of our red line, Hills says.

She believes Biden is likely to focus on these areas:

- Climate issues, world health and denuclearization, which all involve shared interests.
- Rejoining the Trans Pacific Partnership. Biden's challenge will be how to sell it politically.
- Removing the steel and aluminum tariffs that his predecessor imposed upon our allies, which are adversely affecting our workers, farmers and businesses. These tariffs have not achieved their stated objectives.
- Consultations with friends and allies adversely affected by non-market policies, such as restrictions on foreign investment, discriminatory subsidies and forced transfers of technology.

Hills notes that both Biden and Katherine Tai, his pick for U.S. Trade Representative, have substantial experience in dealing with tough issues involving China.

She believes Biden will adopt strategies in concert with allies, focusing on issues where they agree that China has failed to meet its commitments. He will also begin negotiations in areas where changes could yield benefits to both sides.

Successful negotiations, Hills says, will provide China with greater certainty as it seeks inward investment, which would continue to benefit its overall economy. Meanwhile, closer relations will help the U.S. manage severe challenges that include deep concerns over China's willingness to uphold its commitment to "One country, two systems" in Hong Kong, as well as the militarization in the South China Sea and several other issues.



Tung Chee-hwa

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Vice Chairman of the 13th CPPCC National Committee of China;
Former Chief Executive of Hong Kong Special Administrative Region*

What stood out in U.S. President Joe Biden’s inaugural address for Tung Chee-hwa was his call for Americans to return to truth and respect, standing in each other’s shoes and politely agreeing to disagree. These are valid calls not just for America but for the world, in Tung’s view.

He believes now is the time to turn the page, to say farewell to the negatives of the past few years, and to start working with one another again.

China and the United States have always had their disagreements, mostly in trade and economic policies. But Tung notes significant cooperation as well, in education, sports, culture and people-to-people contacts and exchanges. Most remarkably, he says, there were three occasions where the two countries’ leaders came together to tackle global challenges — in the 2008 financial crisis, the 2013 Ebola outbreak and the 2016 cooperation on a climate agreement.

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This cooperative spirit was lost in the past few years, Tung says, replaced by anxiety, resentment and rejection, most of which emanated from the U.S. side. The problem arose from a lack of understanding of China and its intentions. Many Americans have an inexplicable fear and rejection of a communist government. But Tung says if you ask Chinese people, a majority of them think the current government system is good for the country. A Harvard researcher not too long ago found that more than 90 percent of people in China agree with the government’s direction and are hopeful about the country’s future.

Tung also stresses that China has no hegemonic ambitions. Like all nations, China will protect its own interests, he says. “But we believe in living peacefully with all members of the community of nations.”

He believes the world needs assurances that all nations will abide by a rules-based system. China shares the same belief, he said, and will work to improve and protect it.

Tung understands President Biden’s four priorities to be the pandemic, the economy, climate change and racial injustice. There is no question that the two countries can work together on at least the first three of those priorities.

SESSION 1

TRADE AND THE ECONOMY

Keynote Speeches



Michael Spence

*Nobel Laureate in Economics;
Philip H. Knight Professor Emeritus of Management in the Graduate
School of Business at Stanford University;
Senior Fellow of the Hoover Institution at Stanford University*

Stopping the pandemic while getting the economy rolling is a contradiction, Spence says, noting that China is the only major economy in the world that has accomplished both. A full recovery, for most countries of Europe and the Americas will carry into 2022, and there are some outliers where it will take longer than that.

Spence notes that the hardest-hit people in the pandemic economy are those at lower income levels. Such patterns will influence the formulation of political and policy agendas, he says. More broadly, he sees the center of mass in the global economy shifting toward Asia. He sees Asia now occupying a position of preeminent importance for the global economy.

As for the light at the end of the pandemic tunnel, Spence believes that once the vaccine chaos gets taken care of by a more effective government, the U.S. can expect fairly rapid recovery in the economic sectors that are most depressed.

Senior leaders of the new administration in the United States are being approved rapidly by the Senate. These people are experienced, Spence says, but it's way too soon to have a clear sense of their direction. So far, it's just words. But he agrees with others that Biden's policy focus for a time will be domestic.

At some point, however, the U.S. will be forced to address the very large increments in public debt, Spence says. Interest rates will stay low, which may cause some distortions.

In the foreign relations realm, Spence is "cautiously optimistic." He believes:

- We need to transition to pragmatic strategic competition with China. But patience is required.
- On the U.S. side, diplomacy will be more stable and predictable. But there's not much room to maneuver because of public attitudes at home.

- The United States is in the process of doing a very rapid 180-degree about-face on multilateralism.
- We're going to have competition, with technology at the center of it.
- For domestic political reasons, the Biden administration will sound more aggressive than it actually is. It will be more pragmatic and quiet in the background.

The bottom line for Spence is that the U.S. has a lot of challenging things to deal with, but an administration is coming that is capable of tackling complexity and rebuilding the U.S.-China relationship in a positive way.



Zhang Xiaoqiang

*Executive Vice Chairman and Chief Executive Officer of China
Center for International Economic Exchanges (CCIEE)*

Zhang Xiaoqiang shares his thoughts about bilateral trade and economic issues.

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- First, in a world in which the economic interests of all countries are deeply intertwined, China and the United States can't and won't decouple from each other. The trade war initiated by the Trump administration in 2018 has not only failed to bring manufacturing back to the United States but also brought huge losses to both countries. Statistics from Chinese customs authorities reveal that in 2020, two-way trade in goods hit about \$587 billion, including Chinese exports worth \$452 billion and Chinese imports worth \$135 billion; the U.S. trade deficit with China was nearly \$317 billion. Notably, China's exports of medical supplies to the U.S. surged after the coronavirus outbreak. These figures illustrate that trade wars don't help reduce trade deficits and that China-U.S. trade relations are unshakable.
- Second, rules-based win-win cooperation remains mainstream, despite many obstacles to China-U.S. cooperation in trade, investment and high technology. In the past two years, the U.S. government adopted a series of measures to crack down on Chinese companies. For example, it placed a large number of Chinese companies on its trade blacklist known as the Entity List, forcibly thwarted cooperation across the supply chain, tightened investment controls and increased restrictions on two-way technology exchanges and cooperation. These moves damaged both sides. U.S. exports of high-technology products to China fell to \$33.91 billion in 2019, compared with \$39.14 billion in 2018; between January and November 2020, that figure fell to \$27.8 billion, down 10.2 percent year-on-year. Meanwhile, Chinese investment in the United States plummeted because of restrictions imposed by the government. Between 2017 and 2019, Chinese direct investment in the U.S. nosedived from a peak of \$45 billion to \$5 billion, according to Rhodium Group. In addition, two-way investment saw a year-on-year decrease of 16.2 percent to \$10.9 billion in the first half of 2020. While some of the decline is attributable to the pandemic, it is also closely related to the U.S. crackdown measures, which dampened the confidence and expectations of Chinese investors. By contrast, China has taken an open approach toward U.S. companies investing in China. Some in the United States preach the virtues of

expanding market access and fair, reciprocal economic and trade cooperation, but then double standards are manifested in what they do on the ground.

- China and the United States need to work together to restore and develop their economic and trade relations and stabilize global supply and industrial chains. Since the outbreak of the pandemic in early 2020, China has exported an enormous amount of anti-pandemic material while striving to bring the virus under control at home. As one of the world's most important manufacturing centers, it doesn't install barriers to impede the flow of goods and technology across borders. It believes that globalization is in the common interest of all parties and has taken practical actions to boost the global economic recovery. The broader U.S. business community is ready to put bilateral economic and trade relations back on the right track, and as the world's largest economies, China and the United States cannot turn back the wheel of history. The worldwide push is for enhanced globalization.

Panel Remarks



Myron Brilliant

*Executive Vice President and Head of International Affairs,
U.S. Chamber of Commerce*

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It's important to be clearheaded about where we are today, Brilliant says. He sees three words at the heart of the relationship between the U.S. and China — collaboration, competition and confrontation. Mastery of these is essential to taking things forward. Three principles stand out:

- Collaboration is good for both China and the United States. It is low-risk and achievable in areas of common concern.
- Fair competition requires a level playing field.
- Areas of potential confrontation need to be worked on to limit the downside risks, because confrontation leads to decoupling, which would not be good for the world.

Clearly, President Biden has inherited a complex domestic agenda, including the pandemic and populism. Brilliant sees the former as one of the “big overarching areas” where there is room for collaboration. Populism, by contrast, is not going away in the United States anytime soon, Brilliant says. And it weighs on the formulation of domestic policy.

Still, domestic issues cannot be separated from foreign policy, he argues. Everything in the domestic box also has an international component. Competition is already wide-ranging, Brilliant observes. “We have competi-

tion in technology, we have concerns about the self-reliance policies in China, and China has concerns about actions” regarding Huawei or Tiktok or WeChat. “These issues are not going away. The United States is going to continue to look at the nexus between commerce and national security.”

Brilliant wants to see action on the phase one trade deal, but notes that questions remain to be answered. Other questions involve whether China and the United States (perhaps with its allies) will encourage China to move forward with badly needed structural reforms — SOE subsidy practices, IPR protections and other areas. There may also be competition when it comes to the WTO system, he says.

The U.S. be realistic about potential confrontations and flashpoints, Brilliant notes — for example, in Hong Kong, the Xinjiang Uygur autonomous region, Taiwan and the South China Sea. In his view, there needs to be a coherent strategic framework for the U.S.-China relationship.

Brilliant advises “a little bit of a pause” to reflect. But each side must then do things that encourage confidence, because the lack of trust in the relationship is real.



Kishore Mahbubani

*Distinguished Fellow at the Asia Research Institute (ARI),
National University of Singapore (NUS)*

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The year 2020 has sent a message to humanity, Kishore Mahbubani says. The simple message is that the world has changed fundamentally. We refuse to acknowledge this is that we’re locked in to using 19th century mental maps to handle 21st century problems.

He provides two examples:

More than 7.3 billion people no longer live in separate villages. Rather, they all live in one village — separate houses in the same village. So when the Trump administration learned that COVID-19 began in China, the stupidest thing it could do was to say, Hey! That’s a fire in another village. We don’t have to worry about it. And we can see how that mental assumption that we are not in the same village caused this incredible impact of COVID-19 in the United States and Europe and the rest of the world. So COVID-19 is telling us, Hey! We are in a same village!

And what do you do, Mahbubani asks, when you’re in the same village? His answer: The first thing is to cooperate. You come together, you come out of your house and say, this is going to burn out the whole village. So let’s cooperate.

Mahbubani applies this anecdote to U.S.-China competition. He argues that the most sensible thing to do is press the pause button. They should agree to carry on the fights later, but right now let’s stop the fire. Let’s stop the whole village from burning, and then we can carry on. Mahbubani persuasively argues that this response is just common sense.

No one can escape global warming, whether you're the United States, China, Africa or South America, he says. So what do you do? You cooperate to first put out that forest fire outside. It's the same for global warming, he argues.

The era of Western domination is ending, Mahbubani says. A tiny 12 percent of the global population, who happen to live in the West, are making decisions that affect the rest of the world. The West should listen to the remaining 88 percent.

He agrees that nations should push for human rights, but they shouldn't lecture others. "Sadly, you know, ... in the United States, the bottom 50 percent has not seen an improvement in their standard of living for 30 years," Mahbubani says.

Mahbubani disputes the claim that destructive competition and confrontation cannot be stopped. But it can be, he says. But let's stabilize the world first, and then see where we go from there. It's just common sense.

**Xu Bu***President of China Institute of International Studies*

The friction between China and the U.S. is not related to economics or trade or finance. It's really a reflection of strategic calculations based on incorrect mental assumptions emanating from the United States, Xu Bu says. It's important to be clear about this.

China does not pose any security challenge or economic threat to the U.S., he says. China would never think about launching a sneak attack on Pearl Harbor. Xu points out that the per capita GDP of China is only one-sixth that of the United States. And, historically, the Chinese economy and U.S. economy are more complimentary than they are competitive.

Moreover, China poses no unique political or ideological threat to the United States, because it does not export its own way of development, Xu argues.

Three points need to be made, he says:

- First, we got to respect history, and history tells us the establishment of the bilateral relationship between China and the U.S. has been beneficial to both.
- Second, the establishment of diplomatic relations have fostered peace and development in the Asia-Pacific region, as well as global peace and stability. The notion that "engagement with China by the U.S. has failed" is a kind of mental perception that goes against historical facts and figures.
- Third, the old Cold War mentality must be abandoned. What is sometimes called a clash of civilizations is a notion that's inconsistent with historical trends. Nations are different in societies and in

cultures, Xu says, so we got to respect each other. We got to try to have win-win cooperation based on mutual respect.

Xu believes any kind of Cold War mentality will only bring real clashes between countries. So, China and the U.S. need to be engaged in trying to build a kind of new model of their major power relationship.

Xu said many of his U.S. colleagues talk about the decline of the U.S. But in his view, the U.S. is not declining, and China does not make its policy based on the so-called “decline” of the U.S.

If policymakers in Washington cannot change their mentality, it will be very difficult to solve the trade frictions, technological disputes or the trade war, Xu says.



Zhang Yuyan

*Director of Institute of World Economics and Politics,
and Chief Expert of National Institute for Global Strategy,
Chinese Academy of Social Sciences (CASS)*

In his speech, Zhang Yuyan presents some notable facts:

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- The Trump administration engaged in a trade war with China in the past few years, and the many measures that it took have now proved to be ineffective and a lose-lose game. A trade war leads only to a dead end.
- The world is experiencing tremendous changes today. In addition to the impact of the pandemic on the world economy, there are many other urgent issues, such as climate change and species extinction, that require China-U.S. cooperation.
- There is strong mutual distrust between the United States and China. Many Americans see China as a threat to their country, while many Chinese believe that the United States is doing everything possible to contain China’s development. As a result, lack of understanding and reduced strategic trust are big issues.
- From an economic point of view, the world today is in urgent need of trade and investment cooperation, but such cooperation is in short supply.

Therefore, Zhang makes the following suggestions:

- Nations need to realize “actually assured interdependence.” In other words, they achieve development and prosperity by enhancing their interdependence and abandoning beggar-thy-neighbor policies.
- As two major countries in the world, China and the United States shoulder important responsibilities for global affairs. There is a need for them to resume dialogue mechanisms and take targeted

measures to repair their relations. For example, they can review the progress of the phase one trade agreement, discuss how existing agreements can be used to promote stable economic and trade cooperation and consider lowering tariffs.

- China and the United States can study issues on WTO reform by establishing a joint working group.
- They can engage in more cooperation on climate change, an issue of common concern.



Zhu Min

*Former Deputy Managing Director of IMF;
Former Deputy Governor of the People's Bank of China*

Zhu focuses on one area: global macro-economic and financial policy cooperation between China and the United States. He believes this is of the highest importance and points out six key areas that the two governments should start working on now.

- The first issue, he argues, is stimulus policy and exit strategies. The world needs to avoid too much debt because solvent debts will pop up again in the future. Zhu believes there must be a balance of those two things and that the way the world works together on further stimulus packages is a major issue.

China and the U.S. should have a strategy dialogue and give the world a policy framework, Zhu says. The lessons learned from 2008 financial crisis will be meaningful for today's situation.

- Zhu's second major concern is monetary policy cooperation, which he believes is important for maintaining exchange rate or capital flow stability.
- His third area of emphasis is supply chain stability. He says it's important for both sides to sit down to talk about how to stable the global supply chain, to ensure this economic recovery is strong and sustainable.
- The fourth is trade. Trade was weak last year. U.S.-China tariffs on each other are at their highest level ever. Both have a lot of work to do, particularly on the WTO.
- And fifth is supporting emerging markets and low-income economies. He observes that in the COVID-19 crisis the gap between advanced economies, emerging markets and the low-income countries is becoming wider. He expects to see the gap grow even bigger in the years to come.
- His final point is that China and the U.S. should work together to push reform of international economic governance, particularly the IMF, and also the World Bank.

There are a great many things that can and should be done, Zhu says. We should seize the opportunity.

SESSION 2

TRADE AND THE ECONOMY

Keynote Speeches



Bi Jingquan

*Executive Vice Chairman of China Center for International Economic Exchanges (CCIEE);
Vice Chairman of the Committee on Economic Affairs of the 13th CPPCC National Committee of China*

Bi Jingquan sees that as the pandemic has dimmed the prospects for what is already sluggish globalization, the scourges of unilateralism, protectionism and populism have persisted. At the same time, however, there are many positive developments, such as accelerated economic integration at the regional level, IT application at a faster rate, and a more balanced approach to efficiency and security in global supply and industrial chains.

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When it comes to globalizations and China-U.S. economic and trade relations, he makes the following six points:

- Globalization has delivered tremendous benefits to human society. In the past half-century, global GDP has more than quadrupled, and global per capita GDP has more than doubled. Meanwhile, the global extreme poverty rate fell to 9.2 percent in 2017 from 42.3 percent in 1981. Globalization has enabled countries, large and small, to participate in global resource allocation and consequently dramatically increased their economic efficiency. Developed economies reap handsome profits from the global market, and developing economies benefit from technological advances and knowledge accumulation as they participate in the restructuring and optimization of the global industrial system.
- Both China and the United States are beneficiaries of globalization. Thanks to its abundant labor supply, China has grown into a global manufacturing center. As the world's most important advanced economy, the U.S. plays a dominant role in technological innovation, enjoys the financial advantage of the dollar-based system and leads the way in economic globalization. In fact, both countries are beneficiaries of globalization and of their expanded economic relations.
- China and the United States need to take a long-term view of their frictions. Given their notable differences in cultural and historical background, frictions and problems will inevitably arise in bilateral relations. But these can be addressed so long as the two sides act on principles of mutual respect and equal-footed consultation to accommodate each other's major concerns.

- It is important to place China-U.S. relations back on the right track. The two countries need to resume high-level strategic dialogues and contacts, consider the elimination of extra tariffs imposed on each other, resume normal people-to-people exchanges and trade ties, consider the elimination of unreasonable restrictions on Chinese companies investing in the United States and restart negotiations on a bilateral investment treaty.
- The two countries need to strengthen cooperation within multilateral frameworks, especially when it comes to climate change and global public health. At the same time, they need to coordinate their positions on the WTO reform agenda, promote trade liberalization, and reboot the global economy. They also need to strengthen communication and coordination within multilateral mechanisms, such as the United Nations, G20 and APEC, and enhance cooperation in such areas as trade, international finance, the digital economy, public health and global security.
- China will continue on its path of reform and opening-up to achieve high-quality domestic economic development.



Stephen Roach

*Senior Fellow at Jackson Institute of Global Affairs;
Senior Lecturer at School of Management of Yale University*

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The U.S.-China conflict is clearly the most disruptive geostrategic event that has occurred in the world over the last four years, and it must be resolved, Stephen Roach says.

There is a groundswell of bipartisan public opinion in the United States that is more negative toward China than ever before. Staying tough on China is the one thing that Republicans and Democrats agree on right now, Roach says. But he believes this view will be challenged.

Roach offers two specific thoughts on how the U.S.-China puzzle can be solved: Pick the low-hanging fruit first, and then develop and implement a more strategic framework for engagement that actually works.

As for the easier matters, Roach identifies a number of global issues that the United States and China see pretty much the same way, and which they would like to resolve both individually and collectively. Climate change and global health come to mind immediately, Roach says.

Then he drills down. “Once we get the ball rolling and talking about big issues like climate change and global health, then we’ve broken the ice, and we can begin to tackle tougher issues,” he says.

He proposes a new framework of engagement, saying the old one is simply not up to the task, as demonstrated by the trade war over the last three years.

“We need a new structure for dialogue,” Roach says. He proposes setting up a full time office — a permanent

secretariat — that does nothing but work on all aspects of the U.S.-China relationship, from trade to economics and even people-to-people issues.

But Roach saves his biggest cannon for another kind of framework, which he feels is the most important — the so-called structural agenda. He boldly argues for shifting U.S.-China dialogue away from bilateral trade and toward a bilateral investment treaty. “I give the Trump administration credit for one thing, and that is raising the debate on these structural issues, like innovation policy, intellectual property rights, forced technology transfers, cybersecurity and subsidies for state-owned enterprises,” Roach says. “Unfortunately the allegations they made under the auspices of the former U.S. trade representative, Robert Lighthizer, were based on extremely weak evidence.”

Roach laments that the two countries came close to completing negotiations during the Obama administration, but Trump abandoned the idea even though both nations had favored this framework, Roach says.

Panel Remarks

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Craig Allen

President of the United States-China Business Council

Populism can be seen everywhere in the world, Craig Allen observes, because it’s fundamentally about dislocation, the failure of the social contract and very rapid changes in technology and society. So, with the U.S. election, some things have changed while others have not.

For starters, Allen says, populism and polarization haven’t changed. Nor have COVID, geopolitics, technology competition with China or China’s policies toward the U.S. So there are many reasons to be cautious.

Allen points out that trade agreements will not be a high priority for the new president, Joe Biden. His cabinet members have said they will keep the tariffs for the time being. But that creates an interesting dynamic: Biden may not want to rush into talk about trade agreements but Allen thinks foreign leaders will, including our friends in China.

Allen makes two points about the new Biden team:

- The administration recognizes that the relationship with China is going to remain competitive.
- The rhetoric will be toned down.

The business community in the United States, Allen argues, wants to see a few things. Number one, he thinks that the bulk of businesses want to keep the phase one agreement and implement it fully. He points out that it is valid for another year, and the business community hopes to see the phase two agreement finalized with China, along with a leveraging of the EU agreement and BIT negotiations. Allen makes the case that after phase two is reached, the tariffs should come down.

Over the longer term, Allen contends, both China and the United States should consider joining the CPTPP, which will be difficult, but it makes sense.

“What I would propose is a virtuous discussion between the United States and China, using CPTPP as a structure,” Allen says. Then, assuming both enter the CPTPP, use that for reforming global institutions.



Chen Wenling

Chief Economist of China Center for International Economic Exchanges (CCIEE)

Chen Wenling’s speech centers on ways to heal the wounds of the pandemic, revive the world economy and repair China-U.S. relations and the world order. She stresses that 2021 will be a year of healing, and that whether economic and trade relations can be reshaped into the anchor and stabilizer of the overall China-U.S. relationship will determine the future of this relationship and the world at large.

She makes four points:

- The development of China-U.S. economic and trade relations in the past four decades answers the needs of both countries, and it is not the result of one country imposing on another. Two-way trade surged to \$583.7 billion in 2017 from \$2.5 billion in 1979 and reached a peak of \$633.5 billion in 2018. It dropped by 15.3 percent in 2019 because of the trade war, but rebounded by 8.8 percent in spite of the pandemic. These statistics reveal that China doesn’t hard-sell its goods to the U.S. and that the U.S. has an inelastic demand for Chinese goods.
- The development of China-U.S. economic and trade relations is in line with economic rules. International industrial division of labor, industrial transfers and the reallocation of production factors are all ongoing processes that operate according to their own rules.
- China-U.S. economic and trade cooperation is an irresistible trend. The fact that intermediate goods account for more than two-thirds of their trade means that the industrial chains of the two countries are highly interconnected and mutually reinforcing. Then it is an inevitable trend to achieve trade facilitation, investment liberalization, tax reductions or even zero tariffs. The digital economy and digital trade are expected to continue to march forward, and trade multilateralism and trade rules-making are mega trends, as are regional economic integration and economic globalization. The China-U.S. relationship not only affects the two countries but also carries global significance.

- The Biden administration needs to return to multilateralism as soon as possible and play a role within multilateral frameworks. But that is not to say that Washington partners with its allies to impose pressure on China; instead, it needs to work together with China, as well as its allies, to reshape the rules of global trade and the international trade order in ways that benefit all. A country engages in hegemonism and bullying when it attempts to address current trade issues without respect for rules, and when places its own interests above globally recognized rules and the interests of the world.



Bob Holden

*Chairman and CEO of United States Heartland China Association;
Former Governor of Missouri*

Bob Holden, former governor of Missouri, speaks for the Heartland region of the United States about the value of trade relationships with China. He recounts a meeting with eight other former governors from across the U.S. and says they all agreed that trade with China, student exchanges with China, investments from and into China and tourists from China are essential to their states' economies and are a foundation upon which to build a stable U.S.-China relationship.

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But when Holden looks beyond the circle of former governors, he hears the same message about the economy and jobs. The Heartland region is important for what it produces, the leadership it has, its central location and its commitment to work with everyone whose values it shares, Holden asserts. Yet he hastens to point out that despite the region's influence the Heartland has many communities that need better jobs, safer infrastructure, and more economic opportunities. He believes this is where a rebalancing of U.S.-China trade and using the power of the economy to create goodwill can go a long way toward rebuilding a stable U.S.-China relationship.

Holden offers some suggestions:

- Broader collaboration on agriculture. Agriculture is becoming a very significant tie and beneficial to both China and the U.S. It is imperative, Holden argues, that we strengthen our ties and support continued dialogue and collaboration to strengthen a mutually beneficial relationship in agriculture and beyond.
- More foreign direct investment in the Heartland. Holden points to the Fuyao Glass investment of \$700 million in Ohio, which created 2,300 jobs changed the perception of China in the state. In the same way, he says, more world-class Chinese companies coming to the Heartland would be good not only for the U.S. but for the global ambitions of leading Chinese enterprises.
- Infrastructure investment. Across the Heartland region, along its rivers, there is a "huge need," Holden says, to rebuild waterways, bridges and highways. He believes this could be a win-win for people and cultures in the Heartland and in China.

- Climate change and renewable energy. If COVID-19 has taught us anything, Holden argues, it is that our world has got to figure out how we can rally around shared challenges. We need to figure out how countries around the world can do a better job of protecting all of us.
- Investment in education. Holden is a strong proponent of finding areas in education where the U.S. and China can collaborate. He says there is much to learn from each other that will benefit the world, especially the younger generations.



Wang Yiming

Former Vice President of Development Research Center of the State Council, China

Wang Yiming points out that a new administration taking office in the United States may be welcome news in terms of improving China-U.S. economic and trade relations. But since the Biden administration is giving priority to domestic issues, such as pandemic control, economic revival and the healing of divisions, it can spare little energy to repair its relations with China at the moment. Yet the arrival of the new administration gives hope of improved China-U.S. relations.

Wang says that the trade war hasn't significantly reduced U.S. trade deficit with China; in fact, the figure has increased. In addition to dealing a blow to Chinese high-tech companies, restrictions on U.S. technology exports have undermined the interests of U.S. high-tech companies as well. Facts prove that a trade war is not an effective solution to trade issues, Wang says.

He also stresses that the rebuilding of China-U.S. economic and trade relations must be based on a sensible positioning of the overall relationship. While the U.S. sees China as its strategic competitor, the two countries are not each other's enemy. Their competition should be manageable, and the two countries need to respect each other's core interests and not challenge each other's red line. Their competition should also be fair, equitable and based on rules.

Wang believes that to restore and rebuild trust, China and the United States can work together on the following fronts:

- Boosting pandemic control. The two countries can cooperate within the framework of the World Health Organization and enhance coordination on global vaccine distribution.
- Addressing climate change. Their cooperation in 2015 paved the way for the signing of the Paris agreement. President Biden has signed an executive order to rejoin the agreement, and President Xi Jinping has announced that China is aiming for peak carbon dioxide emissions by 2030 and carbon neutrality by 2060. Therefore, there is tremendous room for cooperation in addressing climate change.
- Placing China-U.S. trade on the right track. In light of the impact of the pandemic, the two countries can establish a grace period through consultations on implementing the phase one trade agreement,

while at the same time starting to remove the extra tariffs imposed on each other. Based on an assessment of the phase one agreement, they can also launch a new round of negotiations on deeper structural issues. These negotiations can be combined with efforts to resume negotiations on a bilateral investment treaty.

- Strengthening macroeconomic policy coordination. Through policy coordination and cooperation, China and the United States played an important role in helping the global economy out of the 2008 international financial crisis. At present, with the coronavirus pandemic, global economic recovery faces many uncertainties. In response, the two countries can engage in dialogues and coordination within the G20 framework to boost global economic recovery and maintain the stability of global industrial and supply chains and the global financial system.

Wang concludes that complex competition and rivalry between China and the United States are unavoidable, and improvements in their economic and trade relations remains an uphill battle. However, so long as the two countries stand ready to work together, they can build more stable and more constructive economic and trade ties.



Zhu Guangyao

Former Vice Minister, Ministry of Finance, China

Zhu Guangyao speaks to second Stephen Roach's points, especially the one about establishing an office for full-time communication. Zhu says that some details such as the physical location require more discussion, but it needs to happen sooner than later. The whole proposal takes a strategic view, with communication between China and the United States taking place 24 hours a day. We must design this carefully with a step-by-step approach, Zhu emphasizes.

Zhu underlines the importance of the leadership role of the two presidents, saying the great vision and direction should always be based on reality.

Zhu discusses the proposal to reestablish BIT negotiations. He notes that great progress has already been made, but some key issues remain, including how cross-border data flow would be regulated. He calls on both sides to consider structural issues, adding digital economy, including artificial intelligence and the quantum information industry, is another important area for serious negotiation.

SESSION 3

TECHNOLOGY AND GLOBAL CHALLENGES

Keynote Speeches



Steven Chu

*Nobel Laureate in Physics;
William R. Kenan Jr. Professor and Professor of Molecular and
Cellular Physiology at Stanford University;
Former U.S. Secretary of Energy*

Crucial scientific cooperation underlies many of the challenges the world faces, Steven Chu emphasizes. The pandemic is one example. But Chu adds the perspective of a practicing scientist to the question of scientific ethics.

Chu believes the lessons, over the last year have shown us that when countries or leaders choose to ignore scientific advice and facts, they do so at the peril of their own people. That was clear in the case of the coronavirus.

But Chu says the biggest challenge the world faces is climate change, and international cooperation is crucial — especially between the United States and China. Cooperation is the lifeblood of science and must be restarted, he says. Over the past four years, with Donald Trump in the White House, a lot of corporation between China and the U.S. was put on hold or brought to a halt. This needs to be reversed, and soon.

One major problem Chu identifies is that people have begun to conflate economic competition with competition in academia. He laments that now there is competition in academia as never before, which can lead to unethical behavior.

“What is worrisome to all of us practicing scientists,” Chu says, “is that if people begin to learn about what we do in our laboratory before we publish it — while we’re in the act of doing the work — this is not good. And this is not constrained to one country or another.”

He strongly believes that all countries, and all academies and universities, need to redouble their emphasis on the importance of scientific ethics and values. Strict standards of honesty are required in collaboration, he says, to avoid the pitfalls of personal ambition.

Chu makes a forceful case that not only the United States and China but every country around the world needs to make clear that they share a set of ethical values in science.

He is working to help the U.S. Congress and the Biden administration to understand the importance of international collaboration, whether it is in fundamental research or assisting with climate change issues.

Chu explains his effort to open up the allowance for Chinese graduates, the postdocs, to come to the United States to study. He emphasizes that it's good for America, as many people stay and contribute to the American economy. But it's also good that people go back to their home country, he says, because their time spent living and working in the U.S. is a form of foreign diplomacy that pays long-term dividends.



Xie Zhenhua

*Special Adviser on Climate Change Affairs, Ministry of Ecology and Environment of China;
President of the Institute of Climate Change & Sustainable Development, Tsinghua University*

Xie Zhenhua's speech centers on how China and the United States can work together on the issue of climate change. He makes the following four points:

- The coronavirus pandemic and climate change are the most pressing global challenges today. As the world's largest developing country and largest developed country, respectively, China and the United States need to strengthen cooperation on pandemic control and climate change and partner with other countries to protect the common future of humanity. That is the expectation of the entire international community.
- The two countries can build on their past cooperation on climate change. Leaders of both countries attach great importance to climate change and sustainable development, and their commitment provides a political basis for restarting China-U.S. cooperation on climate change.
- China and the United States need to engage in results-oriented cooperation on their goals, pathways and policy actions for their INDC and ultimate carbon neutrality as follows:
 - I. Engage in policy dialogue. The China-U.S. Climate Change Policy Dialogue, which had continued for many years, needs to be restarted. Exchange activities and cooperation programs between local governments, between enterprises, between research institutions and between organizations in civil society need to continue. And partnerships at all levels need to be restored and expanded to increase project cooperation.
 - II. Ensure pragmatic and extensive climate cooperation. The two countries have a basis for climate cooperation on many fronts, which Xie lists specifically.
- Carbon neutrality can be the starting point for China and the United States to remove obstacles in bilateral relations and promote cooperation on climate change, Xie believes. In dealing with multi-lateral issues, it is important to accommodate both national and global interests and to satisfy the widest possible range of interests.

Xie hopes that by drawing inspiration from their cooperation in the past, the two countries can steadily revive cooperation on climate change, and begin to translate containment and rivalry into win-win cooperation in the realm of climate change.

Panel Remarks



He Yafei

*Distinguished Professor of Yenching Academy of Peking University;
Former Vice Minister of Foreign Affairs, China*

Technology advances are driving forces of the global economy, as well as disruptive factors in human life and society, He Yafei asserts. In that sense, he tells us, they represent great challenges to humankind as it tries to catch the upside benefits while reducing its downsides. This is all the more true today, He believes, as technologies are intertwined with geopolitical entanglements and ideological conflicts between major powers.

He also tells us that global challenges need global solutions because no country can handle them alone. Climate change and nuclear proliferation as two typical examples, and COVID-19 is another, he says. For a whole year now, countries have taken wildly different paths to deal with the unprecedented global health crisis — and they've had dramatically different results. That leads him to the question: What if from the very beginning countries had worked together? The end result would certainly have been different, he says, and many lives could have been saved.

Second, he says, technology cooperation is the way out of the abyss — not decoupling, as advocated by some major powers. Every country should be equal in the tech revolution but in reality, some are more equal than others, He Yafei observes.

Unfortunately, he says, China has been singled out by the U.S. and a few others who claim it has “revisionist intentions.” Tech progress, they wrongly believe, will be used to challenge the dominant position held for decades by the U.S. and its allies in the science and technology arena.

A few years back, He notes, things started to get worse and the U.S. began to decouple from China in high tech, trying to join with allies to block China from accessing products, including chips, that were labeled dual usage. This move was intended, in He's view, to strangle China in its advance toward high-tech proficiency. He doubts the new Biden administration will reverse course anytime soon in taking on the remnants of Donald Trump.

Third, the key question is what to do now with existing geopolitical difficulties and huge technology gaps between developing and developed countries. He tells us that new thinking, a new road map and new architectures are urgently needed to reshape global governance:

- It is essential to address the fundamental issue of the widening gap between rich and poor that has given rise to increasing inequality both within a country and between countries.
- Technology, in principle, should be shared by the community of nations, as all have a shared future.

- The first test in 2021 is the continued fight against COVID-19. Global efforts and coordinated actions are needed, including with fast and equitable distribution of vaccines.
- In taking up non-traditional global challenges, geopolitics should be discarded to make room for major power cooperation as benefits from the tech revolution take effect.



Miao Wei

*Vice Chairman of the Committee on Economic Affairs of the
13th CPPCC National Committee, China*

Miao Wei gives three pieces of advice on the improvement of China-U.S. relations:

- Because China-U.S. relations have reached their lowest point since the establishment of diplomatic ties, it is imperative that both countries take decisive measures to prevent further deterioration.
- China and the United States need to build a multilevel dialogue mechanism to increase communication and rebuild mutual trust. Under President Obama, for example, the two countries engaged in active cooperation at the Nuclear Security Summit, showing that the two countries can engage based on their shared interests. In addition, there are examples that illustrate the lose-lose nature of confrontation.
- China and the United States need to find areas of convergence of interests and promote pragmatic cooperation by seeking the low-hanging fruit before cracking tougher problems. While Chinese and U.S. companies compete, they have to more to offer each other. The two countries need to find areas of convergence of interests, and start to work together in areas that are not in dispute.

Miao highlights the issue of climate change, pointing out that it's one of the issues over which China and the United States are not in dispute. The two countries are the largest developed country and the largest developing country — and the world's largest carbon emitters. Therefore, they assume an important responsibility in the global response to climate change. The statements made by their leaders about climate change are quite encouraging. They not only demonstrate the solidarity of the international community in addressing it but also underscore the possibility that China and the United States can reach consensus and cooperate on many global issues.

Miao notes that addressing climate change is a systematic undertaking that promises to bring many business opportunities and technological advances. Given the huge market demand in China and advanced technology in the U.S., the two countries are well positioned to cooperate in many areas, including the development of clean energy, promotion of electric vehicles, research and development of fuel cells, production of green hydrogen, and technology research for energy storage and carbon capture.

He concludes by saying that China stands ready to reach out to John Kerry, President Biden's special presidential envoy for climate, to discuss cooperation opportunities.



Bill Owens

*Co-founder and Executive Chairman of Red Bison;
Former Vice Chairman of the U.S. Joint Chiefs of Staff*

Bill Owens agrees that the China-U.S. relationship is the most important relationship between the world's nations because of what it means for the future of our children. "This is about our families. And this is about the next 20 years," he says.

Words matter, Owens says, pointing to the United States as being responsible for more than half of the declining relationship over the past few years. He says both sides need to start using different words — words that reinforce trust between them. He asks: "How do we build trust?"

He is especially worried about words that reinforce the concept of Mutually Assured Deterrence on both sides, while urging China and the U.S. to continually remind themselves that it's a 20-year strategy.

Owens, who was among the highest-ranking American generals, emphasizes something he believes is crucial but which nobody talks about much — the convergence of technology and asymmetrical warfare. The military can now see a very large battlefield in great detail, and that detail allows you then to target in a very efficient way, he says. And he thinks the Chinese military is building that same form of warfare.

It involves all the technologies that everyone has talked about, he says. And when commanders on both sides can see the battlefield precisely, then there is a tendency for decision-makers to step in and open a war.

"So we need to be aware of that," Owens warns.



Wang Binghua

*Former President of State Power Investment Corporation Limited,
China*

Wang Binghua shares his experience in a China-U.S. high-tech cooperation project. In 2003, China introduced the AP1000, the third-generation nuclear reactor from Westinghouse. All four units were connected to the grid in October 2018. Since starting commercial operation, many operational indicators of the units set world-class standards. Their safety record surpasses those of other third-generation nuclear power plants, thus presenting strong economic viability and a competitive edge. Wang believes that the success of the project is attributable to three factors:

- The U.S. government and the Chinese government honored their promises and lent strong support to the project. Thanks to active negotiations between relevant government agencies, the U.S. government presented a letter of guarantee to the Chinese government that was signed by the U.S. secretary of energy and secretary of commerce even before Westinghouse took part in the bidding process.
- Chinese companies have ensured compliance with the laws and regulations that apply to their operations. Since the technology transfer began in 2007, these companies have also remained true to the spirit of the contract. In the past decade and more, no business disputes or legal disputes have arisen in the project over intellectual property rights. Through their compliant practices, Chinese companies have won the respect and recognition of the technology transferors.
- All parties formed a community of shared interest in the process of construction. In fulfilling the contract, all sides worked to seek common ground while reserving differences, adopted a give-and-take attitude and lent support to each other.

Wang then offers three pieces of advice, saying that competent authorities in China and the United States need to work on the following fronts:

- Support the expansion of long-term business cooperation with technology originators, which both Chinese and U.S. companies desire.
- Encourage cooperation to expand the presence of Chinese and U.S. companies together in third countries. This type of cooperation can deliver a strong competitive edge in the bidding of nuclear power projects and also can leverage the respective strengths of the two countries and their companies.
- Work together with companies to identify both the success stories and problems in technology transfers and cooperative project operations, to expand common understandings, address differences and form more consensus on cooperation. As they find convergence of interests, the two countries can eliminate some fixed modes of understanding on certain other bilateral issues.

SESSION 4

PEOPLE-TO-PEOPLE EXCHANGE

Keynote Speeches



Stephen Orlins

President of the National Committee on United States-China Relations

People-to-people relationships are the foundation of political relationships, Stephen Orlins asserts. Ultimately it is the people of the United States and the people of China who will determine how and whether those relationships create a more secure and prosperous world, in support of this, Orlins recounts the inspiring story of “Ping-Pong diplomacy,” which broke the ice in China-U.S. relations in the 1970s. He reminds us that it changed attitudes on both sides.

While the Chinese players dominated the matches, the U.S. players managed to win surprise victories, especially when the tour landed in their hometowns. It was all in the spirit of “friendship first, competition second,” in his telling.

Orlins explains two reasons for telling this story. First, he references an opinion article he wrote suggesting ways that the U.S. and Chinese government could enter into a virtuous cycle of actions and reactions. It was picked up by Chinese media but with passages critical of China removed, leading to one of his suggestions about bilateral relations.

His second reason for telling the story is to ask a momentous question: Who are the Ping-Pong players of 2021? Who among us can change the narrative of U.S.-China relations?

In the last 50 years, Orlins observes, in addition to Ping-Pong, the greatest positive image of China was delivered through the 2008 Olympics. “There were certain images that I won’t forget, images I think still mean something to Americans,” he says.

The first was Yao Ming walking at the front of the Chinese team at the opening ceremony holding the hand of a 9-year-old survivor of the Sichuan earthquake. Orlins is persuasive that the human emotion conveyed through that image touched the world.

The second was unplanned — Liu Xiang, the hurdler, having to give way to an injury and his coach coming to tears describing his hard work and disappointment. Americans thought, “I feel his pain. That’s just how I would feel.”

Among his suggestions are the following:

- Both countries need to revise their visa policies to allow for the free flow of people.
- Closing the Houston and Chengdu consulates undermines people-to-people contact. Both should be reopened ASAP.
- America should stop limiting Chinese state media in the U.S., and China should invite expelled American journalists back.
- China should end its limits on English language media and social media in China.
- America should reinstate the Fulbright-Hays program and make clear to all that Chinese students have a welcoming home in American universities. China needs to stop limiting what research American academics can do in China.
- The Hong Kong national security law potentially penalizes speech in the United States when the individual visits China, which discourages Americans from traveling there. China should clarify that it does not intend to implement the law in that manner.
- A virtual gathering of scientists needs to be convened on COVID-19 to share best practices.



Wang Chao

President of the Chinese People’s Institute of Foreign Affairs

Wang Chao shares three pieces of advice on promoting China-U.S. people-to-people exchanges:

- People-to-people exchanges are an important component of China-U.S. relations, and play an important role in enhancing mutual understanding and friendship and in shaping a stronger social foundation for bilateral relations. Since China and the United States have tremendous differences in social systems, ideologies, cultural traditions, historical backgrounds and national circumstances, people-to-people exchanges are particularly important to the development of their relations. In fact, closer people-to-people exchanges lead to a stronger social foundation for bilateral relations, which

are in a stronger position to respond to risks and challenges. The two countries need to promote people-to-people exchanges in good times but, more important, leverage the important role of this form of exchange in promoting bilateral relations in bad times.

- As China-U.S. relations have expanded over the past 40 years, people-to-people exchange has witnessed impressive development. Under President Trump, however, these exchanges suffered serious setbacks and regressions in some aspects, because the administration demonized and politicized people-to-people exchanges and as part of its China policy suppressed two-way exchange activities. In launching a massive irrational crackdown on people-to-people exchanges, the United States undermined bilateral relations and damaged its own interests.
- There is an important window of opportunity for the improvement and development of China-U.S. relations, and the two countries need to seize the opportunity to restart and expand people-to-people exchanges. The U.S. government needs to reverse the Trump administration's wrong moves obstructing people-to-people exchanges by making it easier for Chinese students, visiting scholars, business people and media workers to visit the country, and study and work there, and by restarting people-to-people exchange programs. At the civil society level, there are many institutions and nongovernmental organizations dedicated to advancing friendship and cooperation between the two countries. Therefore, the two governments need to encourage these institutions to play their part in bilateral relations.

Panel Remarks



Max Baucus

*Former U.S. Ambassador to China;
Former U.S. Senator from Montana*

Baucus agrees that people-to-people exchanges at all levels make the best foundation for a sound bilateral relationship. The more we travel back and forth and visit each other, he says, the more we're going to keep the politicians honest. But he fears there's too much talk and not enough action. Actions speak louder than words, he says, and he has not seen enough action on either side to indicate they are really sincere about wanting to work together.

Baucus, a former U.S. ambassador to China, notes that the country has become so large — 1.4 billion people — and its military budget has expanded at a rapid rate, that it frightens Americans. Americans are wondering where is China going, Baucus says. What are China's intentions and the possible consequences? It has become somewhat politically correct in the United States to be fearful of China, or critical of China, he says.

But Baucus is firm on a point he makes frequently: Until both countries indicate to the other — not just by words but by deeds — that in fact it wants to work with the other, reconciliation is going to be hard to achieve. The United States is going to have to show by action that it does not want to put China down, that it is not trying to stop China’s rise, but rather that it wants to work with China. He knows that a lot of actions by the United States government would need to be undertaken. And the same goes for China. In his judgment, China must show the United States and the world, not by words but by deeds:

- That it does not want to be a world hegemon;
- That it does not intend to be an Indo-Pacific hegemon;
- That it wants to work with the U.S. on certain global issues and compete on a level playing field with United States and other countries.

Baucus points to concerns in the United States that China does a lot of talking but not much doing — that China says it will do something but then doesn’t. So he reiterates that point, which he has made in many forums and still believes to be true.

“Until I see it’s not true, until I see actions that indicate China wants to work with the rest of us, I’ll just keep on with that message,” he says. He believes it’s necessary in the search “to find the respect we all talk about.”



Neil Bush

Founder and Chairman of the George H.W. Bush Foundation for U.S.-China Relations

Neil Bush says his father, George H.W. Bush, would agree that people-to-people engagement is a powerful dynamic for gaining better understanding and developing mutual respect. In turn, they become cornerstones for building closer, more constructive bilateral ties.

His father was determined to put himself in the other guy’s shoes, the younger Bush says. George H.W. Bush knew that to create a win-win outcome, it was critical to understand the other side, their culture, their struggles and their true intentions.

In fact, Bush says, it was the frequency of his father’s own people-to-people communications that led him to understand that China is not the enemy.

**David Firestein**

President and CEO of the George H. W. Bush Foundation for U.S.-China Relations

Firestein works on public diplomacy and people-to-people exchanges and sees firsthand the extraordinary value of those exchanges in building friendship and understanding — and ultimately a modicum of trust — between the United States and China.

Now he observes that the relationship is not good. He characterizes it as the low watermark since normalization 42 years ago. One area Firestein identifies as a sad casualty — as other speakers have — is people-to-people engagement.

Framing China as essentially the enemy of America is immensely destructive, Firestein says, listing many specific ways the Trump administration severely damaged what had been built over the years — not only curbing official dialogue but also impeding people-to-people interaction in ways never seen before. An obvious one is placing greater restrictions on students from China, he says.

In Firestein's view, President Trump and other senior members of the Trump administration made a truly cynical effort to go negative on China in a major way, and really create negative associations — willfully and consciously creating negative associations in the minds of the American people. In the last 12 months, we have seen a sharp deterioration in U.S. public sentiment toward China.

At the same time, he notes, China has seen similar deterioration in public sentiment toward the United States. "We have to recognize that as well," he says.

Some of Firestein's priorities:

- Reopen the two consulates general in Houston and in Chengdu.
- Restore the Fulbright program.
- Restore the U.S. Peace Corps presence in China.
- Restore a posture of openness toward qualified Chinese students, scholars and media professionals.
- The U.S. should cease and desist its efforts to shut down Confucius Institutes because we need to know what Chinese think, and we shouldn't be scared to hear those ideas or worry about propagandistic effects. We should welcome all views being expressed on our university campuses.

For friends in China, he suggests:

- Embracing people-to-people exchanges. "I think if we're being honest, we have to recognize that historically, sometimes China has been wary of those exchanges."

- Recognizing the need for greater reciprocity.
- Creating an international visitor leadership program similar to the Billington Program in the U.S. and encouraging the exchange of not hundreds but thousands of Americans and Chinese in both directions. Bold steps are needed.

Firestein notes Joe Biden’s campaign slogan, “Build Back Better.” The U.S.-China relationship has been torn down over the last several years, he says, so we need to build it back better, together. There is room for improvement on both sides.



Lin Songtian

*President of the Chinese People’s Association for
Friendship with Foreign Countries*

In his speech, Lin Songtian discusses some incorrect understandings of the difficulty and predicament in China-U.S. relations, pointing out that they are rooted in an outdated theory of international relations. He believes that to break the deadlock, it’s imperative for the United States to make the right strategic choices and meet China halfway.

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He stresses that problems on the U.S. side result from the country’s insistence on outdated geopolitical theories, a Cold-War mentality and a zero-sum game approach in dealing with international relations. It sees China as a major strategic competitor instead of a strategic partner; some Americans even worry that a stronger China will seek hegemony, though this argument finds no basis in history or in reality.

Since the beginning of the 21st century, the United States has adopted a series of measures designed to incite color revolutions in China and contain its development. It has never ceased its efforts, yet it has never succeeded. In the past two years, the Trump administration imposed maximum pressure on China, started a trade war and tried to discontinue bilateral technological, financial and people-to-people exchanges, but with little or no effect.

Lin also recalls that in 1972, U.S. President Nixon started to work together with Chinese leaders to normalize relations with a handshake across the Pacific Ocean, based on his simple but belief that there is no reason for China and the United States to be enemies. That move has brought enormous benefits to people in China, the United States and the world at large.

Today, President Xi Jinping has explained China’s perception and strategic approach to China-U.S. relations on many occasions. Simply put, there are a thousand reasons to make the China-U.S. relationship a success, and not a single reason to break it. Win-win cooperation is the best choice for both sides, and China is ready to work with the United States to develop a new type of major country relationship featuring no conflict, no confrontation, mutual respect and win-win cooperation.

In conclusion, Lin believes that far-sighted American people from all walks of life will change their perceptions of China and make the right strategic choices.

**Shao Qiwei***Chairman of the former China National Tourism Administration*

Shao Qiwei starts by giving an overview of the global tourism industry during the outbreak and spread of the coronavirus. According to the World Travel and Tourism Council, up to 75 million jobs are at immediate risk in global tourism because of the pandemic, with tourism GDP losses to the world economy reaching up to \$2.1 trillion in 2020.

Shao stresses that China and the United States are the two largest economies in the world and also the largest tourism markets, and so they need to assume an important role in mitigating the impact of the pandemic. Their cooperation means much to the development of their relations, to their own economic recovery and development, to the creation of tens of millions of jobs and to the recovery and development of the world economy.

Tourism cooperation is an important part of people-to-people exchange, and to harness its power in expanding China-U.S. relations, Shao offers four pieces of advice:

- China and the United States need to stay committed to the consolidation and expansion of people-to-people exchanges. They should encourage and expand exchanges between the people, create more channels of exchange for think tanks, the media, youths, tourism, and other sectors, to create positive public opinion about relations.
- In light of the progress of the global pandemic response, China and the United States need to engage in people-to-people exchanges and tourism cooperation in a gradual fashion and with full consultation. Therefore, when the pandemic comes to an end and if conditions permit, the two countries can rapidly expand their people-to-people exchanges and launch activities in the tourism sector.
- China and the United States need to restore old working mechanisms and establish new ones. Original mechanisms, such as the China-U.S. Tourism High-Level Dialogue, can be resumed in due course to promote direct dialogue between tourism authorities.
- China and the United States need to promote cooperation across the whole industry chain. As the world's two largest economies, they have a wide range of industrial categories, long industry chains and sophisticated technologies, all of which present a broad basis and space for cooperation. Starting in the tourism sector, the two countries can promote cooperation across a whole industry, including the flow of people, financial cooperation, equipment manufacturing, and smart tourism. Meanwhile, they must open wider to tourism investment, consider joint construction of hotels and restaurants, tourist attractions and other infrastructure, and consult with academic institutions specializing in tourism development.



John Zhao

Founder and Chairman of Hony Capital

John Zhao points out that since the opening-up of China in the last few decades, the U.S.-China relationship has experienced a period of accelerating cooperation in which the U.S. benefited, China benefited, the world benefited. In the last four years, he laments, we've also witnessed an accelerating deterioration of the relationship.

Yet he firmly asserts that the U.S.-China relationship remains the most important bilateral relationship in the world.

Zhao recalls an incident in 2019 in which the manager of a very well respected U.S. NBA team tweeted some supportive comments about what was going on in Hong Kong. Little did he know, little did the NBA know, little did the American public know, that this would cause a very quick and massive reaction, not by the Chinese government initially, but by the Chinese fans, who love to watch the NBA — and there are more than 640 million Chinese viewers of NBA games, so far.

And so, this incident demonstrated some fundamental facts that Zhao believes are relevant: People-to-people connections have always played an important role and will continue to do so. But with globalization and digital media, he cautions, people's views and sentiments are very influential, but they are also easily influenced. Zhao has three suggestions:

- The two countries have many differences that need to be worked out. So let's liberally allow people-to-people connections and encourage that, because friendship matters. Individual friendships, one at a time, serve as the bedrock of trust between nations.
- Social media provides a platform for people to be connected. People through this connectivity are very influential as a group, but be aware that they are easily influenced.
- Political leaders, people who love peace and are responsible for guiding nations to improve, should use this platform to provide facts. Facts matter; truth matters. And to speak constructive words because words matter.

Zhao believes, with others, that by encouraging more people-to-people connectivity, especially during this difficult time, China and the U.S. will be able to restore relations to a positive track.

APPENDIX



**Hong Kong Forum on
U.S.-China Relations**
香港中美論壇

Welcome Message

HK, Greater Bay Area: A Potent Engine

■ Carrie Lam

Chief Executive of Hong Kong Special Administrative Region



The Honorable Mr. C.H. Tung, ladies and gentlemen — good morning.

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It gives me great pleasure to be invited by Mr. Tung, Chairman of the China–United States Exchange Foundation, to extend a virtual welcome to all distinguished guests attending the Hong Kong Forum on U.S.–China Relations. I wish to congratulate the foundation for organizing this forum to explore and predict Sino-U.S. relations at a very timely occasion, that is, literally within days of the inauguration of a new U.S. administration under President Joe Biden. Indeed, I believe all eyes are now watching closely the development of Sino-U.S. relations in the president’s first 100 days. In a rather unprecedented way, the Hong Kong Special Administrative Region government is among those watchers, and I will tell you why in a moment.

Before we look into the future, let’s review the past since I spoke to guests attending the forum held here in Hong Kong in July 2019, during a dinner I hosted at Government House. Our city was then facing the most severe social unrest in recent Hong Kong’s history ignited by opposition to a government legislative proposal on the return of fugitive offenders. But in terms of relations between China and the U.S., it was then a moment of hope. The July 2019 forum coincided with the 40th anniversary of the establishment of diplomatic relations between China and the U.S. And, just 10 days prior to the forum, at the Group of 20 Summit in Osaka, President Trump and President Xi had agreed to resume talks after a yearlong trade war started and stoked by the U.S.

Regrettably, the pause and the promise of resuming talks did not last. Indeed, over the past 18 months, ties between China and the U.S. have sharply deteriorated, and the causes of such deterioration have gone well beyond trade and investment. That, ladies and gentlemen, is a reality as lamentable as it is harmful, both to bilateral relations between the world’s two largest economies and to global economic growth.

Equally lamentable, if not outright resentful, is the unilateral action taken by the former U.S. administration against Hong Kong during that period. Those totally unjustified actions, or sanctions on the HKSAR govern-

ment, businesses and individuals were imposed under the so called Hong Kong Autonomy Act and the former president's executive order.

The former U.S. administration tried to justify its actions by referring to the enactment and implementation of the National Security Law in Hong Kong in June last year. Such an argument cannot stand up to scrutiny.

It is the legitimate right and duty of every state to safeguard its national security. Hong Kong is a special administrative region of China with a high degree of autonomy under the "One country, two systems" principle. Given the extreme social unrest and violence that overwhelmed Hong Kong in 2019, the enactment of the National Security Law by the central authorities was both necessary and rational.

What's more, the law is clear and entirely focused on four types of acts and activities that can seriously endanger national security. It contains specific provisions upholding Hong Kong people's rights and freedoms. It also provides for important principles of the rule of law, including the presumption of innocence, the prohibition of double jeopardy and the right to a fair trial. These important features have put our National Security Law on par with, if not superior to, similar national security laws in other jurisdictions, including the U.S.

As a matter of fact, since implementation of the National Security Law, street violence which had haunted Hong Kong people for months since June 2019, has subsided and stability has been restored. Such a stable environment is vitally important to the prosperity of Hong Kong and the business activities of both local and overseas enterprises here. I hope the new U.S. administration will view the National Security Law in Hong Kong in a fair manner. Meanwhile, I and my 11 senior colleagues who have been sanctioned will not be intimidated. We will continue to steadfastly, dutifully and lawfully carry out our duties to safeguard our country's national sovereignty, unity and territorial integrity.

As in July 2019, here we are today at another timely China-United States Exchange Foundation Forum embracing a glimpse of hope. We are here to weigh the potential of another promising moment, for China and the U.S., for Hong Kong and for the world at large. With Mr. Biden becoming the 46th President of the U.S., we hope that bilateral relations between the world's two leading economies will start to improve, providing the impetus for global recovery.

President Xi Jinping has made our country's position clear. In his congratulatory message to President Biden, President Xi said that he "hoped the two sides would uphold the spirit of non-conflict, non-confrontation, mutual respect and win-win co-operation," that they would "join hands with other countries and the international community to promote the noble cause of world peace and development."

I am glad to note that President Biden, in his inaugural address, seemed to echo President Xi's sentiments, at least in terms of the importance of international cooperation. President Biden mentioned that the U.S. will "engage with the world once again, not to meet yesterday's challenges but today's and tomorrow's." He added that the U.S. "will be a strong and trusted partner for peace, progress and security."

We all hope that President Biden will soon turn his words into deeds. In this regard, I am sure many governments around the world are relieved to hear that the new U.S. administration will re-engage with the World Health Organization, that it will join the Covax vaccine program to help stem the spread of COVID-19 and fast-track the availability of the new vaccines to the wider world. For the environmentalists, the new U.S. administration's decision to rejoin the Paris climate accord will indeed be a piece of good news to kick-start the new year.

Hong Kong has long been a gateway between mainland China and the world. Instead of being caught in the geopolitical tensions between nations, and notably between China and the U.S., we hope to play a constructive role leveraging on our unique advantages under “One country, two systems.” Indeed, Hong Kong and the U.S. have enjoyed long-standing success in business, trade and finance. In 2019, our bilateral merchandise trade reached US\$66 billion. Let me add that the U.S. trade surplus that year amounted to more than US\$26 billion — the highest among the many trading partners of the U.S. Take in the decade between 2010 and 2019, America’s cumulative merchandise trade surplus over Hong Kong was at an awesome US\$310 billion.

On financial services, U.S. banks, insurers and private equity firms are a major player in Hong Kong’s financial sector, which accounts for over 20 percent of our GDP; they stand to benefit considerably from Hong Kong’s participation in the continuous reform and opening up of the mainland capital markets. Thus, both in trade and investment and finance, Hong Kong is a highly valuable business bridge between China and the U.S.

The American Chamber of Commerce in Hong Kong is our largest international chamber. That’s not surprising, given that nearly 1,300 U.S. companies are based in Hong Kong. And more than 280 of them keep their regional headquarters here. Our people-to-people bonds are equally strong. Hong Kong is home to 85,000 U.S. citizens. We welcome U.S. businesses and individuals to continue contributing to and benefiting from Hong Kong’s many promising prospects.

Indeed, with stability restored, I paid a trip to Beijing, Guangzhou and Shenzhen last November to discuss further measures to support Hong Kong’s integration into the national development. I have subsequently outlined in my 2020 policy address a series of initiatives to inject new impetus to Hong Kong’s economy. I am confident that once the COVID-19 pandemic has finally been brought under control, there will be enormous opportunities for us to seize.

With remarkable efforts in controlling the pandemic, China has already regained economic growth, being the only major economy to show real growth in 2020. With our unique advantages under “One country, two systems,” Hong Kong is set to benefit from our country’s development. The Guangdong-Hong Kong-Macao Greater Bay Area will be an excellent entry point. The Greater Bay Area comprises Hong Kong, Macao and nine cities in Guangdong, with Shenzhen and Guangzhou the core engines for development alongside Hong Kong and Macao. Boasting a population of some 72 million, a combined GDP larger than Australia’s and a per capita GDP of US\$23,000, the Greater Bay Area looks to rise as one of the world’s strongest regional economies, particularly as an innovation and technology hub. Beyond innovation and technology, Hong Kong will drive financial services for the region, given our longstanding strengths in financial services, our ability to bridge East and West and the unmatched depth and quality of our professional services.

In short, I believe that Hong Kong’s future is bright, but we need to have a stable global and local environment for us to thrive. That brings me back to today’s forum: Healthy China-U.S. relations are important to the world in many ways, and that can only be achieved through constructive dialogue at all levels. Today’s forum provides an excellent platform for such dialogue, and I congratulate the China-United States Exchange Foundation for bringing together so many insightful leaders from around the world to exchange views on how to promote China-U.S. relations, and how to make the world a better place for us all.

I wish you all a very fruitful forum, and as I have promised Mr. Tung, I look forward to again hosting a dinner at Government House for guests at the next forum in my capacity as chief executive of the HKSAR. As we are approaching the Year of the Ox, may I wish you all an industrious and rewarding year ahead. Thank you.

Previous Hong Kong Forum on U.S.-China Relations

The China-United States Exchange Foundation (CUSEF) and the China Center for International Economic Exchanges (CCIEE) co-hosted the “U.S.-China Trade & Economic Relations: What Now, What Next” forum in Hong Kong on July 9-10, 2019.

Bringing together over 40 influential experts on the China-U.S. relationship from the United States, China, and other Asia Pacific countries, the Forum generated an honest discussion regarding the current state of economic ties between the two nations as well as the potential for stronger collaboration in the future.

You can download the 2019 Forum Summary here:
www.cusef.org.hk/publications/2019-forum-report-en.pdf



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