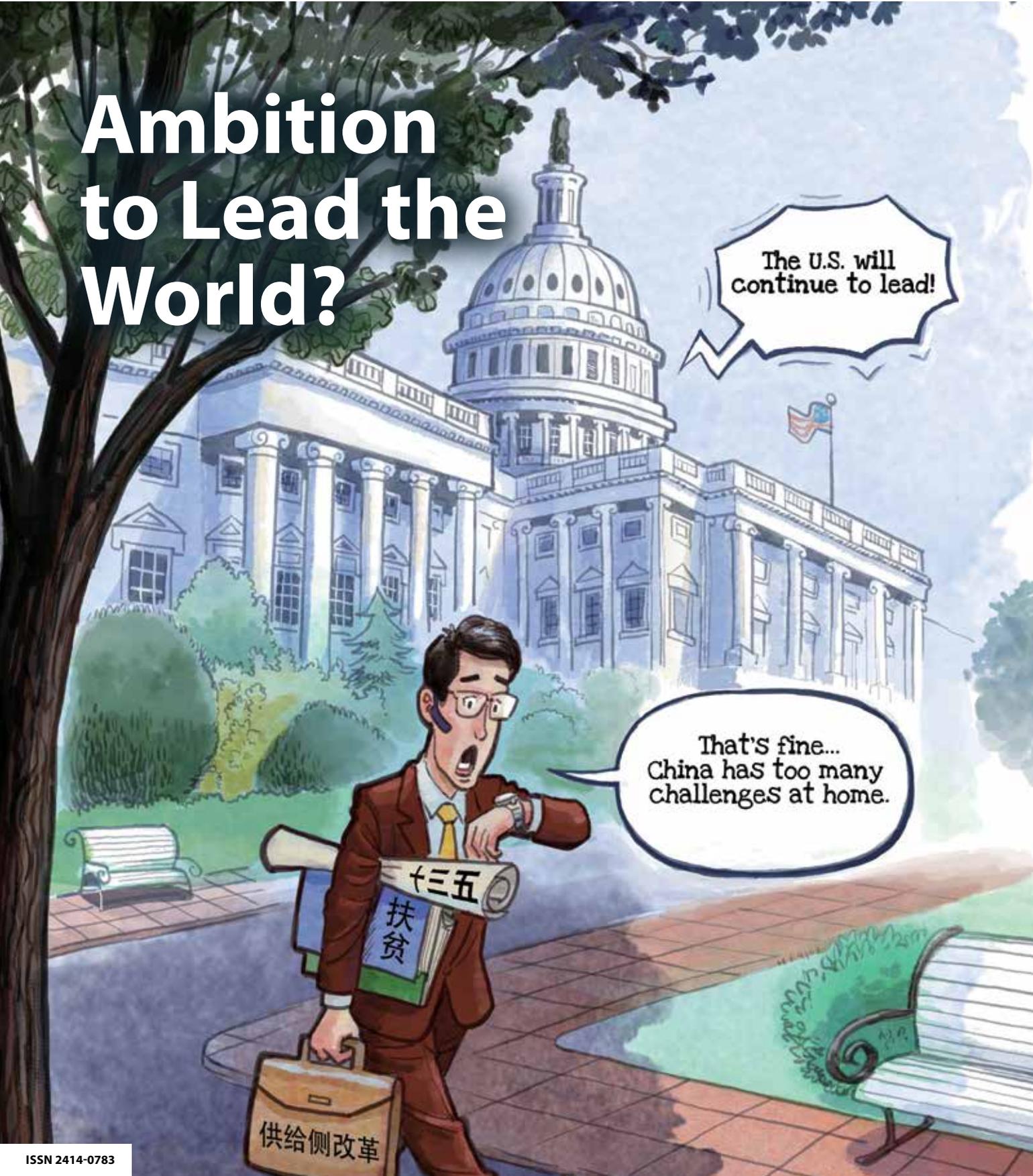


CHINA & US Focus Digest

Ambition to Lead the World?



The U.S. will continue to lead!

That's fine...
China has too many
challenges at home.

供给侧改革

CHINA & US Focus

ENGAGE. STIMULATE. IMPACT.

Tung Chee Hwa
Chairman
China-United States Exchange Foundation

Publisher
Alan Wong

Editors
Zhang Ping
Hong Chang

Special Advisor
Zhu Yinghuang

Assistant Editor
Peng Hui

China-US Focus Digest is a bi-monthly magazine of exclusive commentaries on China-US relations. The articles express views of influential opinion leaders and scholars in China and the US on the issues faced by the two nations. Its contents are independent and do not necessarily reflect the views of the China-US Focus team.

@ China-United States
Exchange Foundation, 2016

For comments, please send to
digest@cusef.org.hk



www.chinausfocus.com

With special thanks to BLJ Worldwide and Shanghai Institutes for International Studies for their supports to www.chinausfocus.com and China-US Focus Digest



COVER STORY

China Has No Ambition to Lead the World

With no real threat to America's position in the world, Beijing and Washington need to intensify their efforts to build trust and promote understanding. The best way to achieve that is to expand exchanges at all levels of society, a process that has been a triumph of diplomacy ever since a famous ping-pong game made headlines in 1970.

04

EDITOR'S NOTE

06

COVER STORY

China Has No Ambition to Lead the World

C.H.Tung, Chairman, China-United States Exchange Foundation

11

GLOBAL GOVERNANCE

China No Threat to International Order

Fu Ying, Spokeswoman, National People's Congress of China

15

Daunting Challenges of 2016

He Yafei, former Vice Minister, State Council Office of Overseas Chinese Affairs



11



15

GLOBAL GOVERNANCE

China No Threat to International Order

At the Munich Security Conference on February 13th, Fu Ying stressed that China needs to learn to communicate more clearly to the world its intentions. China is not trying to challenge the U.S. world order, nor create a parallel order; rather, China is part of the existing international order and will continue to contribute.

Daunting Challenges of 2016

In a time of troubles, the re-shaping of the world order and global governance will require a meeting of minds and concerted actions from world powers.

19

CHINA-U.S. RELATIONS

Trapped in the Bipolar Trap

Meicen Sun, Ph.D. student of political science, Massachusetts Institute of Technology

Yoshifumi Ide, member of Pacific Forum CSIS's Young Leaders Program

36

ECONOMY

No Prospect of a Major Slump in China

He Weiwen, Co-director, China-US/EU Study Center, China Association of International Trade

24

Key to U.S.-China Cyber Diplomacy

Franz-Stefan Gady, Senior Fellow, EastWest Institute

41

RMB Depreciation Is All About What China's Central Bank Wants

Yi Xianrong, Professor, Qingdao University

28

NORTH KOREA

Third Time's the Charm?

Richard Weitz, Senior Fellow, Hudson Institute

44

CLIMATE CHANGE

Getting Below Two Degrees Celsius

Ben Reynolds, Writer and Foreign Policy Analyst in New York

32

MIDDLE EAST

Recipe for Mideast: Development Instead of Regime Change

Dan Steinbock, Research Director, India China and America Institute



Editor's Note

Zhang Ping

There is a strong sentiment in the U.S. that China is the major adversary of the United States and that one day it will replace the U.S. as the world leader. The cover in this issue by Mr. C. H. Tung, chairman of the China United States Exchange Foundation, however, gives an unequivocal answer: China has no ambition to lead the world.

Instead, China needs to focus on its mounting domestic needs, Tung argues: faced with an increasingly complex world, Beijing and Washington should intensify their efforts to build strategic trust and expand exchanges at all levels of society.

Fu Ying, spokeswoman of the National People's Congress of China, also refutes the growing concern about China's assertiveness. While China cannot support in its entirety the "world order" as defined by the U.S., Fu writes, "China is part of the existing international order and will continue to contribute."

Listing an array of troubles facing global growth and increasing threats from terrorism, former senior Chinese diplomat He Yafei seems to echo Tung and Fu's call for the two countries to work together. He urges world powers to take concerted actions in addressing global tensions and collaborate on reshaping the world order.

On China-U.S. relations, Meicen Sun and Yoshifumi Ide caution "realist" scholars about being trapped in a Cold-War mindset from which they assess China's ties with its Asian neighbors and the United States. The authors also urge tapping into cultural capital to build collective Asian

identity to boost cooperation and avoid military competition in the region.

China's economy continues to dominate the headlines around the world. Indeed the turbulent Chinese stock market keeps sending shock waves amid weak economic indicators, and China has set a much lower growth target for the years to come. Yet, our contributor He Weiwen points out that China's stock market deviates from how the real economy performs, and a number of fundamental sectors, including the emerging and high-tech sectors, are still robust. With the Chinese government earnestly carrying out structural reform and shifting the priority to consumption and innovation, as well as growing the supply of public goods, a major slump or "hard landing" seems out of the question.

Enjoy reading!



cn.chinausfocus.com

CHINA & US Focus

中美聚焦网正式上线



中美聚焦
CHINA US Focus

CHINA US FOCUS

首页 | 外交策略 | 经济金融 | 军事安全 | 能源环境 | 社会发展 | 文化历史 | 外媒看中国 | 專欄作家 | 專題

【热点新闻】 中国梦 经济之路 钱不贬值 伊核协议 人权问题



中国要准备同美国在南海进行长期博弈

陈立忠

美国海军近日重申中国拥有主权，对中美关系是有利的。美国不驻军南海的军事存在，反而刺激中国南海岛礁建设是所谓“军事化”性质美国自身的行为增加并保持了南海军事化的趋势，中国同美国南海进行长期博弈，也需保持警惕头脑，不陷入美国制造的南海主权争议的陷阱。

中美军事战略伙伴

山姆大叔的任院靴

专栏作家

纪念历史：风物长官放瞻量



钱丁美
复旦大学国际问题研究所副教授

TPP不代表全球利益



张英新
中国南海研究中心副研究员

让中国和邻国加入中导条约

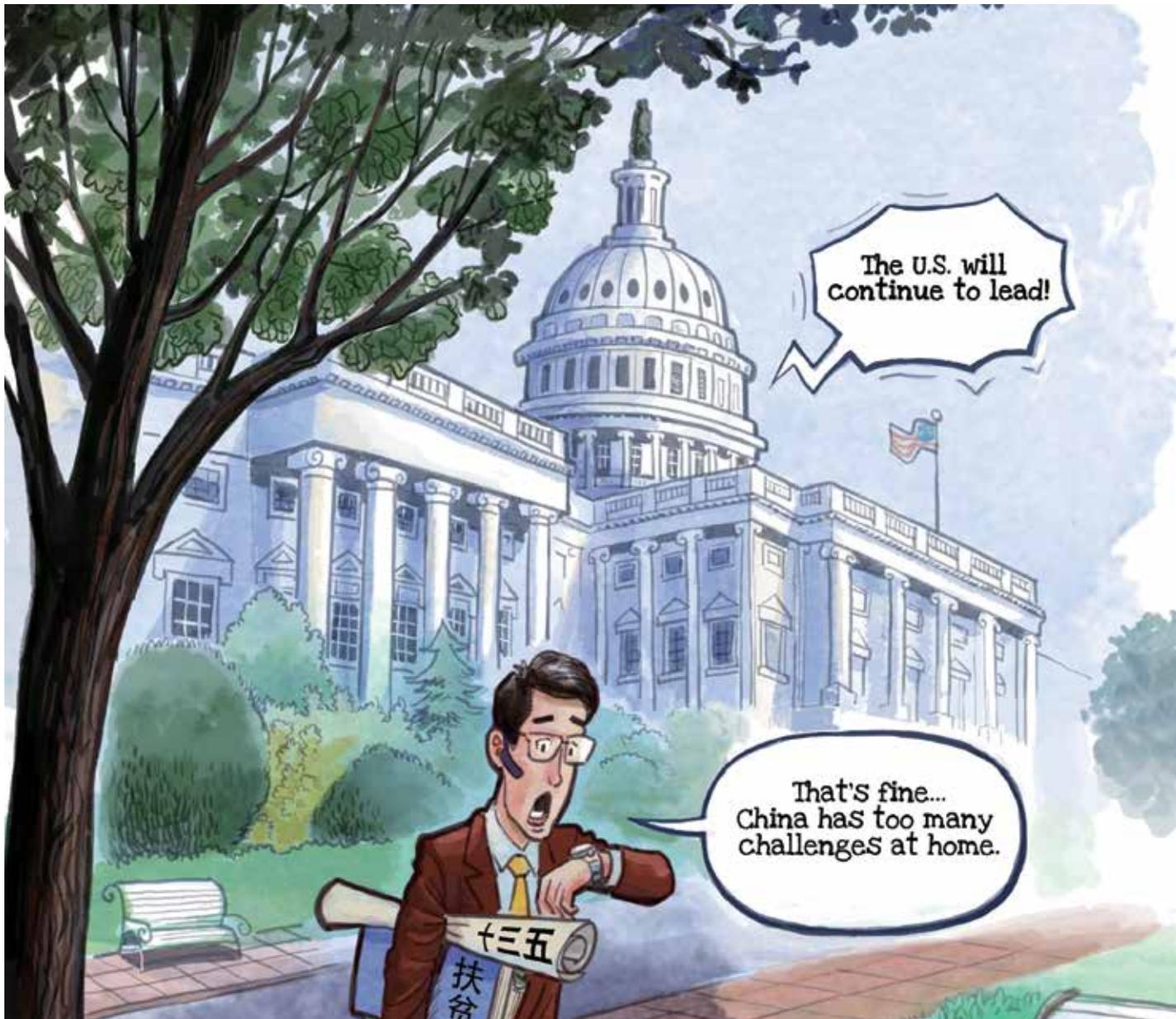


温林·拉索
美国战略与国际研究中心

北京新魅力攻势



中美聚焦



China Has No Ambition to Lead the World

With no real threat to America's position in the world, Beijing and Washington need to intensify their efforts to build trust and promote understanding. The best way to achieve that is to expand exchanges at all levels of society, a process that has been a triumph of diplomacy ever since a famous ping-pong game made headlines in 1970.



C.H.Tung
Chairman,
China-United
States Exchange
Foundation

What is China pursuing internationally? What is China's long-term strategic intent? For China to realize its vision, it needs—not just for now but for the long term—to pursue peace with its neighbors and with countries around the world.

Having lost a third of its landmass due to foreign aggression towards the end of the Qing Dynasty, the China of today will vigorously protect its territorial integrity. Nevertheless, China is pursuing this objective through peaceful means.

There are people in the United States who believe that as China grows in strength, it will supersede America's position of global leadership. However, it is important to view this assertion in light of several facts. First, the United States has the most enviable position geographically, with only two neighboring countries, Canada and Mexico, and independent from the rest of the world by the providence of the Pacific Ocean, Atlantic Ocean to its West and East. The United States also holds an unassailable position in scientific research and innovative technologies, with some of the best universities in the world. It is a country where the best and brightest want to migrate, blessed with natural resources that other nations can only envy.

By contrast, China has 14 neighbors, more than any other country on Earth—some of which it has shared

a troubled historical relationship. China contains more than 20% of the population of the world, but only 7% of the world's arable land, and it is poor in other natural resources. With a population of over 1.3 billion people, the burden of achieving a reasonable degree of wealth for all the people of the country is really a huge challenge. Therefore, although blessed with other advantages, the Chinese leadership knows the country has to constantly keep running forward in order not to slide backward. Indeed, China's modern-day success has not come easily.

There are people in the United States who believe that as China grows in strength, it will supersede America's position of global leadership.

It is true, because of its huge population, that China's total economy, in terms of GDP, will one day surpass that of the United States, but its GDP per capita will still be a fraction of that of the United States. In 10 years, assuming current growth rates, the two countries' GDPs may come close to each other. But because of the huge difference in the size of their populations, the U.S. GDP per capita will still be four



C.H. Tung, former Chief Executive of Hong Kong SAR and Chairman of China-United States Exchange Foundation spoke at a luncheon in New York hosted by the AmericaChina Public Affairs Institute on Jan 25, 2016.

times greater than China's per capita GDP.

Yet, in spite of China's enormous disadvantages, there will always be people thinking that China will one day want to lead the world. This perspective is erroneous.

The truth is that China has no ambition to lead the world. China's domestic needs are so enormous, and its challenges are so difficult, that this is where China's focus must be.

Even when China joins the developed world in 2049, as it is hoped, it will have no aspirations or incentives to colonize or conquer foreign lands.

Indeed, the Chinese people remember the pain and suffering of being occupied. Nor does China uphold any religious or ideological motives to influence other people or to take over foreign lands. In the height of the Ming Dynasty, when China had 30% of the GDP of the world, China remained peaceful and did not make incursions into foreign lands.

There is also the view that China will

The truth is that China has no ambition to lead the world.

want to rewrite global rules. However, the fact is that modern-day China is a beneficiary of today's global governance. What China desires, like so many other developing nations, is a greater voice to ensure that the needs of the developing world can be met. The Asian Infrastructure Investment Bank (AIIB) is a case in point. Asia's infrastructure development needs cannot be met by the World Bank or the Asian Development Bank.

The fact is also that, globally, we live in a very complex world that is facing many challenges. These challenges need to be handled by all the countries working together. As China moves up the economic ladder, it will certainly want to be a force of good for the world. From this point of view, it is important for China to maintain a stable and constructive relationship with the United States. If the U.S. and China can work together on global issues, many challenges can be overcome.

Let us take a look at some of these global challenges, and what the United States and China can and are doing together to address these challenges.

The first that comes to mind is the climate change conference in Paris last December. This was a huge success, perhaps only because of the cooperative effort from the U.S. and China. Second is cooperation on global hot-spot issues, such as the Iranian nuclear deal or China's active participation in Afghanistan's nation-building effort. Third is the need to intensify collaboration by the

As China moves up the economic ladder, it will certainly want to be a force of good for the world.

two countries to bring about peace and denuclearization on the Korean Peninsula. Fourth is to fight global terrorism in a determined manner.

As we enter 2016, the global economy is at best sputtering along, and many talk about an imminent global recession. America has the largest economy in the world, and China, the second largest. If the two countries work together in a coordinated fashion with other leading economies, we can add vigor to the global economy.

China's "One Belt, One Road" initiative is designed to boost the economies of the nations in Southeast Asia, South Asia, Central Asia, the Middle East and parts of Eastern Europe. China believes that infrastructure building in these areas will lay the foundation for economic growth, and can become a new driver of the world economy. Collaboration in infrastructure building in Africa will not only help the economy, but also improve livelihoods and reduce the flow of refugees. U.S.-China collaboration in these areas will be very important.

If the U.S. and China fail to cooperate, the chances of overcoming the

*The fact is, there is still too much mistrust.
There is also too much misunderstanding.*

challenges will be much more difficult; if the two countries confront each other, collaboration becomes impossible. This is why eight presidents of the United States, from Nixon to Obama, and five leaders of China, from Chairman Mao to President Xi Jinping, have steadfastly promoted better relations between the two countries. They obviously have known that this is important to the world.

China and the U.S. are working together already, but they need to do more. The fact is, there is still too much mistrust. There is also too much misunderstanding. After all, the two countries have different histories and different cultures; they are at different stages of development, therefore their needs are different. As a result, differences do occur between the two countries. Fortunately, these differences have so far been managed.

But this is not adequate. The two countries need to intensify their efforts to build trust and promote understanding. The best way to achieve that is to expand exchanges at all levels of society. The two presidents now meet three or four times every year. The strategic and economic dialogue teams from both countries meet twice every year. On an official level, there is a great deal of interaction.

But the communication between the Senate and House of the U.S. side and the National People's Congress on the Chinese side can be much better. People-to-people exchanges need to be further expanded. It is heartening to note that there are 300,000 students from China studying in the United States. Meanwhile, the U.S. is making a major effort to increase the number of U.S. students studying in China. 2016 is U.S.-China Tourism Year, which is an effort by the leaders of both countries to expand tourism between the two countries. Greater efforts between the two countries in other forms of exchanges need to be made, such as between think tanks, universities and the press, as well as through cultural interchange, trade, commerce and investment activities. These will all help, and lead to greater understanding and trust.

Just remember: The relationship between China and the U.S. began with a ping-pong game in 1970. If China and the U.S. can do all of the above, with time, there is no limit to how close the two countries can become—and how much benefit their citizens will receive. Indeed, there will be no limit to the common good the two can do together around the world.

China No Threat to International Order

At the Munich Security Conference on February 13, Fu Ying stressed that China needs to learn to communicate more clearly to the world its intentions. China is not trying to challenge the U.S. world order, nor create a parallel order; rather, China is part of the existing international order and will continue to contribute.



“China needs to learn to better communicate. [...] We need to come to Munich more often.”

Fu Ying
(Chairwoman of the Committee on Foreign Affairs of the National People's Congress, People's Republic of China)

China has been asked frequently: Are you challenging the U.S. to be a leader of the world order? Or, are you making a parallel order?

The answer is of course, no. We are part of the international order.

We seem to be talking past each other. So, are we talking about the same order?

“The U.S.-led world order,” if I understand it correctly, rests on three pillars: first, the American value system, which is also accepted as Western



Fu Ying and Robert Corker (Senator, Chairman of the Senate Committee on Foreign Relations, United States) at the Munich Security Conference on February 13, 2016. (Image source: MSC / Koerber)

values; second, the U.S. military alignment system, which is claimed to be the security foundation for U.S. leadership; third, the international institutions including the United Nations system. Maybe I am simplifying this, but many other elements can fall into these categories.

This structure of world order has its roots in the history of international politics and also has its modern contributions. The United States has been reaping huge benefits from its leadership role.

However, with globalization proliferating further, and international politics fragmenting, this current world order is being overburdened in providing new and effective solutions to contemporary challenges. For example, we have seen that global promotion of western values is not always successful, especially in countries where new governing structures failed to grow fast enough to replace the original ones that were

being brought down. Chaos can occur and even spill over into other states.

In the defense field, the U.S. led military alliance puts the security interests of its members above those of non-members, which often results in more complex situations, especially when it comes to regional disputes. Moreover, the 2008 global financial crisis revealed flaws in international financial governance leading to a newly minted G20 to take on the reform of global governance system.

In this context, China has grown in size economically and is consequently having greater weight on the world stage; it's quite natural that people want to know where China stands.

You should carefully listen to the voices from China. Chinese leaders have insisted that China supports the current international order. And you may take note that the word used is "international order." The Chinese seldom talk about the "world order."

What China refers to is the UN based system including the international institutions and norms. China has a strong sense of belonging to this order, as China is one of its founders, a beneficiary, a contributor, and a member of its improvement efforts.

The Chinese President, Xi Jinping, in his speech in Seattle last September argued that, “many developing countries want to see a more just and equitable international system. But it doesn’t mean that they want to unravel the entire system or start all over again.” What they want is “to reform and improve the system to keep up with the times.”

China has proposed mechanisms where the existing international order falls short. The Silk Road “Belt and Road” initiative and the AIIB (Asian Infrastructure Investment Bank) are new public goods that China is offering. These mechanisms are non-exclusive and guided by UN principles.

China and the U.S. have growing common interests in world affairs. For example, both support the role of the United Nations, and both need the other’s cooperation in addressing

global challenges. The China-U.S. bilateral agreement played a key role for the success of the UN climate conference in Paris.

Having said that, I hope you now understand why China cannot support the U.S.-led “world order” in its entirety. As you are aware, China has deep concern over the long-held rejection and pressure by the U.S. and other Western countries on China’s political system. On the security front, we stand for common security and do not want to see the world divided again by exclusive military blocs.

The question is: Where do we go from here?

China is not going to be the last developing country ascending to the world’s center stage. Many more countries would want a fair chance to stand alongside China.

Changes are needed. If we cannot remake each other in our own images, can we not work together to build a more inclusive order framework, a common roof, so to speak, to accommodate as much as possible the diverse interests, needs and ideas? Naturally this will take time.

The Munich Security Report 2016 saw the strategic outlook bleak. It also mentioned that China and the U.S. will find it increasingly difficult to manage their differences. Indeed, if one only listens to some of the U.S. election rhetoric, one may fear that the two countries will fall into the Thucydides Trap with their eyes wide open.

Indeed, if one only listens to some of the U.S. election rhetoric, one may fear that the two countries will fall into the Thucydides Trap with their eyes wide open.

“The U.S. welcomes the rise of China. *We want China to do well.* That's good for us, good for them, and good for the world.”



But, in the real world, both the Chinese and American leaders openly indicated that they are determined to make the relationship work to avoid repeating the history of conflict between rising countries and established powers.’

For that purpose, the Chinese President Xi Jinping proposed to build a New Model of Major-Country Relations featuring “no-conflict, no-confrontation, mutual respect and win-win cooperation.” Though this may not sound very ambitious, putting it into practice won’t be easy. But hopefully, this process will help foster a new model towards an overarching global order.

China’s commitment to peaceful development remains on course. We don’t want to be distracted, and still less do we wish to see the external environment that enables

China’s peaceful rise reversed. But, if threatened or confronting tougher situations, China now has more leverages and means at disposal.

The Chinese are a calm and patient people. The priority is to do our own things well, meaning to promote economic growth and prosperity for the people. As our capability improves, we will be able to do more for the region and the world. In the meantime, China needs to learn to better communicate these intentions with the world.

We don’t want to be distracted, and still less do we wish to see the external environment that enables China’s peaceful rise reversed.

Daunting Challenges of 2016

In a time of troubles, the re-shaping of the world order and global governance will require a meeting of minds and concerted actions from world powers.

He Yafei

Former Vice Minister,
State Council Office of
Overseas Chinese
Affairs



As we look to the year ahead, the world seems full of uncertainties and challenges. Most important, as U.S. President Clinton once said: “it’s the economy, stupid.” Following the pattern that began in 2015, 2016 will witness slow global growth and accumulation of financial risks. The world economy is still on the bottom of an L-shaped groove. According to Consensus Forecasts, global growth is expected to be 2.8%, slightly up from 2.6% in 2015. Aside from the US and UK, advanced nations face a bleak picture with GDP growth all below 2% in 2016.

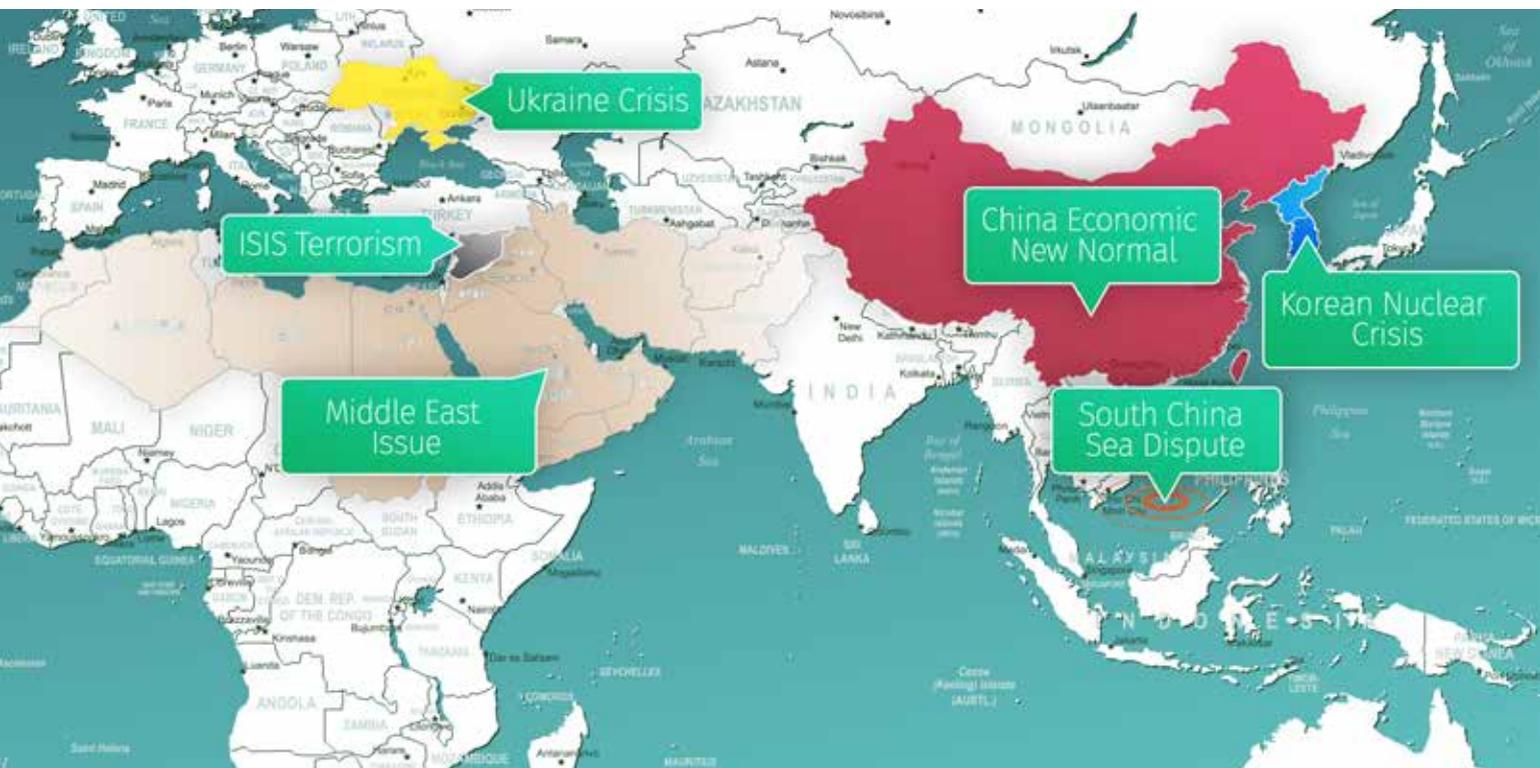
First, some key things to watch for in this year’s global economic landscape:

1. With the Fed’s rate increase and a strong dollar, some debt-ridden developing nations are experiencing capital flight, credit crunches and fiscal tightening that

can break their economies. A debt crisis also seems imminent in the Euro-zone and some resource-exporting countries. Systemic financial risks and contagion still exist. Since 2009, major central banks have created cheap dollar liquidity in the amount of \$12 trillion, and as a result global debt has risen an additional \$57 trillion since 2007. The Bank of International Settlement calls this level of debt “frightening”.

2. Prices of bulk commodities will keep falling, especially that of petroleum, as global demands remain depressed with weak growth. This will adversely impact resource-exporting countries like Brazil, Russia, South Africa, Indonesia, Australia and Canada. Brazil and Russia were already in negative growth of -3.5% and -3.8% in 2015, and the trend is expected to continue.

Global investment and trade will shrink as economic uncertainty mounts, further dampening an already depressed world market.



3. Global investment and trade will shrink as economic uncertainty mounts, further dampening an already depressed world market. World trade is growing at an average of 3% in the last few years as compared with 7% before the 2008 financial crisis. The uncertainty includes any potential Fed rate increases, the Euro-zone's weak demand and high unemployment, and possible systemic financial risks spreading from debt-ridden countries to the whole world.

Second, geopolitical turmoil persists in regions like the Middle East involving ever-deepening rivalry among big powers, which will not only worsen regional conflicts but also deal heavy blows to global economic growth. With the US presidential election in sight, election-year fever will make any regional conflict much more complex and difficult to resolve.

Let us take a panoramic view of troubled places worldwide:

1. The Ukraine crisis continues to fester with no sign of an end to the military conflict, producing a strategic stalemate between Russia and the US that affects the future security of Europe as well as Russia's relationships with the European Union and the US. The four-pronged conflict among Ukraine, Russia, the US and EU will be with us for some time to come.

2. There is no "light at the end of the tunnel" for the complex and dangerous situation in the Middle East. With the recent severance of diplomatic ties between Saudi Arabia and Iran, with Bahrain and Sudan following the Saudi lead, the conflict and "proxy wars" between Sunni and Shiite Muslims in the region and beyond will get even worse. The recent years' US strategic retrenchment cycle involves a retreat from the Middle East and a refocus on Asia with more determined efforts to implement "rebalance in Asia".

The Iranian Nuclear Agreement touted by

All above developments reveal movement from “governance by the West” to “co-governance by both East and West”.

the Obama administration as a major foreign policy win seems to be a catalyst for worsening relations between Sunnis and Shiite as represented respectively by Saudi Arabia and Iran. US allies in the region including Israel and Saudi Arabia are less sure of America’s commitment to them. It seems that direct military confrontation can’t be ruled out in this situation.

Another aspect of the regional conflict is the spread of IS and its terror campaign all over the world. Though IS suffered losses of land it controls in Iraq recently, it is certainly not in retreat and there is no telling how it can be defeated even if many experts are predicting its demise this year.

3. The South China Sea and the Western Pacific will witness rising tension and possible military skirmishes in the year ahead as the US moves more aggressively to enforce its sacrosanct rule of the freedom of navigation worldwide, as defined by itself. Recent “mistaken entry” into airspace over the island under Chinese sovereignty is a typical example of American adventurism. With U.S. support, Japanese warships and fighter planes patrolling in the South China Sea is in the pipeline, and the Philippines seems determined to place its bet on the upcoming ruling of the

Maritime International Court.

The escalation of geopolitical turmoil and upheavals are bound to affect the global economic environment negatively.

Third, global governance and rule-making enters a substantive period this year, with greater involvement by big powers, which will continue to shape the political and economic order of the world in the 21st century.

The year 2015 saw much evolution in global governance, with developing countries as a whole and China in particular gaining ground by taking a more proactive role in improving its architecture.

China moves up in the scale of assessments for the United Nations regular contributions at close to 8% and those for peacekeeping operations at over 10%, taking the 3rd and 2nd positions respectively.

The Asia Infrastructure Investment Bank (AIIB) was fully operational by the end of 2015. This new addition to the global financial system represents both China’s contribution to global governance and its determination to provide an alternative to the developing nations that need financing for infrastructure building.

The over-subscription to AIIB by so many economies, both advanced and developing, indicates that the existing global financial governance structure is definitely overburdened and needs supplements and reinforcement. It also suggests that global governance is in critical need of new ideas like “One Belt, One Road” initiative as proposed by China.

China’s RMB was officially elevated to be part of the SDR basket of currencies by the IMF late 2015, effective October 1, 2016. This demonstrates once again that the global monetary system is undergoing reforms to make it more robust and effective. The long-overdue implementation of decisions by the IMF and the World Bank to increase the shares of voting power for developing nations was finally settled late last year, giving the world much hope that global governance reform is indeed the common aspiration of all nations.

All above developments reveal movement from “governance by the West” to “co-governance by both East and West”, figuratively speaking. This mega-trend in global governance will no doubt continue in 2016 as China will chair the G20 Summit in September in Hangzhou. China is expected to propose new ideas on how the world economy should be restructured to bring about new momentum for growth.

Fourth, cooperation and friction between big powers will both increase, an interesting development of interaction reflecting the reshaping of global power relations. There are at least three areas where big powers should cooperate closely.

Needless to say, the G20 must do a better

job of macro-economic coordination. The global economy has lost steam with the outdated mode of growth and has been desperately seeking new paths for economic development. In this transition, almost all countries are engaged in structural adjustments. Without close cooperation and policy coordination, the global economy will teeter and fall down again. The G20, with over 80% of world GDP under its belt, has replaced the G7 as the primary platform for global economic coordination and its members are duty-bound as major stakeholders in the global economy to make it work again. The need to avoid negative spillovers of national economic policies is obvious. The timing of the Fed’s rate increases is a case in point.

The next critical area is global collaboration to reduce tensions in various hot spots and to fight terrorism, most notably in the Middle East. The role of the UN needs to be enhanced and greater support be given to its efforts both in making peace and keeping peace.

China has taken the lead in proposing building “a new type of major-power relations” based on cooperation and consultation. In this connection, both the U.S. and China, being permanent members of the Security Council and core members of the G20, should play a leadership role in shaping their relationship along these lines.

It is easy to list problems and difficult issues that need to be addressed. It is quite another to put all of our wits and determination together in offering feasible solutions to these problems.



Trapped in the Bipolar Trap

Many “realist” scholars make predictions about China based on what the Soviet Union did during the Cold War, which assumes the two cases are similar in more ways than are warranted. An enormous amount of cultural capital remains untapped for its potential in collective identity construction. Success in constructing a new Asian identity will not only strengthen cooperation in the short run, but also weaken the appeal of military competition over time.

The current thinking toward China is plagued with pseudo-realism, often revolving around the so-called “Thucydides Trap” – the (near) inevitability of war between a rising power and an existing hegemon. With China being a “rising challenger” to the U.S.-dominated unipolar world order, the U.S. needs to pre-emptively maintain American superiority such as through writing rules when the issue or region in question is still “up for grabs.” In actuality, what many self-identified “realist” scholars do is in fact make predictions

about China based on what the Soviet Union did during the Cold War. This is understandable. As the most recent experience of bipolarity, the Cold War provides a convenient example for the U.S. to consult when dealing with China. Such convenience comes at a price, however. Relying on the experience with the USSR to formulate policies toward China assumes the two cases are similar in more ways than are warranted.

The dissimilarity is two fold. First and more obviously, the “units” – China

and the USSR, differ significantly. In particular, China's relations with its neighbors in East Asia pose a unique set of challenges and, often left unexamined, opportunities. Second and less obviously, the international "systems" in question also differ in crucial ways. Technologies have not merely brought about changes in how wars are fought. They have also changed the way people interact on a day-to-day basis. These two factors render the traditional "bipolar" line of thinking incomplete at best and misguided at worst. Importantly, being trapped in this elegant and erroneous framework of the Thucydides trap prevents thinking about the more viable solutions that exist to managing volatility in the Asia-Pacific. For one example, persistent cultural lines within East Asia remain heavily eclipsed by a narrow focus on hard power distribution. An enormous amount of cultural capital remains untapped for its potential in collective identity construction. Success in constructing a new Asian identity will not only strengthen cooperation in the short run, but also weaken the appeal of military contestation over time. Such a construction will not be effective, however, unless it assumes decisively new forms. This calls for a redefinition of what "institutions" entail in our current time. The trilateral and quadrilateral meetings on East Asian

security hosted by the National Committee on American Foreign Policy provide illuminating lessons on these important issues.[i]

East Asia: a false security dilemma

The security dilemma is a perennial theme to East Asia. At the NCAFP trilateral meeting, several American participants iterated what U.S. Defense Secretary Ashton Carter later said at the Shangri-La Dialogue, that China had exceeded other countries in its development in South China Sea. Chinese participants, on the other hand, emphasized such development as being reactive to that of the other countries. In a similar vein, on Sino-Japanese relations, opinions split on the significance of Japan's recently passed security bill, which allows it to, for the first time, come to the aid of another country even without itself being attacked. While Japanese participants stressed the rise of China and a nuclear North Korea, to which the security bill was largely a response, Chinese participants pointed to the Japanese government's unsatisfactory redress of historical issues, and to the strengthening of the U.S.-Japan alliance as being not the effect but the cause of China's own military development.

Calling these conflicts of security



Meicen Sun
Ph.D. student of political science, Massachusetts Institute of Technology



Relying on the experience with the USSR to formulate policies toward China assumes the two cases are similar in more ways than are warranted.



Yoshifumi Ide
*member of Pacific
 Forum CSIS's Young
 Leaders Program*



interests “security dilemmas” is convenient, clever, and wrong. In contrast to U.S.-Soviet rivalry, rivalry in the Asia-Pacific is driven as much by strategic mistrust as by grossly misaligned perceptions of what constitutes the “status quo” in the first place. One scholar, Samuel Kim, perceptively points out that unlike most in the West who associates crises with a “high threat with a short response time,” Beijing sees them as “recurrent and protracted” rather than as something that demands prompt attention.[ii] Moreover,

what many “Thucydides trappers” assume to be the goal of both sides is in fact not self-preservation, but hegemony. The absurdity in theses like John Mearsheimer’s that argue all nations ultimately strive for hegemony has already been refuted many times over, but the contagion of such theses remains ubiquitous. Works like Kim’s serve as a timely reminder that the world seen from an “underdog perspective from below” looks very different from a “topdog perspective from above.”[iv] Self-preservation most certainly does not translate into

For one example, persistent cultural lines within East Asia remain heavily eclipsed by a narrow focus on hard power distribution.

China tends to conceptualize “world order” not in terms of peace but in terms of perceived justice. Peace or order should only come as a “happy byproduct” when the perceived injustice in the world is eliminated, not as an end in itself.[iii]

Such a worldview, which is very much at variance with the order-oriented worldview assumed by advocates of the Thucydides trap, has three important implications for crisis management in the Asia-Pacific: First, China might allow stable ambiguity to simmer for longer than what would otherwise be considered as “safe.” Second, China might be more inclined to see instability as symptomatic of unresolved substantive issues, which it sees as of greater concern. Lastly,

hegemony except for those already situated in such a position.

This difference in worldviews has far more than one downstream consequence. Territorial disputes in the East and South China Seas reflect not only the non-alignment of what China and other countries consider as their legitimate territories, but also how the sides see as the legitimate avenue for resolving such conflicts. Lip service to international law such as UNCLOS, for instance, does not equate to a concrete effort made in this direction. The reality is that countries in East Asia retain much idiosyncrasy in their respective approaches to dispute settlement under international law. In the meantime, the term “status quo” is

used as a translated term in both the Chinese language (現状) and the Japanese language (現状維持, if not the phonetic translation ステータス・クオ). This seemingly trivial fact is once again a reminder that even just to think in terms of a “status quo” – something that most in the West take for granted, forces one to adopt a strictly binary concept of either passively accepting the current state or aggressively trying to revise it. When such learning is still ongoing among the East Asian countries, simply labeling whatever situation in question as a “security dilemma” exacerbates the conflict by

potential “combination of U.S. and Japanese power” to contain it. To sensibly channel such anxiety into peaceful outcomes demands thinking beyond the military. The vibrancy of functional trilateral coordination among South Korea, Japan and China, as noted by one Korean participant at the quadrilateral meeting, should be further capitalized to establish what he calls a “new Asian identity.” Cultural idiosyncrasies hold as much peril as promise. There is much more to regional institutions than the AIIB and the TPP.

Short of genuine efforts at confidence-building on the individual level, any attempt at forging lasting stability on the state level would be quixotic.

politicizing what is at least in part a cultural adaptation in progress, and by pushing both sides to the more aggressive end of the binary spectrum.

The only thing constant about the balance of power in East Asia has been its fluctuation. Participants at the trilateral meeting observe that this changing balance of power has produced anxiety on the part of all three countries: The U.S. is concerned mostly about the “erosion of the largely unchallenged regional dominance” it has long since enjoyed; Japan is worried about “American staying power and the potential for retrenchment by the U.S.” in the face of China’s rise; China, meanwhile, is pessimistic about a

Identity construction: a new institutional approach

Deep-rooted ideologies and entrenched cognitive biases have caused tension among East Asian countries, but many such ideologies are also shared and can be explored constructively. Strategic cultures are malleable, as education, mass media and social media form the three principal pillars to shaping the public perception. One Japanese participant at the quadrilateral meeting, for example, illustrates the role of education with evidence from his recent research. The study finds that among the younger population in Japan, greater education correlates with a lower likelihood

of identifying China as an enemy. These critical complexities, if duly appreciated, will help quench the furious flame of nationalism and shift the public attention from conflicts to commonalities. Countries in East Asia must tackle obstinate issues such as the Japanese history textbook controversies by first problematizing them. One crucial way is to have educational exchanges early and often. Intellectual exchange at the university level, while undoubtedly necessary, does little to mitigate prejudices already formed since the primary and secondary levels. A regional Track-II forum for those in the education sector to openly discuss each country's primary and secondary curricula, for example, would help crack open the black boxes in which nationalist curricula are formulated.

Similarly, regional platforms have a powerful role to play in both mass media and social media. In a separate piece, one of us pointed to the need to recognize mobile apps as an efficacious tool for bridging the ideological gap by way of a virtual regional platform. For one example, one can hardly imagine the volume of dialogue that could occur across countries in East Asia should there be an app that facilitates direct communication across Chinese, Japanese and Korean, whether via an embedded translator or inter-platform messaging capabilities between WeChat, Line and KakaoTalk. Such a virtual regional platform would primarily benefit the younger population who has greater influence over the region's future. It would also allow these young users to bypass the media and exchange opinions directly.

George Kennan's famous long telegram already shows that good realists do not reject international institutions, but use them rationally and responsibly. The NCAFP meeting outcomes reaffirm the distinctive, stabilizing role of multilateral institutions. In addition to security-focused Track-II dialogues we need more non-security Track-II dialogues in face of the region's pressing, multifaceted security issues. Importantly, multilateral cooperative and collective security frameworks do coexist, which effectively expands the menu of options for conflict resolution. While regional institutions in the traditional sense are clearly proliferating in East Asia, institutions in our current time extend beyond guns and butter. As with problem-solving in other instances, escaping the so-called Thucydides trap has to occur on a level above that from which the trap has allegedly risen. Short of genuine efforts at confidence-building on the individual level, any attempt at forging lasting stability on the state level would be quixotic.

[i] All meeting-related citations come from the official NCAFP trilateral report "The Changing Balance of Power in the Asia-Pacific and Its Impact on the U.S., Japan and China" by Andrew Oros and Donald Zagoria, and the quadrilateral report "A U.S.-China-Republic of Korea-Japan Quadrilateral Dialogue" by Scott Snyder and Darcie Draudt. The authors are grateful to the NCAFP for these documents.

[ii] Samuel S. Kim, *China, the United Nations, and World Order* (Princeton: Princeton University Press), 1979, 58, emphasis original.

[iii] Kim, 92.

[iv] Ibid.



Key to U.S.-China Cyber Diplomacy

While both countries stepped up the cyber arms race in certain ways, neither country is likely to employ strategic cyber weapons in 2016 to disrupt each other's command and control systems, since this would be tantamount to a declaration of war. Sino-U.S. relations in cyberspace in 2016 will be defined by three key policies: attribution, sanctions, and norms. Franz-Stefan Gady discusses what each policy could look like, and also reviews the cyber diplomacy between the two countries in 2015.



Franz-Stefan Gady
*Senior Fellow,
EastWest Institute*

Sino-U.S. relations in cyberspace in 2016 will be defined by three key policies: attribution, sanctions, and norms. The first two tacks will be used by the United States to contain malicious Chinese activities in cyberspace (and to assuage the U.S. private sector and U.S. public opinion), whereas the last device will be used for promoting strategic stability between both nations by deepening the understanding of what is acceptable behavior in the cyber realm.

First, while it is true that attribution, i.e. tracing back a cyber attack to its originator, remains difficult, it is not impossible. Both the U.S. government and the private sector have repeatedly called out

Chinese hackers in so-called “naming and shaming” campaigns. This tactic consists of either leaking classified intelligence to the press or publishing cyberattack reports by U.S. cyber security firms (which over the years became a clever marketing ploy for those companies). While “naming and shaming” sustained a severe setback with the Snowden revelations, we will certainly witness a number of such cyberattack disclosures in 2016. However, the shock value—and as a consequence its potential negative impact on the Sino-U.S. bilateral relationship—will be less severe than in 2014 and 2015, given that, after the recent Office of Personal Management data breach and the Snowden disclosures, the threshold for disclosures with the potential to severely undermine the Sino-U.S. bilateral relationship has substantially risen. At the same time, “naming and shaming” will at least contain both sides from going overboard when it comes to cyber espionage activities and aggressive network intrusions.

Second, sanctions, while an imperfect tool, appear to have caught the attention of the Chinese leadership in 2015 and will likely play a role in Sino-U.S. relations in 2016 as well. On April 1, 2015, U.S. President Barack Obama signed Executive Order 13694, which argues that “the increasing prevalence and severity of malicious cyber enabled activities originating from, or directed by

persons located, in whole or in substantial part, outside the United States constitute an unusual and extraordinary threat to the national security, foreign policy, and economy of the United States.”

As a consequence, the Obama White House threatened China with economic sanctions and individual Chinese citizens with travel restrictions should Beijing not rein in its hacker community. One indication that this worked has been the arrest of a number of Chinese hackers prior to the September 2015 state visit by Chinese President Xi Jinping, although there is considerable debate among experts whether there is a genuine connection between the two events. However, the threat of economic sanctions will have significantly higher impact on the senior Chinese leadership in 2016, primarily due to China’s deteriorating economic situation, but also due to the international humiliation the country would suffer from being the first nation subject to economic sanctions for cyber attacks.

Third, norms of behavior in cyberspace will gain increasing importance in 2016 and some progress can be expected. For example, in November 2015, the G20 countries, including the United States, China, Brazil and India, agreed that international law, including the United Nations Charter, applies to the behavior of nations in

While “naming and shaming” sustained a severe setback with the Snowden revelations, we will certainly witness a number of such cyberattack disclosures in 2016.

cyberspace. (A U.N. Group of Government Experts came to the same non-binding resolution in 2013.) The G20 countries also agreed that no country should conduct or support the cyber-enabled theft of intellectual property. The U.N. Group of Government Experts also laid out a set of norms and confidence-building measures in 2015. These recent developments could serve as additional incentives for both the United States and China to expand these measures.

However, Sino-U.S. disagreement over what constitutes use of force in cyberspace will likely persist. For one thing it is in China's interest to keep the definition vague, since no international norm for retaliation against cyber attacks could then be established, making it more difficult for the United States and its allies to come up with a common response to future state-sponsored malicious cyber activities.

Furthermore, as one scholar told me in an e-mail exchange: "China simply does not pursue these legal concepts for armed hostilities involving cyberspace in the same forensic, semi-obsessive manner as Western scholars and officials." However, some scholars have argued that China sees itself bound by international law, including non-use of force except in self-defense and that this norm is seen to be applying in cyberspace, which is not too different from U.S. and Western positions.

However, we will have to be realistic with expectations in 2016. Today's fresh air can become tomorrow's ill wind, as the saying goes. The United States and China will continue to disagree over internet governance—the former preferring a “multi-stakeholder” position, the latter, a state-centric “multilateral” approach. Chinese state-sponsored cyberattacks against the U.S. private sector will continue most likely at a higher level than in 2015. Both countries will continue to prepare for the possibility of a cyber war — which necessitates probing each other's national critical information infrastructure — and will continue to disagree over China's new anti-terror law, which has the potential to undermine private sector cooperation on combating cybercrime in both countries.

Sino-U.S. cyber diplomacy in 2015: a review

The last quarter of 2015 saw some progress on the diplomatic front in improving relations between the United States and China in the field of cyber security. During a state visit to the United States in September 2015, Chinese President Xi Jinping signed an agreement with U.S. President Barack Obama to deepen bilateral cooperation and build trust between the two countries in cyberspace by, among other things, refraining from conducting or knowingly supporting commercial cyber-espionage, promoting appropriate norms of state behavior in cyberspace, and establishing



The United States and China will continue to disagree over internet governance—the former preferring a “multi-stakeholder” position, the latter, a state-centric “multilateral” approach.

The last quarter of 2015 saw some progress on the diplomatic front in improving relations between the United States and China in the field of cyber security.

a high-level joint dialogue mechanism on fighting cybercrime and related issues.

Indeed, the first meeting of the U.S.-China High-Level Joint Dialogue on Cybercrime and Related Issues took place on Dec. 1, in Washington D.C., in which the participants, including representatives from various U.S. and Chinese departments and ministries, agreed to a set of guidelines for requesting assistance on cybercrime and how to respond to requests; developed the scope, goals and procedures for a joint hotline mechanism; decided to conduct a tabletop exercise involving network protection scenarios in order to deepen the understanding regarding the other side's authorities, processes, and procedures; agreed to further develop case cooperation on cybercrime including the theft of trade secrets; and most importantly agreed to meet again in June 2016. (The U.S.-China Joint Liaison Group on Law Enforcement Cooperation, which has been in existence since the late 1990s, has also monitored bilateral cybercrime issues including child pornography.)

China and the United States, despite some quiet contact between the two governments, have not officially discussed cyber security since May 2014. China at that time suspended participation in the U.S.-China Cyber Working Group after the U.S. Justice Department had indicted five members of the People's Liberation Army for malicious activities in cyberspace. The agreements reached at the Dec. 1 High-Level Dialogue are a notable achievement and should be cause for wary optimism

when it comes to the future of Sino-U.S. relations in cyberspace in 2016, although it goes without saying that the agreements have to first be implemented to have any real impact. Nevertheless, the meeting indicated a more conciliatory stance by both countries towards one another's positions on a number of contentious cyber related issues (e.g., the theft of trade secrets), and, more importantly, laid the political groundwork for deeper technical cooperation.

In 2015, the United States and China also stepped up the cyber arms race. In May of last year, China issued its first ever "Military Strategy" emphasizing the importance of cyberspace for future military operations. In 2015, the Pentagon issued a new "Cyber Strategy," and Cyber Command issued a new planning document, titled "Beyond the Build." In addition, the Pentagon issued a new Law of War Manual, in which the pre-emplacement of "logic bombs" in an adversary country's networks and information systems is advocated.

On the more positive side, unless there will be a significant deterioration of relations between both countries (e.g., a military confrontation in the South China Sea), it is highly unlikely that either the United States or China will employ strategic cyber weapons in 2016 to disrupt each other's command and control systems and hack into the software of advanced weapons platforms in order to disable them, since this would be tantamount to a declaration of war.

Third Time's the Charm?

China and the United States have yet to reach consensus in response to the crisis on the Korean Peninsula. The U.S. is not prepared to follow China's path toward a rapid resurrection of the Six-Party Talks, while Beijing resists imposing alternative U.S. policies of applying unilateral sanctions on North Korea's foreign enablers or reinforcing military pressure on Pyongyang.

Dealing with North Korea dominated China's Foreign Minister Wang Yi's three-day visit to the United States in late February. This trip, the third meeting between Wang and U.S. Secretary of State John Kerry in less than one month, was no ordinary visit.

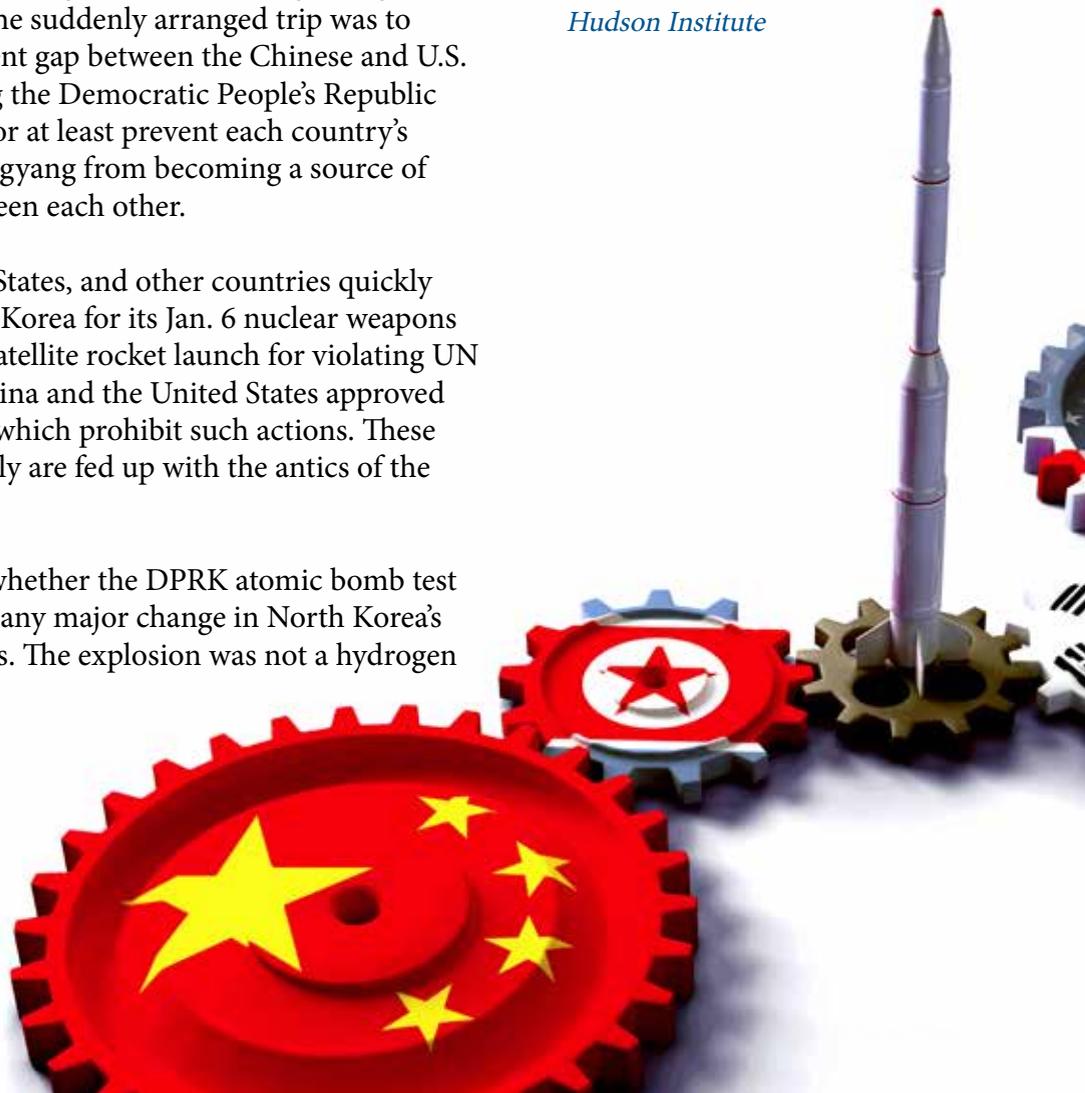
In addition to addressing new concerns regarding the South China Sea, the suddenly arranged trip was to narrow the persistent gap between the Chinese and U.S. positions regarding the Democratic People's Republic of Korea (DPRK), or at least prevent each country's tensions with Pyongyang from becoming a source of greater strain between each other.

China, the United States, and other countries quickly condemned North Korea for its Jan. 6 nuclear weapons test and its Feb. 7 satellite rocket launch for violating UN sanctions. Both China and the United States approved the UN sanctions, which prohibit such actions. These two countries clearly are fed up with the antics of the DPRK dictator.

Debate continues whether the DPRK atomic bomb test in January marked any major change in North Korea's military capabilities. The explosion was not a hydrogen



Richard Weitz
*Senior Fellow,
Hudson Institute*





weapon, miniaturized or otherwise, but may have been an atomic bomb “boosted” by various enhancements that could also help manufacture a hydrogen bomb.

Similarly, North Korea has tested its long-range “rocket” before, but on this occasion the flight went farther. The UN prohibited such tests since researching and developing space-delivery vehicles that can place satellites into exo-atmospheric orbit also generates the technologies needed for a country to develop an intercontinental ballistic missile.

Fundamentally, the debate concerns the pace of North Korea’s advancement towards its goal of having a long-range missile that could deliver a nuclear warhead to the U.S. mainland. The direction is clear—with enough

testing of its warhead design and delivery systems, North Korea will eventually have that ability. That is unless the United States or China or some other external actor take stronger actions to force the regime to change course, or there is a change in the regime itself.

In response to the DPRK tests, the United States has taken several stern measures—unilaterally and in partnership with South Korea and Japan. Military representatives from the three countries agreed to cooperate more on intelligence sharing regarding the DPRK and, more innovatively, to support ASEAN countries with equipment, training, and other assistance to strengthen their capacity to interdict DPRK imports of UN-banned items for its missile and nuclear programs.



It is often mistakenly assumed that North Korea is already so heavily sanctioned that additional measures will have no impact. But until now the international and even U.S. sanctions on North Korea have been considerably more limited than those on Iran. This is changing.

In the past week, the U.S. Congress and the Obama administration have crafted a set of more severe sanctions that more closely resemble those steps that helped force Tehran to make important concessions regarding its nuclear program. These measures include targeting actors supporting the DPRK's weapons of mass destruction (WMD) program—including the financing of these programs through large-scale trading in certain minerals or metals which have contributed to the regime's atrocious human rights record. U.S. funding for humanitarian assistance and radio broadcasts into North Korea will also increase.

Although sanctions by themselves cannot force an end to Pyongyang's WMD program and human rights abuses, they can at least slow down its nuclear weapons and missile development programs. A reduction of funds affects what raw materials and items the

regime has available to purchase for these programs. Sanctions can also discourage foreign nations like Iran and international businesses from supporting these programs, while simultaneously deterring other governments from pursuing WMD development and torture.

Furthermore, Washington and Seoul have begun formal consultations about possibly deploying the U.S. Terminal High Altitude

Area Defense (THAAD) system to South Korea. Both the United States and South Korea already have missile defenses on the peninsula. THAAD could more effectively protect South Korea from short and medium-range ballistic missiles from the north since it has a longer range, more powerful sensors, and can target missiles at higher altitudes than the current Patriot batteries now in South Korea.



Activity in the Main Support Area 40 minutes after the North Korea 2016 nuclear test provides evidence of a fully contained detonation. (Photo DigitalGlobe/38 North via Getty Images)

Official Chinese and U.S. rhetoric regarding North Korea's recent tests has been harmonious—both governments condemned Pyongyang's provocations in the strongest terms. Yet, Beijing and Washington have yet to reach a consensus on a mutually acceptable response to the Korean crisis. In particular, the two parties are still negotiating the terms of the UN Security Council resolution addressing the situation.

Whereas Washington has been seeking Beijing's support for harder-hitting sanctions targeting more than just the North's missile and nuclear programs, China wants to limit punishments and instead favors resuming dialogue with Pyongyang on the denuclearization of the Korean Peninsula.

The United States is not prepared to follow China's path toward a rapid resurrection of the Six-Party Talks seeking North Korea's denuclearization until the DPRK makes genuine progress toward eliminating its nuclear weapons program. Meanwhile, Beijing resists imposing the strong pressure on Pyongyang that Washington favors and opposes the alternative U.S. policies of applying unilateral sanctions on North Korea's foreign enablers or reinforcing military pressure on North Korea.

In addition to general complaints about the perceived failures of the Obama administration's policy of "strategic patience" toward North Korea and holding Beijing responsible for Pyongyang's actions, China objects to U.S. secondary sanctions that could penalize Chinese nationals and companies aiding North Korea's WMD and missile programs, such as with asset freezes, even if they do not operate in the United States. PRC representatives also oppose the deployment of more U.S. military assets in South Korea, especially THAAD, and South Korean-U.S. military exercises that Beijing

considers provocative and potentially threatening to China.

Given these Sino-American differences, the most immediate challenge for Wang's team regarding North Korea was to avoid U.S. sanctions on Chinese banks and other companies operating in North Korea—either by ending any connections they might have with Pyongyang's WMD and human rights programs or confirming that they have no such association.

Meanwhile, U.S. officials must address Chinese worries that these sanctions aim at promoting the immediate collapse of the DPRK regime—which while desirable is not an immediate U.S. goal.

The United States is not prepared to follow China's path toward a rapid resurrection of the Six-Party Talks seeking North Korea's denuclearization until the DPRK makes genuine progress toward eliminating its nuclear weapons program.

Recipe for Mideast: Development Instead of Regime Change

Chinese President Xi Jinping's three-nation tour in the Middle East heralds a shift from U.S. regime change to economic development, codifying China's presence in the Middle East as a major energy buyer, major importer, infrastructure builder, and peace broker.



Dan Steinbock

*Research Director,
India China and
America Institute*

President Xi's tour took place amid a perilous moment in the region. Saudi Arabia is struggling with the plunge of oil prices, rapidly rising debt and a war against Yemen. In Egypt, opposition is increasing against the perceived successors of President Hosni Mubarak's three-decade long rule. In Iran, sanctions have been lifted after decades of international insulation.

In one way or another, all three

countries are also involved in Syria's civil war, battles against the Islamic State and regional conflicts, along with Russia, the U.S. and European powers; the continuing Israel-Palestine conflict; and the economic and religious Sunni-Shi'a friction which contributes to regional rivalries, splits several Arab states internally and has been historically manipulated by foreign powers.

Xi's tour signals a shift away from the

“divide and rule” colonial legacies to economic development.

Economic development with Chinese characteristics

In his first stop in Riyadh, Saudi Arabia, President Xi met Saudi King Salman bin Abdulaziz Al Saud and Deputy Crown Prince Mohammad bin Salman. It was the climax of longstanding rapprochement. Saudi Arabia established diplomatic relations with China only after the Cold War in 1990. By the early 2010s, China supplanted the US as Saudi Arabia’s largest crude oil client.

At the same time, bilateral trade has soared to \$74 billion. China is Saudi Arabia’s largest trade partner. During Xi’s visit, Saudi Aramco and China’s Sinopec signed a \$1.5 billion agreement for strategic cooperation. China also plays a role among Saudi Arabia’s military suppliers.

In Egypt, President Xi met President Abdel Fattah al-Sisi, amid Cairo’s controversial measures to suppress the four-year anniversary of the 2011

strategic cooperation was initiated only in 1999 and a comprehensive strategic relationship two years ago. In 2014, total bilateral trade amounted to \$12 billion. That’s when Beijing established a \$100 billion economic and trade cooperation zone in Egypt. China is discussing potential investments in large Egyptian infrastructure projects. Beijing is also expected to lend Egypt’s central bank \$1 billion to assist its efforts to shore up foreign reserves.

President Xi’s last stop was Tehran, where he met his Iranian counterpart Hassan Rouhani and the supreme leader Ayatollah Ali Khamenei. Since 2011, China has been Iran’s leading customer for oil exports, even as the West ramped up sanctions against Tehran. Iran, said President Rouhani, would not forget “friends who helped us” in a difficult time.

In 2014, bilateral trade amounted to \$52 billion. China is Iran’s largest trade partner. In Tehran, the two countries opened a “new chapter” in bilateral ties by agreeing to expand trade to \$600 billion in the next decade. To Beijing, Iran is a critical hub along the new Silk Road route. To Tehran, China means great economic opportunities in the post-sanctions era.

In brief, President Xi’s three-nation tour codified China’s presence in the Middle

East as a major energy buyer, major importer, infrastructure builder, and peace broker.

Xi’s tour signals a shift away from the “divide and rule” colonial legacies to economic development.

uprising. In 1956, Egypt was the first country in Africa and the Arab world to establish diplomatic relationship with China. Nevertheless, bilateral

U.S. history of regime changes

If China's effective presence in the Middle East began to increase in the early 21st century, the U.S. role originates from the postwar era. After the 1945 Yalta Conference, which effectively divided Europe, President Roosevelt's subsequent meeting with Saudi King Abdel Aziz Ibn Saud led to a secret agreement, which required Washington to provide Riyadh military security in exchange for secure access to supplies of oil.

For more than six decades, that pact prevailed, despite Washington's periodic debates about US need for energy self-sufficiency. But in the past decade, it has begun to crumble with the U.S. shale gas revolution. Moreover, the spread of terror and counter-insurgencies pose questions about the viability of interventionist policies in the Middle East. The US approach has been predicated on strategic alliances and – whenever such alignments have not been viable – on regime change.

In March 1949, the CIA sponsored the coup d'état by Col. Husni al-Za'im, which overthrew democratic rule in Syria. In 1953, the CIA helped Shah Mohammad Reza Pahlavi to remove the democratically elected Prime Minister Mohammed Mossadegh, which destabilized Iran's inclusive development for decades, paving the way to the 1979 the Islamic revolution. During the 1958 Lebanon crisis, President Eisenhower first applied the doctrine under which the U.S. would intervene to protect regimes it saw threatened by

international communism. In the Kennedy era, the CIA planned a coup against Abd al-Karim Qasim's Iraq.

With the 1970s energy crises, the proclivity for intervention intensified. During the Yom Kippur War, President Nixon authorized a strategic airlift to deliver weapons to Israel, which led to decades of massive military aid to Israel, despite continued settlement violations in the occupied territories. Meanwhile, the CIA armed Kurdish rebels fighting Iraq's Ba'athist leadership. Under Reagan, Washington sent troops to Lebanon during the Lebanese Civil War until the Beirut barracks bombing, which killed 299 American and French servicemen in 1983. During the 1980s Iran-Iraq War, U.S. warships escorted Kuwaiti oil tankers against Iranian attacks, while attacking Iran to pressure Tehran to a ceasefire with Iraq. In 1986, Libya was bombed in response to terrorism.

After the Cold War, the U.S. led a coalition to remove Iraq from Kuwait in the Gulf War. In 2003, U.S. invasion of Iraq toppled the government of Saddam Hussein, unleashing a decade of instability and giving rise to the brutal Islamic State. In 2011 the U.S. participated in a Western coalition that launched a military intervention in Libya and covert operations elsewhere in the Middle East. And when Syria was swept by a civil war, the U.S. joined in, along with France and the U.K.

The list of U.S. interventions in the region is long and bitter.

One region, two approaches

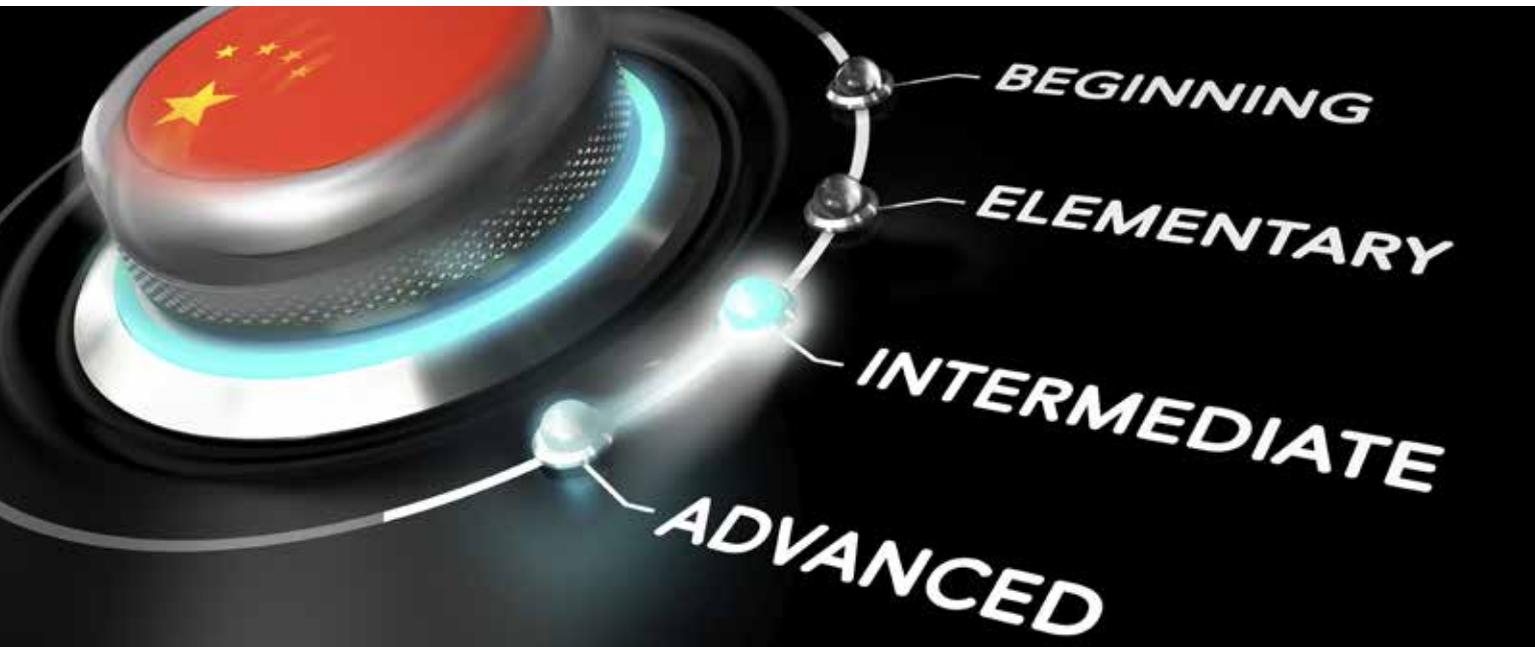
The historical roots of regime change originate from 19th century imperialism and 20th century colonialism. In the Bush era, regime change was an explicit neoconservative objective; in the Obama era, it has been implicit in assertive liberal internationalism. As a result, America is not seen as an honest broker in the region.

In contrast, the Chinese approach builds on non-interference, stabilization and economic development. Historically, China and the Arab world share a history of imperial disintegration, colonial humiliation and struggle for sovereignty and territorial integrity. Although the relations between China and the Arab world go back to the 1955 Bandung conference of the Non-Aligned Movement, economic cooperation began to intensify with the opening of the Sino-Arab Cooperation Forum in 2004.

In the past decade, this cooperation has broadened on the back of economic cooperation. With the “One Road, One Belt” initiative, it has potential to contribute dramatically to economic development. But while it differs diametrically from U.S. policies, it is not positioned against U.S. interests in the region. Indeed, some U.S. administration officials see the Chinese presence in the region as a real opportunity to de-escalate growing Saudi-Iranian friction.

What we are witnessing in the Middle East today and what President Xi’s tour signals is not just bilateral trade expansion, but a new secular trend that heralds the rise of multi-polarity in the region.





No Prospect of a Major Slump in China

China's economy will continue to slide for some time in 2016, and the overall growth rate will be even lower than in 2015. However, the economy's fundamental sectors portend a steady growth rate of 6.5-6.8%, depending on the progress of the reforms and restructuring, and on the developments of the world economic situation. In any event, a major slump or "hard landing" seems out of the question.

He Weiwen

Co-director

*China-US/EU Study Center,
China Association of
International Trade*



The Chinese stock market opened 2016 in unprecedented turmoil, with "circuit breaking" triggered in two trading days out of the week's first four, forcing the China Securities Regulatory Commission (CSRC) to eventually suspended the mechanism. During the first two weeks of the New Year, the Shanghai Composite Index fell by 18%, to its lowest level since August 2015. Together with a sharp fall of the renminbi vs the dollar, China's market turbulence caused a chain reaction across the world stock markets, with \$ 2.3 trillion evaporating during the first week of the year. Pessimism about the Chinese economy spread in the world media. Maury Obstfeld, economic counselor and director of research at the IMF, listed China as the first worry in 2016's worldwide economic prospects, saying that "the global spillovers of China's reduced rate of growth ... have been much larger than we would have anticipated".

Chinese stock market, rather than being a reliable economic barometer, is basically independent of economic fundamentals.

The National Bureau of Statistics announced on Jan. 19 that China's GDP grew by 6.9% in 2015, the lowest since 1990, with the last quarter of the year recorded only 6.8% annual rate. A number of economists doubt if the Chinese economy is actually running at even that rate, judging from the poor performances of the stock market and RMB depreciation, as well as the series of fresh weak economic data.

A number of recent economic indicators show that the downward trend of the Chinese economy is continuing. The official manufacturing PMI for December 2015 stood at 49.7, lower than expected (49.8) and stayed stubbornly within the range of contraction. CPI for the whole year of 2015 was only 1.4% over a year ago, even closer to the danger of deflation. PPI, the producer price index, was off 5.9% over 2014, indicating clearly the difficulties in industrial production, faced with inadequate demand and overcapacity. Although the total added value of industrial output grew by 6.1% for the whole year of 2015, the nominal industrial revenue for the first 11 months barely managed a growth of 1% y-o-y.

As the Chinese government will focus on cutting down the overcapacity and excessive inventory, many economists believe that the downside trend will not only continue, but also intensify.

Chinese stock market does not reflect economic fundamentals

The turbulent stock market since the start of 2016 has proved once again that the Chinese stock market, rather than being a reliable economic barometer, is basically independent of economic fundamentals. The Chinese stock market was one of the worst performers in the world stock markets in 2010-2013, although the Chinese economy was one of the best performers. In mid-June, 2014, however, it suddenly got excited and then underwent a booming period for 12 months. The Shanghai Composite Index rose from 2,051.71 on June 12, 2014 to 5,166.35 on June 12, 2015 — up 151.8% in exactly 365 days! During those 12 months, the economy followed a downside curve with GDP growth rate falling from Q4 of 2013. Then the market tumbled to below 3,000 on Aug. 26, just two and half months later, only stabilized somewhat by the efforts of the China Securities Regulatory Commission (CSRC).

The performances over the past few years, especially the last 19 months, have proved that the Chinese stock market has been increasingly deviating from the real economy, and instead, basically chasing the trajectory of fictitious economy. It has been driven by too frequent concept-making and short-term speculation. Hence, the overall scenario of the Chinese

Chinese Industrial Output , Jan-Nov 2015

(RMB Billion)

| SECTOR | SALES | CHANGES (Y-o-y) | PROFIT CHANGES (Y-o-y) |
|--|-----------------|-------------------------------|------------------------|
| Total | 99,506.6 | 1.0% | -1.9% |
| OVER-CAPACITY | | | |
| Coal mining | 2,278.8 | -14.6% | -61.2% |
| Oil and gas exploitation | 716.3 | -32.7% | -70.4% |
| Ferrous minerals mining | 676.0 | -20.1% | -42.4% |
| Non-ferrous minerals | 550.0 | -1.6% | -19.8% |
| Auxiliary activities | 141.1 | -20.7% | -70.8% |
| Oil refining and coking | 3,115.2 | -16.8% | -138.8% |
| Iron & steel making | 5,920.8 | -12.5% | -68.0% |
| Ferrous metal making | 4,631.9 | 1.1% | -6.9% |
| Sub-total | 18,030.0 | (share of total 18.1%) | |
| EMERGING AND HIGH-TECH | | | |
| Railroad rolling stocks, Aerospace & shipbuilding | 1,433.2 | 5.5% | 4.2% |
| Electric equipment/parts | 6,210.4 | 4.7% | 14.5% |
| Computers/telecom & Electronics | 8,121.8 | 7.4% | 8.9% |
| Pharmaceuticals | 2,281.3 | 9.0% | 13.6% |
| Sub-total | 18,046.7 | (share of total 18.1%) | |
| TRADITIONAL | | | |
| Farm produce processing | 5,864.1 | 4.0% | 10.1% |
| Food processing | 1,951.1 | 6.2% | 9.9% |
| Tobacco/liquor/tea | 1,560.1 | 7.0% | 9.0% |
| Textiles | 3,619.5 | 5.3% | 5.9% |
| Apparel | 1,984.4 | 5.9% | 5.0% |
| Leather/fur/feather Products | 1,320.2 | 6.2% | 5.6% |
| Furniture | 706.2 | 9.8% | 15.7% |
| Education/arts/Recreation products | 1,393.7 | 3.9% | 8.6% |
| Automotive | 6,261.7 | 4.2% | 0.6% |
| Sub-total | 24,661.0 | (share of total 24.8%) | |
| NEUTRAL | | | |
| Chemicals | 7,579.5 | 2.6% | 8.3% |

Source: National Bureau of Statistics, www.stats.gov.cn

economy should not be based on the stock market moves, but on the fundamental indicators of the country's economic health.

Supply-side reform: decapacity and destocking, a balanced assessment

The serious industrial overcapacity, high real estate inventory, and the government's central task of decapacity and destocking in 2016 have led to expectations of a drastic drop in GDP growth rate. However, if we examine all 41 industrial sectors, only eight are suffering from heavy over-capacity and negative growth. The newly emerging high-tech industries, including: computer, telecom, electronics, aerospace, railroad rolling stocks and pharmaceuticals are all performing well. The traditional industries, including: food processing, textiles, apparel, furniture, leather goods, rubber and plastic products, and automobiles and parts, are also growing steadily. The latter two categories are apparently not suffering from heavy over-capacity. As the latest data for the whole year of 2015 is not yet available, the data below shows the first 11 months:

Due to the fall of PPI, the nominal growth rate of industrial sales grew only by 1%. The actual growth of added value was 6.2%.

The above table shows that eight sectors with serious overcapacity represent 18.1% of the total industrial output, and was exactly counter-weighted by well-performing four emerging and high-tech sectors (18.1%). Eight traditional sectors, 24.8% of the total— the largest share, are also growing steadily with sustainable profitability. Chemicals, which accounts for 7.6% of total industrial output, suffers minor over-capacity, performed neither well nor badly, but with sound profitability.

In balance, the effort to shrink capacity will

only involve a minor part of the whole industry, and thus will likely not to bring down the whole industry growth. On the other hand, the emerging and high-tech sectors are likely to accelerate and thus lift the potential growth rate of all industry. The traditional sectors and chemicals will stay mostly stable. In balance, the industry growth as a whole will only be slightly slower in 2016, with no danger of a major slump.

In the tertiary sector, the supply-side reform will only accelerate the supply of public goods, including: education, healthcare, recreation and telecom services. Among them, however, the real estate sector will see a major destocking, which will add uncertainty to the growth prospect. During the first three quarters of 2015, the real estate sector only contributed 0.04 percent point to GDP growth. Overall, growth rate in the tertiary sector could be slightly higher in 2016.

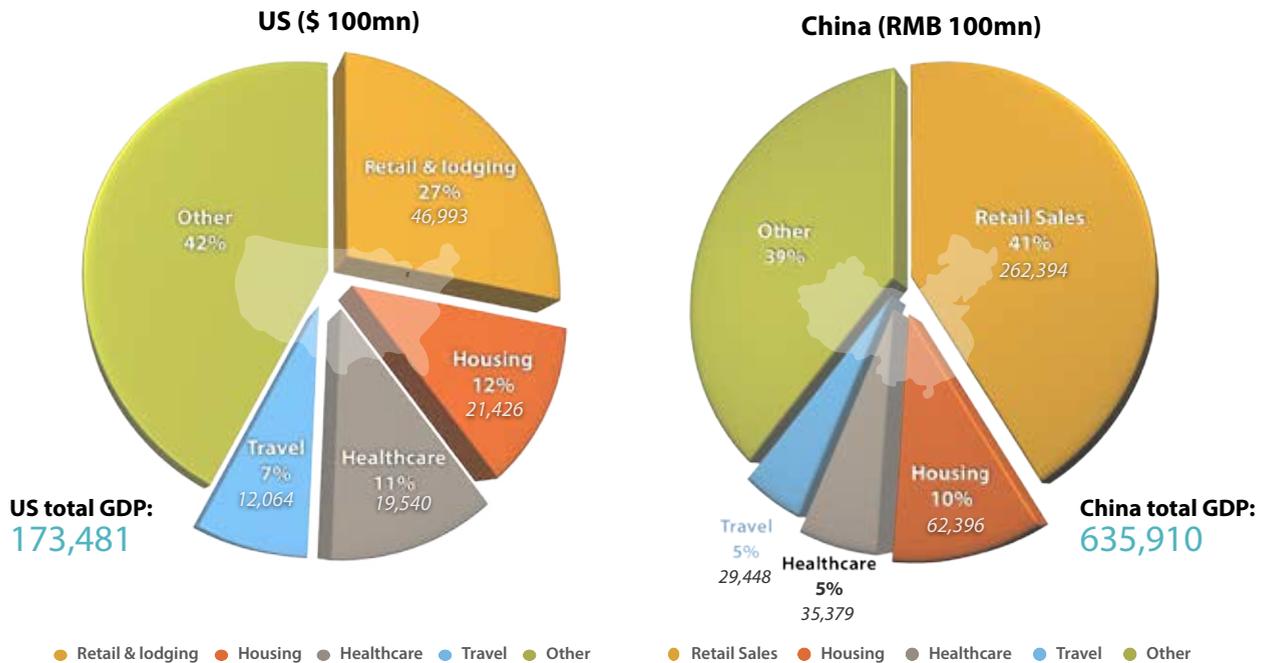
Taking the secondary and tertiary sectors together, we do not see any reason for a drastic growth rate fall in 2016.

Demand-side: consumption remains resilient

On the demand side, the contribution to GDP growth from consumption will tend to increase, while that from investment will continue to fall, and that from net exports remains unclear.

Consumption contributed 58.4% of GDP growth during the first three quarters of 2015, or pulling GDP growth by 4.0 percentage points. Many economists tend to worry that the consumption rate in China, now over 50%, is still considerably lower than in developed countries at 60-70% contribution to GDP. This argument needs further discussion, as there are different approaches. In the case of the US, the sales volume of retail, healthcare, education, housing, recreation and business services combined accounts for over 70% of GDP. If we take the

Consumption Share in GDP, A Comparison between China and the US (2014)



Source: National Bureau of Statistics, Commission of Health and Family Planning, State Bureau of Tourism, Bureau of Economic Analysis of USDOC.

same approach for China, the consumption rate would have been much higher.

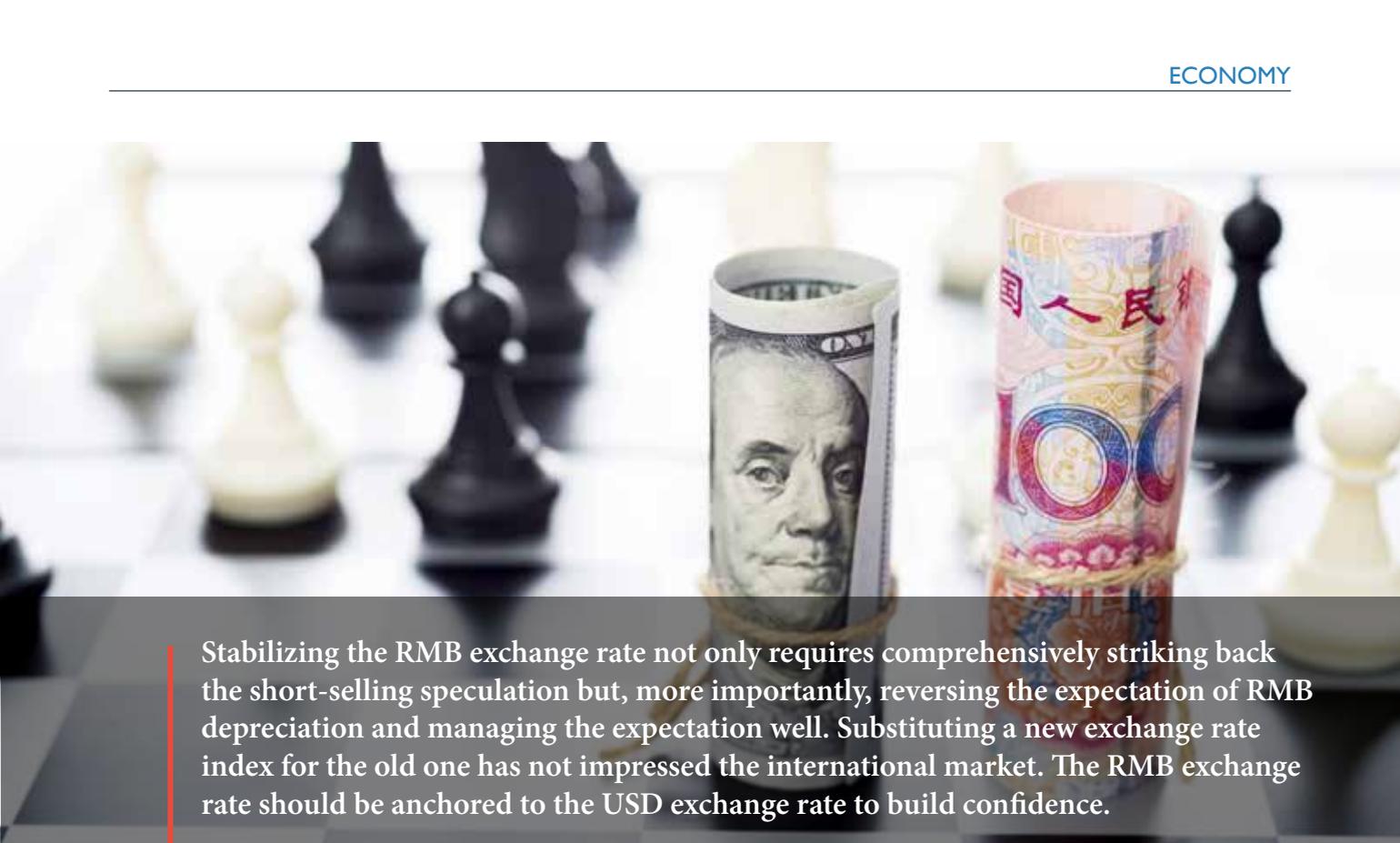
Total sales of consumption goods in China had a higher share of GDP than that in the US. As retail sales, online shopping, travel and tourism, cultural and telecom consumption are all growing steadily, we don't see any drastic slowdown. Consumption contributed 3.7% to GDP growth both in 2013 and 2014, and 4.0 in the first three quarters of 2015. It is estimated that it will likely contribute 3.50-4.0% to GDP growth in 2016.

Fixed investment has a falling contribution to GDP growth over recent years. Its net contribution to GDP growth fell to 3.0% during the first three quarters of 2015, as compared to 3.6 in 2014 and 4.2 in 2013. 2016 will most likely see its contribution under 3.0 percent.

China saw a big jump of 56.7% in its trade-in-goods surplus in 2015, only partially offset by the growth of trade-in-services deficit. In 2016, the world commodity and oil market will not see a fundamental improvement, and thus the Chinese trade pattern will remain similar to that of 2015. It also means that net exports could also contribute positively to China's GDP growth rate.

In short, the downward trend in China's economy will continue for some time in 2016 and the overall growth rate will be even lower than in 2015. On the other hand, the economic fundamentals justify predicting a steady growth rate of 6.5-6.8%, depending on the progress of the reforms and restructuring, and on the developments of world economic situation. In any event, a major slump, or "hard landing", seems out of the question.

The economic fundamentals justify predicting a steady growth rate of 6.5-6.8%.



Stabilizing the RMB exchange rate not only requires comprehensively striking back the short-selling speculation but, more importantly, reversing the expectation of RMB depreciation and managing the expectation well. Substituting a new exchange rate index for the old one has not impressed the international market. The RMB exchange rate should be anchored to the USD exchange rate to build confidence.

RMB Depreciation Is All About What China's Central Bank Wants



Yi Xianrong
Professor, Qingdao
University

Recently, China experienced financial market chaos that was much related to the RMB depreciation following the New Exchange Rate Reform on Aug. 11, 2015. The reform was meant to intensify the marketization of the RMB exchange rate formation mechanism to meet the free-use criteria for inclusion in the SDR currency basket. But it stirred a big turmoil in the global financial market and a continuous depreciation of the RMB.

Especially after IMF announced the SDR decision on Dec. 12, the depreciation trend of the RMB was more obvious and grew into a depreciation tide of short-selling the RMB exchange rate in the offshore market. China's central bank had to counterattack. The recent capital outflow, stock-market crash and the big turmoil in the global market were all related to the continuous RMB depreciation.

The lack of clarity in the Chinese exchange rate policy has become the uncertainty causing the current RMB depreciation.

Unlike in the gold-standard era, neither the gold content of the RMB nor the performance of the real economy nor international trade relations can determine an equilibrium RMB exchange rate. Under the international monetary system led by the US credit money, the exchange rate of one currency against another currency does not have much relevance to actual economic activity. Predictably, when over 98% of the present global exchange rate transactions are not related to actual trade, a currency exchange rate does not have much relevance to the real economy. So, the exchange rate of one currency against another currency is completely the result of interest gambling among countries. Therefore, the RMB exchange rate should be interpreted in terms of China's national interests and needs that Chinese government has recognized.

Before the New Exchange Rate Reform, China wanted to enhance its giant economic status in the international market and took the method of a continuous RMB appreciation. The reform was designed to ensure the RMB's inclusion in the SDR currency basket. In the wake of that success, China has felt the high cost of keeping a stable RMB exchange rate and hoped to lead the RMB to a downward movement so as to increase the flexibility of the rate, thus launching a CFETS RMB exchange

rate index to inform the market of the fact that the RMB does not depreciate, etc. Because the Chinese government determines the RMB exchange rate at its discretion, the market basically has no idea of where the Chinese government is going: Will it promote the process of the RMB internalization or reinforce the marketization of the RMB exchange rate formation mechanism? Will it stabilize the RMB exchange rate or let the RMB exchange rate depreciate to boost exports? The lack of clarity in the Chinese exchange rate policy has become the uncertainty causing the current RMB depreciation.

So, at the present, stabilizing the RMB exchange rate not only requires comprehensively striking back the speculation of short-selling the rate but, more importantly, reversing the expectation of the RMB depreciation and managing the expectation well. Otherwise, the speculation of short-selling the RMB in the offshore market will continue. The substitution of a new exchange rate index for the old exchange rate index does not mean that the RMB will not depreciate, because the international market does not accept the index at all.

The RMB exchange rate should be anchored to the US dollar exchange rate, for instance, 1 dollar in exchange for 6.4 or 6.8 RMB. When the US

Stabilizing the RMB not only needs an anchor: China's central bank should also make a clear RMB exchange rate policy.

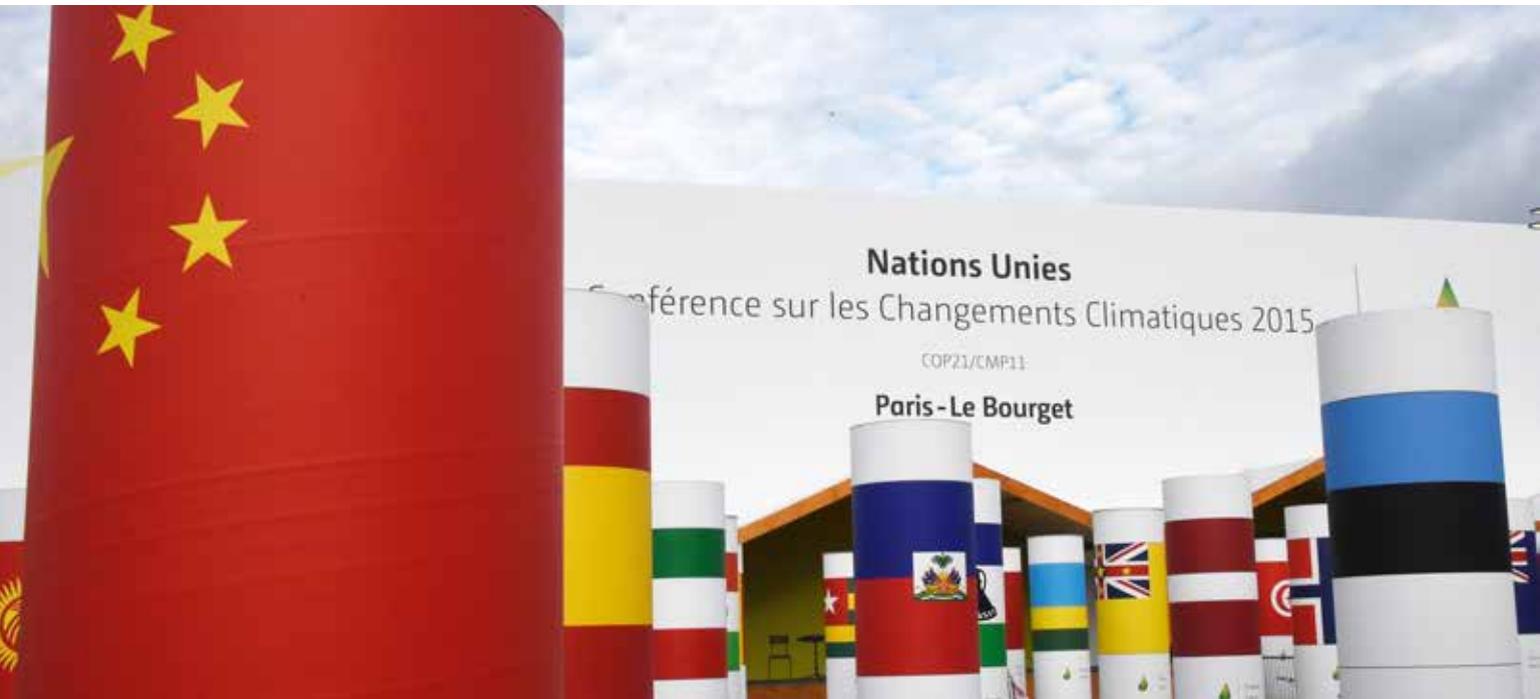
dollar enters the rate-hike cycle, if the RMB is anchored to a certain dollar rate, then the dollar appreciation will not cause the Chinese currency to depreciate. It will then improve the acceptability of the RMB in the international market and promote RMB internationalization. An obviously stable RMB exchange rate will not only stop the capital outflow but, more importantly, will reverse the expectation of the RMB depreciation and the international speculation of short-selling the RMB will get out of the market. This effect will be more obvious if the RMB appreciates slightly.

Stabilizing the RMB not only needs an anchor: China's central bank should also make a clear RMB exchange rate policy. Especially now, China's central bank should not have too much discretion. Addressing the flexibility of the RMB exchange rate may result in the loss of market credibility. The current strong expectation of the RMB depreciation is caused by the low credibility of the government exchange rate policy and the foreign and domestic markets' lack of faith in the Chinese government. When counterattacking the foreign speculation of the RMB exchange rate, China's central bank should also increase the cost of currency speculation through administration. For example, China's central bank has recently carried out a normal reserve requirement policy on the deposits by overseas financial institutions inside China.

When the Chinese government gives a

very clear policy on the RMB exchange rate, the market will have a clear expectation of the RMB exchange rate. In addition, the act of increasing the cost of international speculation through administration by China's central bank will possibly stabilize the RMB exchange rate. Thus, even a slight RMB depreciation in the short term will not create much depreciation pressure on the RMB. From a medium- and long-term perspective, with China's economic restructuring improving and China's giant economic status established, RMB appreciation is still more likely than depreciation. The prospect of RMB depreciation basically depends on China's central bank's judgment on the current market situation and what policies it implements. But that is uncertain now.

The prospect of RMB depreciation basically depends on China's central bank's judgment on the current market situation and what policies it implements. But that is uncertain now.



Getting Below Two Degrees Celsius

As long as booming economic growth is seen as the key to enduring legitimacy and political success, it may be politically impossible to avoid catastrophic global warming. There are no “American” or “Chinese” emissions. There are simply carbon emissions.

Ben Reynolds

Writer and Foreign Policy Analyst in New York



At the COP21 talks in Paris, an imposing number loomed over the negotiations. That number is two degrees Celsius – the amount of warming that the Intergovernmental Panel on Climate Change (IPCC) states that humanity needs to stay under if it intends to avert catastrophic global warming within the 21st century. Media outlets generally present COP21 as humanity’s last best chance to avoid disaster, but many environmentalists suggest that it is unlikely that any agreement reached will be capable of meeting the IPCC’s targets. The reason for this pessimism is simple: When you compare the basic math of staying below two degrees of warming to the political commitments of negotiating states, it doesn’t add up.

The IPCC is a large body of international scientists that requires consensus for its reports and recommendations, including the much-repeated warning about staying below two degrees of warming. Because the IPCC’s reports require this consensus, some climate scientists suggest that its forecasts are actually quite conservative. In fact, over the past decade the

In fact, over the past decade the IPCC's "worst case scenario" predictions of carbon emissions, temperature increases, and melting ice caps have all been exceeded by reality.

IPCC's "worst case scenario" predictions of carbon emissions, temperature increases, and melting ice caps have all been exceeded by reality.

In order to keep warming below the two-degree Celsius limit, we need to reduce carbon emissions. This does not mean we need to reduce the growth of emissions. We need to engineer an absolute decline in total global emissions, and we need to do it very quickly. When economic activity creates carbon emissions, and it does, any economic growth means that carbon emissions will rise if all else holds equal. It takes resources and energy to produce virtually any commodity. Even "immaterial" services like counseling require computers and phones, which rely on electric lighting, power plants, and mining.

Carbon emissions are closely correlated with economic growth – emissions fall during recessions and rise during recoveries. Unsurprisingly, the countries whose carbon emissions are growing fastest are those countries with rapid economic growth driven by industrialization. China is now the largest emitter of CO₂. The "carbon intensity" of GDP is a measure of the average carbon emissions required to produce one dollar in GDP. As Ulrich Hoffman notes, global carbon intensity actually fell 23% from 1980 to 2008. However, emissions still rose faster than ever because economic growth far outpaced the gains in efficiency.

This is the real, fundamental problem with negotiations like COP21. As long

as growing economic output produces emissions, which it does, then economic growth in general contributes to our potentially catastrophic global warming problem. As Hoffman writes, if current trends of population and income growth are extended to 2050, we would need to reduce carbon intensity 21-fold. If the developing nations were to catch up to European standards of GDP per capita, this number would skyrocket to almost 130-fold. Reductions in carbon intensity on this scale have never been seen in history, and there are few reasons to believe that they are at all likely.

There are no "American" or "Chinese" emissions. There are simply carbon emissions, which are produced through the operations of the global economy.

The United States and China are the two largest carbon emitters in the world, and as such they are perfect candidates for analyzing the politics of global warming. The legitimacy of both governments is staked heavily on their ability to ensure consistent economic growth. In a capitalist economy, growth is essential for maintaining employment and producing rising living standards. Just as importantly, continuous growth can postpone looming questions about the equitable distribution of wealth. One need only look to Europe,

Developed nations are not actually getting much greener. They have simply outsourced their emissions to the developing world.

which suffers from low growth and high unemployment, to see how these maladies can threaten the future of any government or political party.

As long as booming economic growth is seen as the key to enduring legitimacy and political success, it may be politically impossible to avoid catastrophic global warming. Consider Jeb Bush, until recently a candidate for the Republican presidential nomination. Bush repeatedly promised to increase U.S. economic growth to 4% per year. However laughable this pledge might be, it would certainly have disastrous effects on climate stability if achieved. China is currently suffering from economic turbulence, and continued steady growth is likely seen as being key to the Party's political legitimacy. Just as is the case with the United States, this very same growth imperils the stability of the planet even as it shores up the stability of the Chinese government.

Another problem with international climate negotiations is that they are based on misleading premises. There are no "American" or "Chinese" emissions. There are simply carbon emissions, which are produced through the operations of the global economy. The emissions of developing countries appear to be growing faster than those of the developed world because that is where new factories and power plants are being built. Companies in the developed world rely completely on these emissions sources for their own "green" operations. Apple would not be what it is without Chinese factories and rare-earth mineral refineries. Developed nations are not actually getting much greener. They have simply outsourced their emissions to the developing world, merely postponing the hard

choices that will be necessary if we intend to stay below the two-degree limit.

The pledges submitted to COP21 by the world's countries will not meet this target. Even if every country sticks by its pledges religiously, which did not happen after previous accords, then we will still be on course for around three degrees of warming by the end of the century. That rate could still create unstoppable melting of the world's ice caps, leading to a massive rise in global sea levels. Some parts of the world would endure catastrophic flooding, while others would suffer from droughts and famine as fresh water dries up. Fluctuations in local climates would be severe, and millions would likely migrate away from unbearably hot regions around the equator.

Avoiding catastrophe will require more than international negotiations like COP21. It requires a political shift away from pursuing economic growth at the expense of all other considerations. This means that countries will need to tackle questions of employment and the equitable distribution of wealth without the panacea of infinite future growth. Social movements will need to shift the basis of political legitimacy toward a concern for climate and ecological stability. Otherwise, we will condemn ourselves and our children to an increasingly hostile world.

Avoiding catastrophe requires a political shift away from pursuing economic growth at the expense of all other considerations.

About China-United States Exchange Foundation

Based in Hong Kong, the China-US Exchange Foundation was established in 2008 by individuals who believe a positive relationship between the strongest developed nation and the most populous, fast-developing nation is essential for global wellbeing. The Foundation is a non-government, non-profit entity and is privately funded.

About China-US Focus

China-US Focus, published by the China-United States Exchange Foundation, is built on the principle that China and the United States hold the most important bilateral relationship of the 21st century.

China-US Focus is the only open-platform where Chinese and American thought leaders can openly express their views on the myriad issues that face the two nations, thus promoting communication and understanding between the peoples of China and the United States.

China-United States Exchange Foundation
15/E, Shun Ho Tower
24-30 Ice House Street, Central , Hong Kong

Tel: (852) 2523 2083
Email: digest@cusef.org.hk
Website: www.chinausfocus.com

Editor's Email: zhang.ping@cusef.org.hk

CHINA↔US Focus

Engage, Stimulate and Impact



Go Bilingual

We have expanded footprint and reach by making Focus contents available in Chinese.



WeChat
ID:Chinausfocus



Go mobile

Wherever you go and whenever you want, China-US Focus is just a tap away on your mobile or tablet.

Facebook 
Chinausfocus



Further insights



The bi-monthly magazine's readers range from policy-makers to diplomats, from scholars to opinion leaders from both countries.

We are available at chinausfocus.com